



COMMISSION IMPLEMENTING REGULATION (EU) 2024/493

of 12 February 2024

imposing a definitive anti-dumping duty on imports of ceramic tiles originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union ⁽¹⁾ ('the basic Regulation'), and in particular Article 11(2) thereof,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

- (1) By Regulation No 917/2011 ⁽²⁾, the Council imposed anti-dumping duties on imports of ceramic tiles, originating in the People's Republic of China ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.
- (2) By Regulation (EU) 2017/2179 ⁽³⁾, the European Commission, re-imposed the definitive anti-dumping measures on imports of ceramic tiles originating in the People's Republic of China following an expiry review ('the previous expiry review').
- (3) The anti-dumping duties currently in force are at rates ranging between 13,9 % and 32,0 % on imports from the sampled exporting producers, 32,0 % on imports from the non-sampled cooperating companies and a duty rate of 69,7 % on imports from all other companies in the People's Republic of China ('the country concerned', 'the PRC', 'China').

1.2. Request for an expiry review

- (4) Following the publication of a notice of impending expiry ⁽⁴⁾ the European Commission ('the Commission') received a request for a review pursuant to Article 11(2) of the basic Regulation.
- (5) The request for review was submitted on 30 June 2022 by the European Ceramic Tile Manufacturers' Association (CET), ('the applicant') on behalf of the Union industry of ceramic tiles in the sense of Article 5(4) 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 or recurrence of dumping and injury to the Union industry.

⁽¹⁾ OJ L 176, 30.6.2016, p. 21.

⁽²⁾ Council Implementing Regulation (EU) No 917/2011 of 12 September 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of ceramic tiles originating in the People's Republic of China (OJ L 238, 15.9.2011, p. 1), as last amended by Commission Implementing Regulation (EU) 2015/782 of 19 May 2015 adding a company to the list of producers from the People's Republic of China listed in Annex I of Regulation (EU) No 917/2011 (OJ L 124, 20.5.2015, p. 9).

⁽³⁾ Commission Implementing Regulation (EU) 2017/2179 of 22 November 2017 imposing a definitive anti-dumping duty on imports of ceramic tiles originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 307, 23.11.2017, p. 25).

⁽⁴⁾ OJ C 93, 28.2.2022, p. 8.

1.3. Initiation of an expiry review

- (6) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, on 22 November 2022 the Commission initiated an expiry review with regard to imports into the Union of ceramic tiles originating in the PRC on the basis of Article 11(2) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽⁵⁾ ('the Notice of Initiation').

1.4. Review investigation period and period considered

- (7) The investigation of continuation or recurrence of dumping covered the period from 1 July 2021 to 30 June 2022 ('review investigation period'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2019 to the end of the review investigation period ('the period considered').

1.5. Interested parties

- (8) 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 producers in China and the authorities of the People's Republic of China, known importers and users about the initiation of the expiry and invited them to participate.
- (9) 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. The China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters ('CCCMC'), an association representing, amongst other, the producers of the product concerned, requested a hearing with the Commission which took place on 6 July 2023.

1.6. Comments on initiation

- (10) Comments on the initiation of the proceeding were received from the CCCMC.
- (11) The CCCMC argued that paragraph 9 of the request for review referred to a list of companies in Annex 1 which was not available in the request for review. In addition, they claimed that paragraph 14 of the request for review referred to Annex 25 detailing anonymity requests, but no open version of Annex 25 was included with the open version of the request for review and therefore they could not provide comments in this regard. The CCCMC also claimed that these erroneous references and the failure to provide allegedly key information or to provide a non-confidential summary of the confidential information, led to an imminent breach of the basic principles of anti-dumping law and procedure, and the rights of defence of the CCCMC. Thus they argued that the Commission should not have initiated the current expiry review.
- (12) The Commission noted that a non-confidential version of Annex 1 was included with the originally filed version of the request for review. Following the claims received from the CCCMC, the Commission added stand-alone non-confidential versions of Annex 1 (again) and Annex 25, to the non-confidential case file ⁽⁶⁾. With regard to both the list of participating companies and the anonymity requests, having reviewed the information provided by certain participating companies, the Commission considered such information to be confidential as its disclosure could cause serious competitive harm to the companies concerned. Therefore, these claims were rejected.
- (13) The CCCMC challenged the Commission's granting of anonymity to sampled Union producers. In this regard, the CCCMC claimed that if the identity of those Union producers was not disclosed, interested parties were prevented from providing meaningful comments on the representativeness of the sample of Union producers or comments on the microeconomic indicators relating to the injury findings. In addition, the CCCMC requested that anonymity requests of the sampled producers should be individually examined in line with Article 19(1) of the basic Regulation.

⁽⁵⁾ Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of ceramic tiles originating in the People's Republic of China (OJ C 442, 22.11.2022, p. 3).

⁽⁶⁾ t22.005570.

- (14) The Commission noted that, as disclosed in the non-confidential file of the investigation, anonymity was granted only to those companies that showed a good cause and demonstrated and substantiated the risk of retaliation. Confidential treatment under Article 19 of the basic Regulation was granted to three of the six sampled Union producers. In addition, the granting of confidential treatment of identity did not affect the possibility for interested parties to assess the situation of the Union industry. Indeed, the injury assessment carried out in Section 5 contains all the necessary injury indicators as well as an explanation of their sources, including the number of companies and their countries. Furthermore, the Hearing Officer in trade proceedings is always available at the request of an interested party to examine the confidential nature of a document, in order to verify how that information was used by the Commission services and thereby guarantee the procedural rights of interested parties. The CCCMC's claims regarding anonymity were therefore rejected.
- (15) The CCCMC criticised that the request for review relied on the 'Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the Purposes of Trade Defence Investigations' (the report'). They further argued that the report failed to meet the standard of impartial and objective evidence and put the accuracy of information included in this report into question, considering that the report was published in 2017, while the investigation of the case at hand was initiated in November 2022. The CCCMC claimed that the report does not reflect the alleged distortions during the review investigation period.
- (16) In this respect, the Commission noted that Article 2(6a)(d) of the basic Regulation sets out that when filing a request for a review in accordance with Article 11 of the basic Regulation, the Union industry may rely on the evidence of the Commission Staff Working Document on significant distortions in the economy of the PRC for the purpose of trade defence investigations, when meeting the standard of evidence in Article 5(9) of the basic Regulation, in order to justify the calculation of the normal value. The applicants also relied extensively on a report of the think tank THINK!DESK ⁽⁷⁾ commissioned by CET. The Commission considered thus that the applicants provided sufficient evidence in the request for review on the ceramic tiles sector, justifying the initiation of the current review. Those claims were therefore rejected.
- (17) The CCCMC argued further that Article 2(6a) of the basic Regulation appears to be incompatible with the World Trade Organisation Anti-Dumping Agreement ('ADA'), as (i) there is no reference to the concept of 'significant distortions' in Article 2.2 of the ADA; (ii) Article 2(6a) allows the use of data from an appropriate representative country or international prices to construct normal value; and (iii) Article 2(6a) appears to violate Article 2.2.1.1. of the ADA. In this context, the CCCMC referred to WTO jurisprudence, in particular the EU-Biodiesel case ⁽⁸⁾, which established that investigating authorities must use the product costs actually incurred by producers or exporters for the calculation of constructed normal values.
- (18) The Commission considered that the provisions of Article 2(6a) are fully consistent with the European Union's WTO obligations and the jurisprudence cited by the CCCMC. At the outset, the Commission notes that the WTO Report on *EU – Biodiesel* did not concern the application of Article 2(6a) of the basic Regulation, but of a specific provision of Article 2(5) of the basic Regulation. In any event, WTO law as interpreted by the WTO Panel and the Appellate Body in *EU – Biodiesel* allows the use of data from a third country, duly adjusted when such adjustment is necessary and substantiated. The existence of significant distortions renders costs and prices in the exporting country inappropriate for the construction of normal value. In these circumstances, Article 2(6a) envisages the construction of costs of production and sale on the basis of undistorted prices or benchmarks, including those in an appropriate representative country with a similar level of development as the exporting country.
- (19) The CCCMC criticised also the reference in the request for review to the '13th Five-Year Plan' to prove the existence of significant distortions. They consider the 'five year plans' as guiding documents expressing policy views in the future and not as adopted law within the Chinese legal system. Therefore, the CCCMC considered the five-year plan as irrelevant to the investigation.

⁽⁷⁾ Final Report on Market Distortions in the Chinese Architectural Ceramics Industry, published on 11 May 2022 by THINK!DESK China Research and Consulting, compiled by Prof. Dr. Markus Taube contained in Annex 4 of the non-confidential version of the request.

⁽⁸⁾ DS473 European Union – Anti-Dumping Measures on biodiesel from Argentina.

- (20) As analysed in depth in the Report, and in particular in section 4.3.1 Binding Nature of Plans, the Commission viewed the Chinese Five-Year Plans as fully binding, based on their nature and the obligation of implementation, as stipulated in the plans directly and in the Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China ⁽⁹⁾.
- (21) The CCCMC analysed the import data and injury indicators available in the request for review (i.e. up to the end of 2021) and concluded that the Union industry was not in a vulnerable or fragile situation. Furthermore, they argued that since exports to the Union from China had decreased, while the anti-dumping measures were in place, against a background of decreasing Chinese capacity, output and exports, the decrease in exports was of a lasting nature and therefore, did not indicate the likelihood that injury would continue or recur if the measures were allowed to lapse.
- (22) The Commission considered that, based on the analysis of all the information included in the request for review, including Chinese spare capacity of more than four times Union consumption, measures imposed by other countries against imports from the PRC, likely undercutting by Chinese imports and Chinese export prices to third countries which were lower than Union domestic prices, there was sufficient evidence to justify the initiation of an investigation in accordance with Article 5(3) of the basic Regulation. The aspects referred to in recital (21) were fully examined in the course of the investigation. Therefore, this claim was rejected.
- (23) In their comments following final disclosure, the CCCMC argued that the annexes to the request were organised in a misleading way and therefore the quality of the request was poor and that should, in theory, have prevented the Commission from initiating the investigation.
- (24) As indicated in recital (12), following the specific claims made by the CCCMC regarding certain annexes, the Commission added stand-alone non-confidential versions of Annex 1 and Annex 25, to the non-confidential case file to clarify CCCMC's concerns. The Commission, therefore, rejected the claim.

(a) **Sampling**

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

Sampling of Union producers

- (26) 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 data contained in the request for review. This sample consisted of six Union producers. The Commission selected the sample on the basis of the largest representative volume of sales and production, taking into account geographical spread and also the high fragmentation of the ceramic tiles industry.
- (27) In previous investigations concerning dumped imports of ceramic tiles ⁽¹⁰⁾, the Commission concluded that the ceramic tiles industry is significantly fragmented. Therefore, to ensure that the results of large companies did not dominate the injury analysis and that the situation of small and medium-sized producers, which collectively account for a significant share of the Union production, was adequately reflected, the Commission decided to establish three producer categories based on the annual production quantity:
- Category 1: large producers – annual production over 10 million m²,
 - Category 2: medium-sized producers – annual production between 5 and 10 million m²,
 - Category 3: small producers – annual production below 5 million m².

⁽⁹⁾ See https://www.gov.cn/xinwen/2022-03/12/content_5678642.htm (Articles 50.6 and 73.5), accessed on 8 November 2023.

⁽¹⁰⁾ Implementing Regulation (EU) No 917/2011, Implementing Regulation (EU) 2017/2179 and Commission Implementing Regulation (EU) 2023/265 of 9 February 2023 imposing a definitive anti-dumping duty on imports of ceramic tiles originating in India and Türkiye (OJ L 41, 10.2.2023, p. 1).

- (28) As confirmed during this investigation the Union industry remained highly fragmented with small and medium-sized producers accounting for approximately half of the Union production in the investigation period. Accordingly, the Commission considered that the fragmentation of the Union industry should also be taken into consideration in this investigation. It, therefore, decided to apply the same methodology for the selection of the sample as in the previous investigations and considered that all categories of producers should be represented in the sample.
- (29) The provisional sample consisted of six Union producers: two large producers, two medium-sized producers and two small producers. To reflect different situations that could be encountered in the Union in the different Member States, when selecting the sample, the Commission also took into account the geographical spread. The sampled producers were situated in Italy, Poland, Spain, Portugal and Germany. The sample thus covered Member States where approximately 95 % of the production was situated. Consequently, the Commission considered that the methodology applied ensured the sample was representative of the Union production as a whole and thus complied with Article 17(1) of the basic Regulation.
- (30) The Commission invited interested parties to comment on the provisional sample in accordance with Article 17(2) of the basic Regulation. One producer in Poland and one in Italy, included in the sample, informed the Commission that they were not in a position to provide a questionnaire reply. Subsequently, the Commission replaced these companies by other producers from the same countries, of similar size and within the same weighting category. These companies were the next largest in accordance with the methodology outlined above. The revision of the sample was disclosed to the interested parties.
- (31) The revised sample after these changes represented around 7 % of total estimated Union production and nearly 10 % of total Union industry's sales. The Commission considered that the definitive sample was representative in terms of total Union production and sales and geographical spread, taking into account the fragmentation of the Union industry.
- (32) The CCCMC made comments concerning the provisional sample of Union producers. The CCCMC understood that the Commission had to revise the sample but claimed that it should apply the procedure outlined in Article 18 of the basic Regulation.
- (33) The Commission noted that, in case of non-cooperation of one of the sampled entities that is likely to materially affect the outcome of the investigation, in accordance with Article 17(4) of the basic Regulation, a new sample may be selected. It is only if a material degree of non-cooperation persists or there is insufficient time to select a new sample, that 'the relevant provisions of Article 18 shall apply'. Considering that there was sufficient time to adjust the sample, the claim was rejected.
- (34) The CCCMC also claimed that a sample representing around 7 % of Union production and around 10 % of sales was not sufficiently representative, because it might increase the chance of comparing different products between the EU and Chinese sides. In this context, CCCMC referred to the Appellate Body report in the Fasteners Case (DS397) ⁽¹¹⁾, claiming that the Commission methodology in the current review was incompatible with WTO rules.
- (35) The revised sample was very similar to its original sample in terms of coverage of production and sales and identical in terms of geographical coverage. In addition, the Commission reiterates that its sample selection took into account the highly fragmented nature of the Union industry, which means that increasing its number of sampled companies to 8 or even 10 companies would not substantially increase the percentage of production or sales in the sample. Furthermore, the quantity of Chinese imports to the Union market was very low and the prices of such sales were not compared to the Union industry sales prices. Therefore, the claim was rejected.

⁽¹¹⁾ Appellate Body Report, European Communities — Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China, DS397, para. 430.

- (36) The Commission noted that this report related to the exclusion of a part of the industry from the definition of the Union industry. In the present case the Commission did not exclude companies from the definition of the Union industry. Therefore, this report has no bearing on the current review. The claim was therefore rejected.
- (37) The CCCMC also stated, with reference to an expiry review on certain plastic sacks and bags from China and Thailand ⁽¹²⁾ in 2012, that if a sample only accounts for a low percentage of the total Union production and Union sales volume and there is further withdrawal of cooperation of the sampled Union producers, the Commission may determine that the expiry review should be terminated.
- (38) That investigation was terminated due to low cooperation as it was not possible to establish a representative sample of Union producers. In the current investigation 30 companies representing around 40 % of Union production cooperated with the investigation by submitting data used for sampling in the review request process. This led to the establishment of a representative sample as explained at recital (35). Therefore, the claim was rejected.
- (39) During the hearing on 6 July 2023, the CCCMC reiterated its claims with regard to the application of Article 18 for non-cooperating Union producers and the low level of representation of the sampled Union producers, as outlined in recitals (32) and (34). They also referred to inconsistent treatment in the application of Article 18 between non-cooperating Chinese producers and Union producers and the consequential result that the Commission's injury analysis would not be based on the major proportion of total Union production within the meaning of Article 4(1) of the basic Regulation.
- (40) The Commission addressed the claim concerning the equal treatment of Union producers and Chinese producers in recital (67). Furthermore, as indicated in recital (33), the Commission fully complied with Article 17(4) of the basic Regulation when not applying Article 18 to the non-cooperating Union producers, while as indicated in recital (35) the Commission's revised sample of Union producers was equally as representative as the original sample. Furthermore, in the case at hand the 'Union industry' is defined as referring to the Union producers as a whole of the like products, not 'as those of them whose collective output of the products constitutes a major proportion of the total Union production of those products' within the meaning of Article 4(1) of the basic Regulation. The reference to the later part of Article 4(1) was therefore inoperative and the claim was rejected.
- (41) In their comments following final disclosure, CCCMC alleged that the two Union producers which withdrew from the sampling process did so in order to influence the injury findings. CCCMC also reiterated the points made in recitals (32) and (34) i.e. low representativity and that Article 18 should be applicable to their situation. In this respect CCCMC referred again to the WTO dispute – European Communities – Definitive Anti-Dumping measures on certain Iron or Steel Fasteners from China (DS 397).
- (42) As explained in recital (33), in accordance with Article 17(4) of the basic Regulation, a new sample may be selected and it is only if a material degree of non-cooperation persists or there is insufficient time to select a new sample, that 'the relevant provisions of Article 18 shall apply'.
- (43) In this case, the Commission was able to establish a sample which was very similar to the original sample in terms of coverage of production and sales and identical in terms of geographical coverage. Furthermore, the allegations made by CCCMC are pure speculation. The Union producers which withdrew from the sampling process provided credible justifications for doing so which were placed on the non-confidential file of the investigation. In addition, as mentioned in recital (240) the Commission found that the material injury found was not caused by Chinese imports. Therefore, the allegation itself appears to have no meaningful consequence on the outcome of the investigation.

⁽¹²⁾ Council Implementing Regulation (EU) No 627/2012 of 10 July 2012 terminating the partial interim review and the expiry review concerning the anti-dumping measures applicable on imports of certain plastic sacks and bags originating in the People's Republic of China and Thailand imposed by Regulation (EC) No 1425/2006 (OJ L 182, 13.7.2012, p. 6).

- (44) In the comments following final disclosure, CCCMC further argued that, as the final sample of Union producers, selected by the Commission, represented only 7 % of Union production, there was low representativity for the purpose of an objective injury analysis.
- (45) As explained in recital (35) the sample was selected in accordance with the basic Regulation and following an appropriate methodology. In addition, the methodology was to choose the largest representative volume of production and sales which could reasonably be investigated within the time available. Therefore, this claim was rejected.

Sampling of importers

- (46) 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.
- (47) None of the unrelated importers provided the requested information and agreed to be included in the sample. In view of this, the Commission decided that sampling was not appropriate.

Sampling of exporting producers in the PRC

- (48) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known exporting producers/ producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the PRC to the European Union to identify and/or contact other exporting producers/ producers, if any, that could be interested in participating in the investigation.
- (49) Five exporting producers in the country concerned provided the requested information and agreed to be included in the sample. Three of these companies filled in the form concerning the factors of production. As the imports from those companies were low and represented less than 5 % of the total imports of ceramic tiles described in recital (63) and 0,6 % of the global Chinese production during the RIP, they were considered as not representative.
- (50) In view of the insufficient level of cooperation, the Commission decided not to limit the investigation to a reasonable number of parties by using a sample in accordance with Article 17(1) of the basic Regulation.

(b) Replies to the questionnaire

- (51) The Commission sent a questionnaire concerning the existence of significant distortions in the PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC').
- (52) Despite the low representativeness of the Chinese producers which submitted sampling replies, the Commission contacted these five exporting producers to provide additional information in a simplified form related to their domestic sales, exports to third countries and exports to the Union as well as an overview of the factors of production, that may be used for the investigation. No replies were received.
- (53) Questionnaire replies were received from the six sampled Union producers and the European Ceramic Tile Manufacturers' Association (CET), the applicant.

(c) Verification

- (54) The Commission sought and verified all the information deemed necessary for the determination of likelihood of continuation or recurrence of dumping and injury and of the Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers and their related traders, and the applicant

- Three sampled Union producers and, where relevant, their related traders, which were granted confidential treatment as explained in section 1.3 above;

- Azteca Products & Services, S.L.U. and its related trader Kerstone, S.L., located in Alcora (Castellón), Spain;
 - Cerrad Sp. z o.o., Starachowice, Poland;
 - Steuler Fliesen Produktion GmbH and its related trader Steuler Fliesengruppe AG, located in Mühlacker and Bremen respectively, Germany;
 - The European Ceramic Tile Manufacturers' Association (CET), Brussels, Belgium.
- (55) The sampled producer Steuler Fliesen Produktion GmbH was part of a group of companies which was reorganised over the period considered. As part of this reorganisation Steuler Fliesen Produktion GmbH took over the production assets of another group entity, Steuler Fliesen GmbH. Data related to Steuler Fliesen GmbH, and its related trader, Team Steuler GmbH, were therefore included in the questionnaire response of Steuler Fliesen Produktion GmbH in order to provide a complete and meaningful response throughout the period considered. Data related to these two further companies was also subject to an on-spot verification.

(d) **Subsequent procedure**

- (56) On 24 November 2023, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the anti-dumping duties in force. All parties were granted a period within which they could make comments on the disclosure.
- (57) Any comments made by interested parties will be considered by the Commission and taken into account, where appropriate.

2. PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

- (58) The product under review is the same as in the original investigation and previous expiry review, namely glazed and unglazed ceramic flags and paving, hearth or wall tiles; glazed and unglazed ceramic mosaic cubes and the like, whether or not on a backing, currently falling under CN codes 6907 21 00, 6907 22 00, 6907 23 00, 6907 30 00 and 6907 40 00 ('the product under review').
- (59) Ceramic tiles are mainly used in the construction industry to cover walls and floors.

2.2. Product concerned

- (60) The product concerned by this investigation is the product under review originating in the People's Republic of China.

2.3. Like product

- (61) As established in the original investigation as well as in the previous expiry review, 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 China and
 - the product under review produced and sold in the Union by the Union industry.
- (62) These products are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

3. DUMPING

3.1. Preliminary remarks

- (63) During the review investigation period, imports of ceramic tiles from the PRC dropped to very low levels. According to the Comext database, imports of ceramic tiles from the PRC accounted for 0,3 % of the Union market in the review investigation period compared to 6,5 % market share during the original investigation and 1,7 % during the previous expiry review. In absolute terms the imports from the PRC to the Union amounted to 2,34 million m² compared to 15,0 million m² during the previous expiry review and 66,0 million m² during the original investigation.

- (64) As mentioned in recital (49), the five exporters/producers from the PRC, which submitted a sampling reply accounted for a low percentage of imports of the product concerned from, and even lower percentage of the production in, China and could not be considered representative of total imports from China. Therefore, the Commission informed the authorities of the PRC and interested parties that due to the absence of sufficient cooperation, the Commission might apply Article 18 of the basic Regulation concerning the findings with regard to the PRC.
- (65) As mentioned in recital (52), the Commission contacted the five exporting producers/producers who submitted a sampling reply to provide additional information related to their domestic sales and exports to third countries, exports to the Union and factors of production, but none of the companies provided this information.
- (66) The Commission received claims from the CCCMC with regard to the application of Article 18. The CCCMC argued that the level of representativity of the Union industry was also very low as the sample of Union producers represented less than 7 % of the Union production and two of the originally sampled producers withdrew their cooperation but this did not trigger the use of Article 18 to Union producers. Therefore, the CCCMC considered that the Commission did not treat all interested parties in an equal way.
- (67) In this respect, the Commission recalled that the Union producers accounting for 40 % of the total Union production of ceramic tiles supported the request for review and submitted information in the context of the standing exercise of the present investigation. This was a sufficient basis for the selection of a representative sample. As set out in recital (31), the Union producers selected to form the definitive sample accounted for around 7 % of the estimated total production in the Union and nearly 10 % of the total Union industry's sales. This sample was selected from a large number of cooperating Union producers and was considered to be representative of the Union industry in this highly fragmented sector. By contrast, only five exporting producers/producers submitted sampling replies which represented only 4,63 % of Chinese exports to the EU, 0,24 % of the estimated production volume in the PRC, 1,2 % of the estimated domestic sales volume and 0,7 % of sales volume to the rest of the world. Only three of the five exporting producers provided the requested information on their factors of production and stopped cooperating thereafter. Therefore, in view of the insufficient level of cooperation, the Commission examined the likelihood of the recurrence of dumping based on the facts available. In contrast, as set out in recital (30), the Commission established a provisional sample for Union producers and substituted two producers in the sample by other cooperating Union producers in order to ensure the representativity of the definitive sample in accordance with Article 17 of the basic Regulation. On the basis of these elements, it was therefore concluded that the situation concerning the cooperation of the PRC producers and exporters was not comparable with that of the EU producers, and therefore the principle of equal treatment was not violated. On the basis of the above, the Commission rejected this claim.
- (68) The CCCMC also argued that the Commission incorrectly applied Article 18 of the basic Regulation as it confused the concepts of 'non-cooperation' and 'level of cooperation'.
- (69) The Commission recalls that it applied Article 18 to the PRC because the volume of imports, of the producers submitting a sampling reply was particularly low and therefore not representative of imports from the PRC into the EU. In addition, as mentioned in recital (67), the production, domestic sales and sales to the rest of the world of these five companies represented a negligible fraction of the total volumes of Chinese production and sales. Furthermore, the Commission requested the five Chinese exporting producers to provide additional information related to their domestic sales and exports to third countries and the Union, none of them provided the information requested. In the absence of any other cooperating exporting producer, the Commission concludes that following a low and unrepresentative cooperation in the sampling phase of the investigation, there was non-cooperation by Chinese producers/ exporting producers in the investigation.
- (70) As mentioned in recital (63), during the review investigation period, imports of ceramic tiles from the PRC virtually disappeared and therefore this negligible volume could not form the basis for a continuation of dumping. The Commission therefore analysed the likelihood of recurrence of dumping in the next section.

4. LIKELIHOOD OF RECURRENCE OF DUMPING

- (71) The Commission investigated, in accordance with Article 11(2) of the basic Regulation, the likelihood of recurrence of dumping, should the measures be allowed to lapse. The following additional elements were analysed: the production capacity and spare capacity in the PRC, the attractiveness of the Union market and export prices to third countries, and measures imposed by other countries as well as possible absorption capacity of third country markets due to anti-dumping measures in place.
- (72) As mentioned in recital (49), the imports of the five exporting producers/producers that came forward in the sampling exercise represented less than 5 % (namely 4,63 %) of the total imports of ceramic tiles from the PRC into the Union and were therefore not considered to be representative. Moreover, as mentioned in recital (67), the production, domestic sales and sales to the rest of the world of these five companies represented a negligible fraction of the total volumes of Chinese production and sales. Therefore, the Commission informed the authorities of the PRC that cooperation was considered not sufficient and that the Commission may apply Article 18 of the basic Regulation concerning the findings with regard to the exporting producers in the PRC. The Commission did not receive any comments or requests for an intervention of the Hearing Officer in this regard.
- (73) Consequently, in accordance with Article 18 of the basic Regulation, the findings in relation to the likelihood of recurrence of dumping were based on facts available, in particular information in the request for review duly updated if available, information obtained from interested parties in the course of the investigation (namely, the applicant and one of the sampled Union producers) and information from other publicly available sources, in particular the Global Trade Atlas ('GTA')⁽¹³⁾ and the 'Overview of the operation of the ceramic and sanitary industries in 2022 and outlook 2023'⁽¹⁴⁾ (hereinafter referred to as China Ceramics Report 2022). This latter source was mentioned in the hearing organised at the request of CCCMC and is openly available on the internet.

4.1. Production capacity and spare capacity in the PRC

- (74) The applicant provided estimates of the production and production capacity of ceramic tiles in the PRC. These estimates were based on the report of the think tank THINK!DESK⁽¹⁵⁾ commissioned by CET.
- (75) Based on this report, the PRC represented the largest global producer of ceramic tiles. In 2021, the total estimated production amounted to about 9 billion m², representing about 50 % of the global production.
- (76) The report estimated the total production capacity in the PRC in 2021 at 12,3 billion m² (indicating a drop in comparison to the production capacity of 13,6 billion m² in 2018). According to the report, in February 2022 the concentration of the tile industry continued to progress which resulted in the Chinese ceramics industry gradually consolidating to fewer, but more cost-efficient large volume producers. The report estimates the total production in the PRC at around 9 billion m² in 2021 which means that the estimated spare capacity for 2021 was 3,3 billion m². Considering that the Union consumption amounted to 848,4 million m² during the review investigation period, the Chinese spare capacity represented around 3,9 times the Union consumption shown in Table 2 below.
- (77) The Commission also calculated the spare capacity of ceramic tiles in the PRC during the review investigation period based on the China Ceramics Report 2022. According to this report, the national capacity increased from 12,32 billion m² in 2020 to 12,56 billion m² in 2022. However, only 10 billion m² were considered as effective capacity, the remainder were unable to meet the production environment due to outdated equipment that did no longer meet production and policy requirements. Considering the production volume of 7,31 billion m² in 2022 as published in this report, this led to an effective spare capacity of 2,69 billion m². Based on this calculation, the Chinese spare capacity was still more than three times the Union consumption in the free market.

⁽¹³⁾ <http://www.gtis.com/gta/secure/default.cfm>

⁽¹⁴⁾ The report is available at https://www.ceramicschina.com/PG_ViewNews_131282.html

⁽¹⁵⁾ Final Report on Market Distortions in the Chinese Architectural Ceramics Industry, published on 11 May 2022 by THINK!DESK China Research and Consulting, compiled by Prof. Dr. Markus Taube contained in Annex 4 of the non-confidential version of the request.

- (78) In a submission CCCMC argued that the capacity of the Chinese ceramic tile industry had declined by around 45 % between 2015 and 2020 and was much smaller in the review investigation period than it was when measures were imposed on Chinese imports in 2011. The CCCMC considered that this reduction was due to stricter environmental regulations and standards on energy consumption, as well as increased raw material costs. It further argued that such a large figure means that there will be no fundamental change in China's exports to the Union should measures be allowed to lapse.
- (79) The Commission's assessment of Chinese capacity and spare capacity already took into account this decline of 45 %. Even though the production capacity decreased as described in recital (76), China remained the largest producer of ceramic tiles with a significant production capacity and a spare capacity much larger than the total Union market.
- (80) Excess in production capacities is an incentive to export at dumped prices. It is also clear that Chinese exporters must exploit all existing possibilities to increase production to fully benefit from the significant investments to lower carbon emissions and energy consumption they made in relation to capacities already installed. The most obvious way is to penetrate any open market worldwide and very likely at dumped prices as it is still the case in the current investigation.
- (81) Based on the above facts and considerations, the Commission concluded that the Chinese exporting producers have significant spare capacities, which would likely be used for exporting ceramic tiles at dumped prices to the Union if the measures were allowed to lapse.

4.2. Attractiveness of the Union market and export prices to third countries

- (82) The Commission examined whether it was likely that Chinese exporting producers would increase their export sales at dumped prices should measures be allowed to lapse. Given the negligible level of Chinese imports to the Union as described in recital (49), the Commission analysed the quantity and price level of Chinese exports to third country markets and compared the prices to the constructed normal value.
- (83) The Union market of ceramic tiles being 850 million m² is one of the largest markets in the world. Furthermore, as shown in Table 2, Union consumption of the product concerned increased by 5 % between 2019 and the review investigation period. This shows that Union consumption remains strong and that the Union market remains attractive due to its size.
- (84) To have an indication of the likely prices to the Union in the absence of measures, the Commission noted that total export prices originating in China from the China Ceramics Report 2022 were 6,82 USD in 2021 and 8,54 USD in 2022. The increase in 2022 was described in the report due to increased raw material and energy costs.
- (85) Based on the information in the GTA database and the China Ceramics Report 2022, the PRC was the largest global exporter of ceramic tiles during the RIP. Despite anti-dumping measures imposed in the Union and several other countries as further described in recital (173), Chinese exports represented more than 25 % of global exports.
- (86) Before the imposition of the measures in 2007 to 2010, Chinese imports represented, on average, around 65 million m² annually. In addition to the measures imposed on Chinese imports which are subject to this review, anti-dumping measures were imposed on imports of ceramic tiles from the PRC by many other third countries as explained at recital (173), which makes it more difficult for the Chinese exporting producers to export to these markets and further increases the attractiveness of the Union market to where these exports may be redirected.
- (87) In the absence of sufficient cooperation from the Chinese exporting producers and the GOC, the Commission determined normal value based on the information provided in the request for the expiry review and other readily available information as explained in the following section.

4.2.1. *Procedure for the determination of the normal value under Article 2(6a) of the basic Regulation for the imports of ceramic tiles originating in the PRC*

- (88) Given the sufficient evidence available at the initiation of the investigation showing, with regard to the PRC, the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission initiated the investigation on the basis of Article 2(6a) of the basic Regulation.
- (89) In order to obtain information, it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*. No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC.
- (90) In point 5.3.2 of the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks and suggested Thailand in that regard based on the information of the request for review. The Commission further stated that it would examine other possibly appropriate countries in accordance with the criteria set out in first indent of Article 2(6a) of the basic Regulation.
- (91) On 30 June 2023, the Commission informed interested parties on the relevant sources it intended to use for the determination of the normal value in a Note to the file ('the Note'), with Thailand as the representative country. It also informed interested parties that it would establish selling, general and administrative ('SG&A') and profits based on available information for the company Sosuco Ceramic Co LTD, producers of the product under review in the representative country. No comments were received.
- (92) In the Note the Commission presented the main factors of production. In addition to those factors of production the Commission also added overheads as explained in recital (158). Furthermore, considering that the current investigation is an expiry review pursuant to Article 11(2) on the basic Regulation, which does not require a precise dumping margin calculation, but rather to establish the likelihood of continuation or recurrence of dumping, the Commission considered that in this case it could exceptionally focus on the main factors of production for the calculation of the normal value. Furthermore, as specified in recital (63), there were negligible imports of product concerned from the PRC during the review investigation period. Therefore, the constructed normal value will be used only for comparison with the Chinese export price to third countries.
- (93) Due to the insufficient cooperation from the Chinese exporting producers and the GOC, as mentioned in recital (89), the Commission determined normal value based on the information provided in the request for the expiry review, the information on the factors of production by one sampled Union producer, and other readily available information as explained in the following section.

4.2.2. *Normal value*

- (94) According to Article 2(1) of the basic Regulation, 'the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country'.
- (95) However, according to Article 2(6a)(a) of the basic Regulation, 'in case it is determined [...] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks', and 'shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits' ('administrative, selling and general costs' is referred hereinafter as 'SG&A').

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

4.2.2.1. Existence of significant distortions

- (97) In recent investigations concerning the ceramics sector in the PRC ⁽¹⁶⁾, the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.
- (98) In those investigations, the Commission found that there is substantial government intervention in the PRC resulting in a distortion of the effective allocation of resources in line with market principles ⁽¹⁷⁾. In particular, the Commission concluded that in the ceramic tableware and kitchenware sector, not only does a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation ⁽¹⁸⁾, but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation ⁽¹⁹⁾. The Commission further found that the State's presence and intervention in the financial markets, as well as in the provision of raw materials and inputs, have an additional distorting effect on the market. Indeed, overall, the system of planning in the PRC results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces ⁽²⁰⁾. Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in the PRC ⁽²¹⁾. In the same vein, the Commission found distortions of wage costs in the ceramic sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation ⁽²²⁾, as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in the PRC ⁽²³⁾.
- (99) Like in the previous investigation concerning the ceramic sector in the PRC, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in the PRC, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the request for review, as well as in the Report, which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the PRC's economy in general, but also the specific market situation in the relevant sector including the product under review. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in the PRC as also found by its previous investigations in this respect.

⁽¹⁶⁾ Commission Implementing Regulation (EU) 2019/1198 of 12 July 2019 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) No 2016/1036 (OJ L 189, 15.7.2019, p. 8).

⁽¹⁷⁾ Implementing Regulation (EU) 2019/1198, recitals 58-59.

⁽¹⁸⁾ Implementing Regulation (EU) 2019/1198, recitals 70-74.

⁽¹⁹⁾ Implementing Regulation (EU) 2019/1198, recitals 75-79. While the right to appoint and to remove key management personnel in SOEs by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70% of some 1.86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of ceramic tiles and the suppliers of their inputs.

⁽²⁰⁾ Implementing Regulation (EU) 2019/1198, recitals 80-95.

⁽²¹⁾ Implementing Regulation (EU) 2019/1198, recitals 96-99.

⁽²²⁾ Implementing Regulation (EU) 2019/1198, recitals 100-102.

⁽²³⁾ Implementing Regulation (EU) 2019/1198, recitals 103-113.

- (100) The request for review in this case referred to the Report, in particular to the Ceramics chapter. Moreover, the allegation of distortions in the request for review were broadly based on the Think!Desk Final Report ('Think!Desk Report') from 11 May 2022 titled 'Market Distortions in the Chinese Architectural Ceramics Industry', which provides updated information complimenting the Commission Report. In particular, the request for review points to the GOC intervention into the architectural ceramics industry as well as the connections between companies and the GOC and the CCP, as described in Chapters 2 and 4 of the Think!Desk Report analyses the GOC intervention. The request for review also points to far going local requirements and planning exercises (Chapter 3 of the Think!Desk Report), as well as access to preferential loans (Chapter 5), preferential fiscal policies (Chapter 6) and a wide range of governmental subsidies (Chapter 7). The request for review provides extensive examples of China's intervention into the architectural ceramics sector at all levels, as described in the Think!Desk Report ⁽²⁴⁾.
- (101) The request for review provided examples of elements pointing to existence of distortions, as listed in the first to sixth dash of Article 2(6a)(b) of the basic Regulation. In particular, the applicant submitted that the GOC steers the ceramic tiles industry through the following measures:
- Relocation. The GOC has approved 11 focal areas where the architectural ceramics industry should concentrate. The underlying goal is the relocation of the ceramics industry to these areas, where the companies concerned can benefit from advantages in procuring resources and energy. In that process, the GOC determined the goal for the scale of manufacturing plants should be increased (with the target of eliminating smaller companies) and set the expected manufactured product mix, with an emphasis on a shift to thin ceramic tiles ⁽²⁵⁾.
 - Close connections between the industry and the CCP, exemplified by the connections with the CCP of the Monalisa Group Co. Ltd ⁽²⁶⁾.
 - Interference by the Local Chinese Authorities. Chaozhou is given as example: provision of industrial land, wide range of financial incentives, partnerships with local kaolin mining enterprises (i.e. promoting local government induced vertical integration), reducing gas cost, providing a special, CNY 20 million, fund supporting industries implementing 'smart-manufacturing', equity investments and interest subsidies, construction of a Ceramics Industry Cluster. Furthermore, the ceramic industry benefited from tax fee reductions equal to CNY 1,6 billion. The request for review also explains that the ceramic industry benefits from general investment cost savings of CNY 80 billion in initial land cost bids ⁽²⁷⁾.
 - Financing (loans) under non-market conditions ⁽²⁸⁾.
 - Fiscal policies, including additional advantages such as a reduced corporate income tax rate, receipt of special subsidies and access to special government funding and improved access to external financing for companies granted HNTE (High and New Technology Enterprises) status. Another programme allowing ceramic industries to benefit from considerable financial benefits is the 'Great Western Development Programme'. The request for review furthermore mentions VAT rebates and a number of provincial initiatives benefitting ceramic industry ⁽²⁹⁾.
 - Subsidies. The request for review also lists governmental subsidies available to the ceramic industry, including subsidies: related to income; for environmental protection; for circular economy development; for equipment renovation; for R&D and the protection of intellectual property; for employment; subsidies related to product quantity and standardization; to export promotion and to the cost of factors of production ⁽³⁰⁾.

⁽²⁴⁾ See sections 2.3.1 – 2.3.5 of the expiry review request.

⁽²⁵⁾ Based on the Guidance Catalogue for Industrial Development and Transfer (2018 Edition). See request, paras 68-69.

⁽²⁶⁾ See request, para. 71.

⁽²⁷⁾ See request, paras 72-76.

⁽²⁸⁾ See request, para 78.

⁽²⁹⁾ See request, paras 79-87.

⁽³⁰⁾ See request, paras. 88-104.

- (102) In conclusion, the request for review took the position that prices or costs, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation. On that basis, according to the request for review, it is not appropriate to use domestic prices and costs to establish normal value in this case.
- (103) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file, including the Report and the additional evidence provided by the applicant, on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.
- (104) Specifically in the sector of the product under review, i.e. the ceramics sector, a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Since there was insufficient cooperation from Chinese exporters of the product under review, the exact ratio of the private and state-owned producers could not be determined. The Chinese ceramic tile industry is highly fragmented with a large number of SMEs, therefore it is difficult to draw general conclusions on the sector's ownership patterns. However, during the investigation, the Commission established the existence of personal connections in a number of individual enterprises. As an example, the Articles of Association of Everjoy Health Group include the following provision: 'Article 12 The company shall establish Communist Party organizations and carry out Party activities in accordance with the provisions of the Constitution of the Communist Party of China. The company provides necessary conditions for the activities of party organizations ⁽³¹⁾.' Also, the 2022 Annual Report mentions several members of the Board of Directors, including 'independent members of the Board of Directors' are members of the Party Committee ⁽³²⁾.
- (105) Furthermore, the Articles of Association of Guangdong Dongpeng Holdings Co. Ltd. state the following: 'Article 11 The company shall establish Communist Party organizations and carry out Party activities in accordance with the provisions of the Constitution of the Communist Party of China. The company provides necessary conditions for the activities of party organizations ⁽³³⁾.' Also, during the investigation it was established that there are personal connections between the management of the company and the CCP ⁽³⁴⁾.
- (106) Also, the 2021 Annual Report of Huida Sanitary Ware Co., Ltd confirms that there are personal connections between the management of the company and the CCP ⁽³⁵⁾.
- (107) Finally, the website of Mona Lisa Group explains the party presence of in the company: 'Over the years, the Mona Lisa Group Party Branch has focused on the integration and joint building of the Party together with enterprises, it has also explored a work method based on the enterprise's characteristics to ensure party-building with strong foundation, deep transformation and high leadership, to deeply merge red culture with corporate culture, to ensure leadership over numerous reform projects, to ensure red power is deeply embedded in all aspects of research and development, production, marketing and corporate management, to continuously improve corporate culture, and ensure comprehensive leadership over the enterprise's innovation and upgrading. ⁽³⁶⁾' Furthermore, the Mona Lisa Group's 2022 Annual Report confirms that various members of the board of Directors are members of CCP, one of them being deputy secretary of the Party Committee ⁽³⁷⁾.

⁽³¹⁾ Articles of Association available at: <http://www.everjoyhealth.com/web/viewer.html?file=/UploadFiles/2023/79/L133235351136058.pdf>

⁽³²⁾ See page 32 of the 2022 annual report, available at: <http://www.everjoyhealth.com/web/viewer.html?file=/UploadFiles/2023/79/R133235346412152.pdf>

⁽³³⁾ Articles of Association available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2023/2023-4/2023-04-27/91110553.PDF

⁽³⁴⁾ Chairman of the Board of Directors is at the same time Secretary of the Party Committee. See <https://static.nfapp.southcn.com/content/202006/22/c3678131.html> and <https://baike.baidu.com/item/%E4%BD%95%E6%96%B0%E6%98%8E/15200443>

⁽³⁵⁾ See page 43 and 44 of the 2021 Annual Report, available at: https://www.huidagroup.com/uploadfile/soft/20220426/603385_20220415_32_2021%E5%B9%B4%E5%B9%B4%E5%BA%A6%E6%8A%A5%E5%91%8A.pdf

⁽³⁶⁾ Article available at: <http://www.monalisagroup.com.cn/newsview/1264.html>

⁽³⁷⁾ See pages 37 and 38 of Mona Lisa Group's 2022 Annual Report: <http://static.cninfo.com.cn/finalpage/2023-03-30/1216260259.PDF>

- (108) Furthermore, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the ceramic tiles sector. In the 14th planning cycle, there are no more plans dedicated to specific products, but rather the plans at the national level group different types of products together. The ceramic tiles sector is more generally covered by the 14th Raw Materials Five-Year-Plan ('FYP') as belonging to the broader category of construction materials. In addition, in September 2022, the China Building Materials Federation, commissioned by the Ministry of Industry and Information Technology, issued the *Guidelines on Developing the Construction Materials Industry during the 14th FYP Period* ⁽³⁸⁾. The 14th Raw Materials FYP and the guidelines give central-level guidance for the development of the construction materials sector from multiple angles. In addition, the provisions of the 2022 Guiding Opinion on Promoting the High-quality Development of Light Industry is also targeting the ceramic tiles industry.
- (109) The 14th Raw Materials FYP identifies the following challenge in the supply of raw materials in China: '[t]he excessive surplus of medium and low-end products persists, whereas high-end products are in short supply; the autonomous and controllable level of core process technology and equipment of key materials is not high; it remains an arduous task to realize green and low-carbon development; [...] and the ability to guarantee critical strategic resources remains inadequate ⁽³⁹⁾.' At the same time, the plan sets out the following goals: 'by 2025, the ability of raw materials industry to safeguard and lead the high-quality development of the manufacturing industry will be significantly boosted ⁽⁴⁰⁾.' Therefore, during the 14th planning cycle, the GOC will be leading the development of the raw materials industry, including ceramic tiles, in order to fall in line with the governmental objectives, rather than let the industry develop according to the market forces.
- (110) As for the funding ensuring the implementation, the plan states that 'the existing funding channels will be made full use of to support major projects mentioned in the Plan' and '[the Government] will deepen the industry-finance cooperation and leverage the role of the National Industry-Financial Cooperative Platform to provide strong support for projects in line with the Plan by means of financial services and equity investment ⁽⁴¹⁾.' Financial institutions are encouraged to provide comprehensive services for raw materials enterprises that have implemented mergers and reorganization as well as transformation and upgrading ⁽⁴²⁾.
- (111) The Guiding Opinion contains the usual language of setting developments goals: '[...] by 2025, the comprehensive strength of light industry will be significantly improved, the proportion of light industry in gross industrial output will be basically stable, the effect of expanding domestic demand and promoting consumption will be obvious, and the ability the serve the building of a new development pattern and promote high-quality economic and social development will be enhanced' ⁽⁴³⁾. Moreover, during the 14th FYP period, the growth rate of the light industry's added value should be consistent with the average growth rate of the national industrial added value, the profit margin of key industries and the international market share of major products are to remain basically stable, and the quality and efficiency should be significantly improved.
- (112) Importantly, the Guiding Opinion envisages improving fiscal and financial support policies. Specifically, financial institutions are expected to 'come up with innovative financial services and products, increase support for technological transformation and scientific and technological innovation of light industry enterprises ⁽⁴⁴⁾.' Meanwhile, local governments are encouraged to improve relevant support policies according to the needs in developing local light industry and enhance development potential.
- (113) The Guiding Opinion requires the local departments in charge of the industry to 'strengthen overall coordination, strengthen process management, and do a good job in implementation.' Moreover, in the customary manner, the industry association is supposed to act as 'a bridge between the government and enterprises, strengthen tracking of the implementation of these [Guiding] Opinions, [and] guide enterprises to strengthen the construction of self-discipline and creditworthiness systems ⁽⁴⁵⁾.' In sum, the Guiding Opinions show that the Government steers the development of the light industry, including ceramics.

⁽³⁸⁾ Guidelines on Developing the Construction Materials Industry during the 14th FYP Period, available at: <http://www.cbmf.org/c/2022/09/06/12672.shtml> (accessed on 4 September 2023).

⁽³⁹⁾ Ibid., Section I.II.

⁽⁴⁰⁾ Ibid., Section II.III.

⁽⁴¹⁾ Ibid., Section VIII.II.

⁽⁴²⁾ Ibid., Section IV.III.

⁽⁴³⁾ Guiding Opinion, Section 1(2).

⁽⁴⁴⁾ Guiding Opinion, Section 7(21).

⁽⁴⁵⁾ Guiding Opinions, Section 7(25).

- (114) While the national level plans set out rather general goals and targets, the local level guidance documents are much more detailed. As an example, the 14th FYP for the Development of the Building Materials Industry in Shandong Province ('Shandong Plan'), published on 17 November 2021 by the Shandong Provincial Department of Industry and Information Technology, includes a number of specific targets to be achieved by the end of the 14th planning period. The Shandong Plan also stipulates detailed quantitative targets, which are not included in the 14th Raw Materials FYP. The Shandong Plan envisages that 'by 2025, the output value of the building materials industry will reach CNY 700 billion, the output value of the top 10 building materials enterprises will account for 30 % of the total industry, one 100-billion-level enterprise will be cultivated, five 10-billion level industrial clusters will be built [...]'.
[...].
- (115) The Shandong Plan also specifies development priorities for the construction ceramics industry. It aims to strengthen selected construction ceramics production bases and support construction of a number of innovation demonstration parks. Furthermore, key enterprises of construction ceramics are encouraged to establish an enterprise brand management quality system. Promoting the application of new technologies and processes, as well as developing new ceramics and functional ceramics are also listed as development priorities for the construction ceramics industry.
- (116) One of the key tasks for the building materials industry in Shandong is to strengthen the international competitiveness of its enterprises in the sector. In order to achieve this, the Shandong plan envisages to 'deepen the "One Belt, One Road" economic and trade cooperation, [...] actively expand foreign trade, focus on promoting the export of [...] construction ceramics, [...] encourage powerful building materials enterprises to build overseas cooperation projects, and focus on driving cooperation in construction engineering, building materials, labour services, technology and capital, [...] improve the efficiency of resource allocation, and enhance the national competitiveness of Shandong's building materials industry'.
- (117) The Shandong Plan further calls for increased fiscal and tax support for the industry, in particular the implementation of national fiscal and taxation policies, such as the additional deduction of enterprise R&D expenses, and the reduction of value-added tax and income tax for building materials products with comprehensive utilization of resources. In addition, Shandong's authorities will 'improve financial support policies, encourage all kinds of financial institutions to give credit support to qualified building materials projects, increase financing support for mergers and acquisitions, [...] actively develop financial leasing and supply chain financial services, and expand the financing scale for high-growth small and medium-sized building materials enterprises'. The Shandong Plan also requires relevant authorities to 'enhance implementation efforts, improve the coordination and promotion mechanism, formulate work plans [...] and clarify roles and responsibilities.' Accordingly, state-owned enterprises ('SOEs') private enterprises and SMEs are encouraged to deepen cooperation alongside the industrial chain and supply chain.
- (118) In sum, the Shandong Plan reflects many of the mechanisms and targets of the 14th Raw Materials FYP but also sets concrete output targets and development objectives for the construction ceramics industry as well as puts an emphasis on international expansion and deepening cooperation between enterprise.
- (119) In addition to provincial plans, many municipalities have their own industry development plans, including for the ceramics sector. As an example, in April 2018, the Chaozhou Government issued the Implementation Plan for Promoting the High-quality Development of the Ceramic Industry in Chaozhou City ('Implementation Plan')⁽⁴⁶⁾ in order to accelerate the transformation and upgrading of the city's ceramic industry and promote the high-quality development of advantageous traditional industries.
- (120) The Implementation Plan envisages several measures to achieve that goal: bringing some corrections to the porcelain clay market and improving the supply of raw materials; creating an innovation platform and gathering innovation resources; strengthening industry-university-research cooperation and accelerating technological innovation; improving industrial design and developing cultural creativity; implementing brand strategy and strengthening publicity and communication; developing industrial tourism and shaping the impression of porcelain capital; compiling price indexes and grasping market dynamics; accelerating construction of the gas grid and reducing gas costs; strengthening pollution control and promoting cleaner production.

⁽⁴⁶⁾ Available at: <http://www.chaozhou.gov.cn/attachment/0/429/429010/3418060.pdf> (accessed on 4 September 2023).

- (121) The Implementation Plan requires the municipal authorities to ‘rationally guide the allocation of resources, improve the market’s ability to allocate resources, and guide the city’s ceramic industry to accelerate the elimination of backward production capacity’ and to ‘strengthen the cooperation with the Provincial Price Association’ ⁽⁴⁷⁾. In order to reduce overcapacity, the Implementation Plan asks to ‘promote the structural reform of the supply side of the ceramic industry, [...] urge enterprises to adopt advanced production technology and equipment, and accelerate the elimination of high-pollution and high-emission production capacity’ ⁽⁴⁸⁾.
- (122) The implementation is to be planned, coordinated and overseen by a special working group led by a vice mayor. Accordingly, ‘[a]ll county and district governments and relevant municipal departments should formulate specific work plans according to the implementation plan and division of responsibilities, quantify and decompose development goals, and do a good job in the implementation of the specific tasks.’ ⁽⁴⁹⁾ Furthermore, ‘[f]iscal and taxation policies and financial reward and subsidy projects enabling governments at all levels to support the transformation and upgrading of the ceramic industry shall be fully implemented’ ⁽⁵⁰⁾.
- (123) Furthermore, the Chaozhou City (Guangdong Province) adopted an Action Plan for Building a Hundred-billion-yuan Level Ceramic Industry Cluster ⁽⁵¹⁾ (‘Action Plan’) to further promote its ceramic industry and enhance the influence of the Chaozhou ceramics regional brand. The Action Plan sets out that by 2025 ‘the scale of the city’s ceramic industry will be further expanded, a group of leading enterprises with international and domestic influence will be formed, and the total industrial output value will reach CNY 100 billion.’ The authorities plan to have more than 1 000 enterprises of which more than 300 with an output value exceeding CNY 100 million and more than 100 national high-tech enterprises. In addition, Chaozhou strives to ‘have more than 50 provincial-level engineering technology research and development centres and more than 50 provincial-level technical service centres for ceramic enterprises’ ⁽⁵²⁾.
- (124) The Action Plan also stipulates that the industrial layout is to be further steered into optimisation through the concentration of the industry. To that end, the government intends to provide support to a range of larger competitive flagship companies. The latter, also called ‘backbone’ companies, will benefit from a ‘one company – one policy’ approach by the government, which translates into tailored policies for each such enterprise, including State support. Mergers and reorganizations of enterprises are also to be encouraged to enhance their overall competitiveness. In addition, the investigation revealed that the ceramic tiles producers benefit from considerable subsidies provided by the government. As an example, Shanghai Everjoy Health obtained CNY 5,3 million in 2021 and CNY 7,6 million in 2022 ⁽⁵³⁾. Guangdong Dongpeng Holdings Co is another ceramic tiles producer benefitting from governmental subsidies, including CNY 105,1 million in 2021 and CNY 67,3 million in 2022 ⁽⁵⁴⁾. In addition, Huida Group received CNY 9,6 million governmental subsidies in 2021 ⁽⁵⁵⁾ and Mona Lisa Group received CNY 38,4 million in 2022 and CNY 32,6 million in 2021 ⁽⁵⁶⁾.
- (125) As can be seen from the above examples, the GOC guides the development of the ceramic tiles sector in accordance with a broad range of policy tools and directives on every level (national, provincial and municipal) and controls virtually every aspect in the development and functioning of the sector. Thus, the ceramic tile industry benefits from governmental guidance and intervention.

⁽⁴⁷⁾ The Implementation Plan, Section III.7.19.

⁽⁴⁸⁾ *Ibid.*, Section III.8.22.

⁽⁴⁹⁾ *Ibid.*, Section III.6.17.

⁽⁵⁰⁾ *Ibid.*, Section IV.3.

⁽⁵¹⁾ See the Chaozhou Municipal Government Notice 2020/203, available at: <http://www.chaozhou.gov.cn/attachment/0/491/491711/3688965.pdf> (accessed on 4 September 2023).

⁽⁵²⁾ The Action Plan, Chapter 1.

⁽⁵³⁾ See page 138 of Shanghai Everjoy Health 2022 Annual Report available at: <http://www.everjoyhealth.com/web/viewer.html?file=/UploadFiles/2023/79/R133235346412152.pdf>

⁽⁵⁴⁾ See page 199 of Guangdong Dongpeng Holdings 2022 Annual Report, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2023/2023-4/2023-04-27/9110563.PDF

⁽⁵⁵⁾ See page 189 of Huida Group’s 2021 Annual Report, available at: https://www.huidagroup.com/uploadfile/soft/20220426/603385_20220415_32_2021%E5%B9%B4%E5%B9%B4%E5%BA%A6%E6%8A%A5%E5%91%8A.pdf

⁽⁵⁶⁾ See page 165 of Mona Lisa Group 2022 Annual Report, available at: <http://static.cninfo.com.cn/finalpage/2023-03-30/1216260259.PDF>

- (126) In sum, the GOC has measures in place to induce operators in the ceramic sector to comply with the public policy objectives of supporting encouraged industries, including the production of ceramic tiles. Such measures impede market forces from operating freely.
- (127) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws according to Article 2(6a)(b), fourth indent of the basic Regulation in the ceramic tiles sector referred to above in recital (98) would not affect the manufacturers of the product under review.
- (128) The ceramic tiles sector is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital (98). Those distortion affect the sector both directly (when producing the product under review or the main inputs), as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in the PRC) ⁽⁷⁾.
- (129) Moreover, no evidence was submitted in the present investigation demonstrating that the ceramic tiles sector is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital (98). Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.
- (130) Finally, the Commission recalls that in order to produce the product under review, a number of inputs is needed. When the producers of the product under review purchase or contract for these inputs, the prices paid (and which are recorded as their costs) are exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions; they may borrow money that is subject to the distortions on the financial sector/capital allocation; and they are subject to the planning system that applies across all levels of government and sectors.
- (131) As a consequence, not only the domestic sales prices of the product under review are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts A and B of the Report. Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy, and raw materials are present throughout the PRC. This means, for instance, that an input that in itself was produced in the PRC by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.
- (132) After final disclosure, the CCCMC reiterated its claim that the Commission had misinterpreted the role of the five-year plans (see recital (19)) and maintained that these are, notably in absence of a violation or penalty clause, purely guidance documents and not legally binding, with similar initiatives existing also in the EU. The CCCMC also reiterated its reservations about the Report and claimed that the content of the Report and the way it is used had serious factual and legal flaws, that it failed to meet the standard of impartial and objective evidence and that it deliberately omits factual circumstances, elements and conclusions.
- (133) First, the Commission noted that the CCCMC did not bring forward any new substantial arguments or evidence concerning the role of the Chinese planning documents, and their binding nature.

⁽⁷⁾ Implementing Regulation (EU) 2019/1198, recitals 100-102.

- (134) Second, the Commission recalled that the Chinese planning system sets out priorities and prescribes the goals the central and local authorities must focus on. Relevant plans exist on all levels of government and cover virtually all economic sectors and the authorities at each administrative level monitor the implementation of the plans by the corresponding lower level of government. As described in detail in the Report, the objectives set by the planning instruments are in fact of binding nature, with the planning system resulting in resources being allocated to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces. Consequently, this argument of the CCCMC could not be accepted.
- (135) As to the arguments concerning EU industrial policies, the Commission noted that pursuant to Article 2(6a)(b) of the basic Regulation, the potential impact of one or more of the distortive elements listed in that provision is analysed with regard to prices and costs in the exporting country. The cost structure and price formation mechanisms in other markets, such as in the EU, do not bear any relevance whatsoever in the context of the present investigation. Therefore, also this argument was rejected.
- (136) Third, concerning the use of information contained in the Report, the fact that the document was issued bearing in mind its potential use in trade defence investigations does not render the objective evidence contained therein incorrect or subjective. In addition to the response provided in recital (15), the Commission noted that the Report is a comprehensive document based on extensive objective evidence, including legislation, regulations and other official policy documents published by the GOC, reports by international organisations, academic studies and articles by scholars, and other reliable independent sources. It was made publicly available, and all interested parties had ample opportunity to rebut, supplement or comment on it and the evidence on which it is based. The CCCMC has not provided any such rebuttal and has only submitted unsubstantiated generic comments namely that the Commission omits factual circumstances, elements and conclusions which would contradict the purpose of the Report without pointing out which specific factual circumstances or elements would put in question the existence of significant distortions in the sense of Article 2(6a) of the basic Regulation. Therefore, the claims of the CCCMC in this respect were rejected.
- (137) In sum, the evidence available showed that prices or costs of the product under review, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation as shown by the actual or potential impact of one or more of the relevant elements listed therein. On that basis, and in the absence of any cooperation from the GOC, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation, as discussed in the following section.

4.2.2.2. Representative country

4.2.2.2.1. General remarks

- (138) The choice of the representative country was based on the following criteria pursuant to Article 2(6a) of the basic Regulation:
- A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank ⁽⁵⁸⁾;
 - Production of the product under review in that country ⁽⁵⁹⁾;
 - Availability of relevant public data in the representative country;
 - Where there is more than one possible representative country, preference should be given, where appropriate, to the country with an adequate level of social and environmental protection.

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

⁽⁵⁹⁾ If there is no production of the product under review in any country with a similar level of development, production of a product in the same general category and/or sector of the product under review may be considered.

- (139) As explained in recital (91), the Commission issued a Note for the file on the sources for the determination of the normal value (the 'Note'). This Note described the facts and evidence underlying the relevant criteria. The Note informed interested parties of its intention to consider Thailand as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.
- (140) In line with the criteria listed under Article 2(6a) of the basic Regulation, the Commission identified Thailand as a country with a similar level of economic development as the PRC as it was suggested by the applicant in the request for review. Thailand is classified by the World Bank as 'upper-middle income' country on a gross national income basis. It is thus considered to have a similar level of economic development as the PRC.
- (141) The Commission has also established that Thailand met all the criteria set out in article 2(6a) of the basic Regulation and that all relevant public data were readily available and accessible, including import statistics, as well as data on costs of raw materials and such factors of production as natural gas, electricity, and labour.
- (142) In particular, the Commission found publicly available financial information for one producer in Thailand, Sосуco Ceramic Co Ltd. ('Sосуco'), covering the financial year ending on 31 December 2021 which represents part of the review investigation period. Sосуco showed a reasonable level of SG&A and profit.
- (143) The Commission also analysed the imports of the main factors of production into Thailand. The analysis of import data showed that the imports into Thailand of the major factors of production were not materially affected by imports from the PRC or any of the countries listed in Annex I to Regulation (EU) 2015/755 of the European Parliament and of the Council ⁽⁶⁰⁾.
- (144) Interested parties were invited to comment on the appropriateness of Thailand as a representative country and of Sосуco as producer in the representative country.
- (145) Following the Note, no interested party made any comments regarding the selection of Thailand as a representative country.
- (146) Finally, given the low level of cooperation and having established that Thailand was an appropriate representative country, based on all of the above elements, there was no need to carry out an assessment of the level of social and environmental protection in accordance with the last sentence of Article 2(6a)(a) first indent of the basic Regulation.

4.2.2.2.2. Conclusion

- (147) In view of the insufficient cooperation, as proposed in the expiry review request and given that Thailand met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation, the Commission selected Thailand as the appropriate representative country in order to be considered as an appropriate representative country.

4.2.2.3. Sources used to establish undistorted costs

- (148) In the Note, the Commission listed the factors of production such as raw materials, natural gas, energy, and labour used in the production of the product under review by the exporting producers. The Commission also stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas ('GTA') to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use information from: the National Statistics Office for establishing undistorted costs of labour and the 'Metropolitan electricity Authority' of Thailand and the Energy Policy and Planning Office of Ministry of Energy of Thailand for public tariffs from electricity and gas suppliers in Thailand.

⁽⁶⁰⁾ Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33) as amended by Commission Delegated Regulation (EU) 2017/749 of 24 February 2017 (OJ L 113, 29.4.2017, p. 11).

- (149) In the Note, the Commission also informed the interested parties that it would calculate the percentage of the consumables on the total cost of raw materials and apply that percentage to the recalculated cost of raw materials when using the established undistorted benchmarks in the appropriate representative country.

4.2.2.3.1. Undistorted costs and benchmarks

4.2.2.3.1.1. Factors of production

- (150) Considering all the information based on the request for review and subsequent information submitted by the applicant and other interested parties, the following factors of production and their sources were identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

Factors of production of ceramic tiles

Factor of Production	Commodity Code in Thailand	Undistorted value (CNY)	Unit of measurement	Source of information
Raw materials				
Clay	250840900010	1,07	kg	Global Trade Atlas (GTA)
Feldspar	25291010	0,83	kg	GTA
Sand	250510	0,66	kg	GTA
Ceramic glazes	32072010	18,6	kg	GTA
Labour				
Labour cost	n/a	15,41	hour	National Statistical Office of Thailand
Energy				
Electricity	n/a	0,744	KwH	Metropolitan electricity Authority of Thailand
Gas	n/a	2,24	m ³	Energy Policy and Planning Office – Ministry of Energy of Thailand

Raw materials

- (151) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties and transport costs were added. An import price for each FoP in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755⁽⁶¹⁾. The Commission decided to exclude imports from the PRC into the representative country as it concluded in section 4.2.2.1 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. After excluding imports from the PRC into the representative country, the volume of imports from other third countries remained representative.

⁽⁶¹⁾ Regulation (EU) 2015/755. Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

- (152) For a number of factors of production, the actual costs were each at a relatively low percentage of the total raw material costs. Therefore, the Commission decided to include those costs into consumables. To establish an undistorted value of all other raw materials and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. Therefore, based on the data provided by the applicant, the Commission established the ratio of all other raw materials to the total raw material costs, 13,5 %. This percentage was then applied to the undistorted value of the raw materials to obtain the undistorted value of other raw materials.
- (153) Normally, domestic transport prices should also be added to these import prices. However, considering that this is an expiry review investigation, which is focused on finding whether dumping is likely to continue or recur, rather than finding its exact magnitude, the Commission decided that adjustments for domestic transport were unnecessary. Such adjustments would only result in increasing the normal value and hence of the level of dumping.

Labour

- (154) The Statistical Office of Thailand publishes detailed information on wages in different economic sectors in Thailand. The Commission used the latest available statistics for 2021 and 2022 for average labour cost in the manufacturing sector ⁽⁶²⁾. ILO data was used to establish the weekly working hours in the manufacturing sector in Thailand ⁽⁶³⁾.

Electricity

- (155) The price of electricity for companies (industrial users) in Thailand is published by the 'Metropolitan electricity Authority' of Thailand. The Commission used the data on the industrial electricity prices in the corresponding consumption band in kWh ⁽⁶⁴⁾ as published in November 2018 (covering the review investigation period) ⁽⁶⁵⁾.

Natural gas

- (156) The price of natural gas (per capita) in Thailand is published by the by the Energy Policy and Planning Office of Ministry of Energy of Thailand. The Commission used the corresponding pricing from the publication for the periods of 2021 and 2022 based in kilotonne of oil equivalent and converted into m³ (covering the review investigation period) ⁽⁶⁶⁾.

4.2.2.3.1.2. Manufacturing overhead costs, SG&A, profits and depreciation

- (157) According to Article 2(6a)(a) of the basic Regulation, 'the constructed normal value shall include an undistorted and reasonable amount for administrative, selling and general costs and for profits'. In addition, a value for manufacturing overhead costs needs to be established to cover costs not included in the factors of production referred to above.
- (158) In order to establish an undistorted value of the manufacturing overheads and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. Therefore, based on the data provided by one sampled Union producer, the Commission established the ratio of manufacturing overheads to the total manufacturing and labour costs. This percentage was then applied to the undistorted value of the cost of manufacturing to obtain the undistorted value of manufacturing overheads, depending on the model produced.

⁽⁶²⁾ <http://www.nso.go.th/sites/2014en/Pages/Statistical%20Themes/Population-Society/Labour/Labour-Force.aspx>

⁽⁶³⁾ https://www.ilo.org/shinyapps/bulkexplorer33/?lang=en&segment=indicator&id=HOW_TEMP_SEX_ECO_NB_A&ref_area=THA

⁽⁶⁴⁾ <http://www.mea.or.th/en>

⁽⁶⁵⁾ <http://www.mea.or.th/en/profile/109/114>

⁽⁶⁶⁾ <https://www.eppo.go.th/index.php/en/en-energystatistics/energy-economy-static>, in particular Table 7.2-4 Final Energy Consumption Per Capita.

(159) For establishing an undistorted and reasonable amount for SG&A and profit, the Commission relied on the most recent available financial data the company in Thailand that had been identified in the Note as active and profitable producer of products in the similar category as ceramic tiles. Financial data was extracted from Orbis Bureau van Dijk for the financial year 2021 for the company Sosuco Ceramic Co Ltd.

4.2.2.3.2. Calculation of the normal value

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

(161) First, the Commission established the undistorted manufacturing costs. As mentioned in recital (93), the Commission relied on the information provided by one cooperating applicant in the review request on the usage of each factor (materials and labour) for the production of ceramic tiles due to insufficient cooperation by the exporting producers.

(162) Once the undistorted manufacturing cost established, the Commission added the manufacturing overheads, SG&A and profit as noted in recitals (158) and (159). Manufacturing overheads were determined based on data provided by one sampled company SG&A and profit were determined based on the financial statements of Sosuco Ceramic Co LTD for the year 2021 as reported in the company's audited accounts ⁽⁶⁷⁾ (see Section 4.2.2.2.1). The Commission added the following items to the undistorted costs of manufacturing:

- Manufacturing overheads, which accounted in total for 14 % of the direct costs of manufacturing,
- SG&A and other costs, which accounted for 24 % of the Costs of Goods Sold ('COGS') of Sosuco, and
- Profits, which amounted to 12 % of the COGS as achieved by Sosuco, were applied to the total undistorted costs of manufacturing.

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

(164) In their comments following the disclosure, CCCMC claimed that the selected Thai producer Sosuco Ceramic Co LTD achieved a very high profit despite an extremely high SG&A expressed as percentage of COGS. CCCMC argued that it is very rare for the ceramic tiles industry to achieve such a high profit, considering also the effects of the COVID-19 pandemic and supply chain disruptions during 2021. CCCMC recalled that the Union industry, over the same period, achieved a profit of 4,1 %. They further claimed that the profit of the Union industry was achieved during a normal situation and without any alleged impacts of Chinese imports, considering that the imports from China were below 1 %. For these reasons, CCCMC considered that the profit of Sosuco Ceramic Co LTD is not representative.

(165) First, the Commission noted that, as described in recital (91), the Commission informed interested parties already on 30 June 2023 in a Note to the file about the relevant sources it intended to use for the determination of the normal value. This note included also the SG&A rate and profit based on available information for Sosuco Ceramic Co LTD. No comments were submitted by CCCMC following this note. An undistorted and reasonable amount for SG&A costs and for profits was established in line with Article 2(6a) of the basic Regulation and based on readily available data of producers of ceramic tiles for the selected representative country of Thailand. Moreover, in its claim, no conclusive evidence was presented by CCCMC that the SG&A costs and profit of Sosuco were either distorted or unreasonable. Moreover CCCME provided no alternative sources for SG&A costs and for profit.

(166) Second, the profit level achieved in the EU market cannot be properly compared to the profit level achievable in another different market with a different level of economic development such the Thai one. Furthermore, during the period considered, the profit of the Union industry was still affected by the dumped imports from India and Türkiye, as established by Regulation (EU) 2023/265.

⁽⁶⁷⁾ <https://orbis4.bvdinfo.com/version-201866/orbis/Companies>

(167) Third, when searching for readily available financial information for SG&A and profit the Commission analysed several producers of Ceramic tiles in Thailand and concluded that the average profit margin of the first 10 profitable producers in the representative country was in line with the profit margin of Sosuco Ceramic Co LTD. Moreover, in the process of selecting the representative country the commission also examined one potential producer in Brazil, whose profit margin was again in line with the profit margin of Sousco.

(168) Therefore this claim was dismissed.

4.2.3. *Export price*

(169) Due to the lack of representative imports to the Union market and in the absence of cooperation, the Commission relied on export prices from the PRC to the rest of the world, as explained above in recital (82). That price was determined based on the China Ceramics Report 2022 (FOB). The Commission relied on this source since the data held on the GTA database, for exports from China to third countries, were not available in m².

4.2.4. *Comparison*

(170) The Commission compared the normal value established in accordance with Article 2(6a)(a) of the basic Regulation and Chinese prices to the rest of the world retrieved from the China Ceramics Report 2022 as described in recital (169).

(171) On this basis, the price difference between the normal value and the export prices to the rest of the world was at a significant level (above 50 %) even without any adjustments of the Chinese export price to ex-works level.

(172) This points to the fact that, if the measures were to expire and the prices at which the Chinese exporting producers would export the product concerned to the Union were in line with the global export price observed during the review, the level of dumping would be significant.

4.3. **Possible absorption capacity of third country markets and trade defence measures in other export markets**

(173) According to information of the WTO database ⁽⁶⁸⁾, the Commission found that anti-dumping duties and countervailing duties were applicable in 2023 on imports of Chinese ceramic tiles into Argentina, Brazil, Mexico, India, Pakistan, the United States, the Gulf Cooperation Council and the United Kingdom. These restrictions were acknowledged as an export limitation factor in the China Ceramics Report 2022. However, based on the information in the GTA database and the China Ceramics Report 2022, Chinese exporting producers are significantly export-oriented, as the PRC was the largest global exporter of ceramic tiles during the RIP and Chinese exports represented about 25 % of the global exports, despite these measures in place.

(174) Given the Chinese exporters' difficulties to sell to these markets, if the current measures were allowed to expire, the Union market would become even more attractive to Chinese exporters seeking to export their excess production and use spare capacity.

4.4. **Conclusion**

(175) In view of the assessment made in recitals (82) to (174), in particular the significant spare capacity of Chinese exporters, the attractiveness of the Union market and the low absorption capacity of third country markets due to trade defence measures in place, the Commission concluded that the dumped imports from the PRC are likely to recur if the measures in force were allowed to lapse.

⁽⁶⁸⁾ <http://i-tip.wto.org/goods/Forms/ProductViewNew.aspx?mode=modify&action=search>

5. INJURY

5.1. Definition of the Union industry and Union production

- (176) As mentioned in recital (28), the ceramic tiles industry in the Union is highly fragmented. The like product was manufactured by over 300 producers in the Union during the period considered. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (177) As further mentioned in recitals (27) to (29), the Union industry was divided into three categories of producers based on their annual production volume: small, medium-sized and large. Large producers represented approximately half of the total Union production.
- (178) The total Union production during the review investigation period was established at around 1 250 000 000 m². The Commission established the figure on the basis of the verified macro questionnaire submitted by CET. CET collected production volumes from its individual members and national associations. Where such information was not available, CET supplemented the production statistics with data from PRODCOM ⁽⁶⁹⁾.
- (179) As indicated in recital (31), six Union producers were selected in the sample representing around 7 % of the total Union production of the like product and around 10 % of Union industry sales on the Union market.
- (180) Although it was clear that the industry was highly fragmented, a degree of consolidation was taking place during the period considered. This was evident from information in the request for review and from the questionnaire replies of the sampled Union producers.

5.2. Union consumption

- (181) The Commission established the Union consumption on the basis of the verified data in the macro questionnaire submitted by CET plus import data available in the Comext database.
- (182) Union consumption developed as follows:

Table 2

Union consumption (m²)

	2019	2020	2021	Review investigation period
Total Union consumption	810 615 053	813 894 172	863 755 053	848 451 585
Index	100	100	107	105

Source: Macro questionnaire and Eurostat

- (183) Union consumption increased by 5 % over the period considered. Consumption was stable from 2019 to 2020 and increased by 7 % in 2021 as compared to 2019. This was due to the impact of the covid-19 pandemic which had a positive impact as consumers increased expenditure on home improvements during this period. In the review investigation period this effect began to fall but consumption was still 5 % higher than in 2019.

5.3. Imports from the country concerned

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

- (184) The Commission established the volume of imports on the basis of Eurostat import data. The market share of the imports was established on the basis of this data as a percentage of consumption.

⁽⁶⁹⁾ Available at <https://ec.europa.eu/eurostat/web/prodcom/data/database>

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

Table 3

Import volume (m²) and market share

	2019	2020	2021	Review investigation period
Volume of imports from the country concerned (m ²)	6 739 211	6 488 766	3 007 817	2 341 140
<i>Index</i>	100	96	45	35
Market share (%)	0,8	0,8	0,3	0,3
<i>Index</i>	100	96	42	33

Source: Eurostat

(186) Import volumes from the country concerned fell from 6,7 million m² in 2019 to 2,4 million m² in the review investigation period.

(187) The CCCMC remarked that Chinese imports were at a low volume and market share compared to that of the Union industry, and did not, therefore, have an impact on the Union industry.

(188) The Commission agreed that the volumes of the imports from China were negligible with a market share below 1 % and were not the cause of the Union industry's situation in the period considered.

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

(189) The Commission established the prices of imports on the basis of Comext data on the Eurostat database.

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

Table 4

Import prices (EUR/m²)

	2019	2020	2021	Review investigation period
China	5,18	4,81	6,03	7,21
<i>Index</i>	100	93	116	139

Source: Eurostat

(191) The prices of Chinese imports on the Union market increased by 39 % over the period considered.

(192) As explained in recital (188) the volume of imports from China were negligible in the review investigation period and therefore not considered representative for the current analysis. Thus, no undercutting margin was calculated.

5.4. Imports from third countries other than China

- (193) The imports of ceramic tiles from third countries other than China were mainly from Türkiye and India. It should be noted that anti-dumping duties were imposed on imports from Türkiye and India in February 2023 ⁽⁷⁰⁾.
- (194) The volume of imports into the Union as well as the market share and price trends for imports of ceramic tiles from other third countries developed as follows:

Table 5

Imports from third countries

Country		2019	2020	2021	Review investigation period
Türkiye	Volume (m ²)	40 195 746	46 262 976	50 574 756	51 524 789
	<i>Index</i>	100	115	126	128
	Market share (%)	5,0	5,7	5,9	6,1
	<i>Index</i>	100	115	118	122
	Average price (EUR/m ²)	6,19	6,13	6,49	7,43
	<i>Index</i>	100	99	105	120
India	Volume (m ²)	20 327 952	25 519 834	32 429 803	30 587 140
	<i>Index</i>	100	126	160	150
	Market share (%)	2,5	3,1	3,8	3,6
	<i>Index</i>	100	125	150	144
	Average price (EUR/m ²)	4,97	5,27	6,29	7,83
	<i>Index</i>	100	106	127	158
Other third countries	Volume (m ²)	19 175 187	17 899 114	18 642 336	19 154 352
	<i>Index</i>	100	93	97	100
	Market share (%)	2,4	2,2	2,2	2,3
	Average price (EUR/m ²)	5,75	6,01	6,70	6,97
	<i>Index</i>	100	105	116	121

Source: Eurostat

- (195) Imports from Türkiye increased by 28 % over the period considered and their market share increased from 5 % in 2019 to 6,1 % in the review investigation period. Prices increased by 20 % over the period considered.

⁽⁷⁰⁾ Implementing Regulation (EU) 2023/265.

- (196) Imports from India increased by 50 % over the period considered and their market share increased from 2,5 % in 2019 to 3,6 % in the review investigation period. Prices increased by 56 % over the period considered.
- (197) Imports from other third countries were stable over the period considered and their market share decreased from 2,4 % in 2019 to 2,3 % in the review investigation period. Prices increased by 21 % over the period considered.

5.5. Economic situation of the Union industry

5.5.1. General remarks

- (198) The assessment of the economic situation of the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (199) As mentioned in recital (31), sampling was used for the assessment of the economic situation of the Union industry.
- (200) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the macro questionnaire submitted by CET. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.
- (201) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.
- (202) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.
- (203) Taking into account the fragmentation of the Union industry and the practice established in previous investigations concerning the same product, certain micro-economic indicators in each of the producers' categories were weighted using their share on the total Union production. The relevant micro-indicators for large, medium-sized and small producers were weighted based on the ratio of 53:19:28, respectively. These ratios are based on the verified data available held by CET for the period considered. The weighting of results was used for sales prices, cost of production, profitability and return on investments, i.e. indicators that are not determined by simply adding up the results of the individual sampled Union producers, but rather as a percentage or an average unit value, as well as for the average export price to unrelated customers of the sampled Union producers. The weighting ensured that the results of large producers were not over-represented in the findings on injury and that the situation of small and medium-sized producers was properly accounted for.

5.5.2. Macroeconomic indicators

5.5.2.1. Production, production capacity and capacity utilisation

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

Table 6

Production, production capacity and capacity utilisation

	2019	2020	2021	Review investigation period
Production volume (m ²)	1 197 853 524	1 097 461 664	1 305 299 049	1 250 398 286
Index	100	92	109	104

Production capacity (m ²)	1 438 233 198	1 441 597 966	1 444 595 428	1 437 849 886
<i>Index</i>	100	100	100	100
Capacity utilisation (%)	84	76	90	87
<i>Index</i>	100	91	108	104

Source: Macro questionnaire

- (205) Production in m² fluctuated over the period considered. In 2020, production fell by 8 % due to the initial impact of covid-19 restrictions which caused some producers to reduce or stop production. However, in 2021 production increased by 9 % based on 2019 data, because covid-19 restrictions were lifted and the pandemic had a significant impact on consumption. At this time consumer expenditure on home improvement increased significantly. In the review investigation period production fell as consumer expenditure on home improvement fell back to more normal levels but production was still 4 % higher than in 2019.
- (206) Production capacity remained stable throughout the period considered.
- (207) Capacity utilisation fluctuated in line with production levels and increased by 4 % over the period.

5.5.2.2. Sales volume and market share

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

Table 7

Sales volume and market share (m²)

	2019	2020	2021	Review investigation period
Total Sales volume on the Union market	724 176 957	717 723 482	759 100 341	744 844 164
<i>Index</i>	100	99	105	103
Market share (%)	89,4	87,1	88,1	89,6
<i>Index</i>	100	97	98	100

Source: Macro questionnaire

- (209) There were no captive sales on the Union market due to the nature of the product under review.
- (210) Sales volumes in m² fluctuated over the period considered in line with the fluctuations in consumption on the Union market. These developments were similar to the developments in production over the same period, but sales volumes were not restricted by covid-19 in 2020 as they could be made from stock. However, in 2021 sales volumes increased by 5 % based on 2019 data, in order to meet the higher demand. In the RIP consumer expenditure on home improvement fell back to more normal levels, but sales volumes were still 3 % higher than in 2019.
- (211) In terms of market share the Union industry fell by 3 % in 2020 but recovered these losses by the review investigation period.

5.5.2.3. Growth

- (212) The Union industry growth fluctuated in line with developments in consumption and Union industry production and sales volumes. In terms of market share the Union industry was stable over the period considered.

5.5.2.4. Employment and productivity

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

Table 8

Employment and productivity

	2019	2020	2021	Review investigation period
Number of employees (FTE)	55 089	54 466	54 616	54 551
<i>Index</i>	100	99	99	99
Productivity (m ² /employee)	21 744	20 149	23 900	22 922
<i>Index</i>	100	93	110	105

Source: Macro questionnaire

- (214) Employment in FTE remained largely stable over the period considered. Employee levels were kept stable despite the fluctuations in production shown in Table 6 as the Union industry companies were assisted to a certain extent by various covid-19 policies of the Member States.
- (215) As production in m² fluctuated over the period considered but employment levels remained stable, productivity per employee also fluctuated. In 2020 productivity fell by 7 %. However, in 2021 productivity increased by 10 % based on 2019 data but fell back 5 % in the review investigation period.

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

- (216) Given that the volume of imports from China was negligible during the review investigation period, the Commission did not carry out a dumping calculation for that period. However, as mentioned in recital (171), the difference between the normal value and the export price to third countries was at a significant level. In addition, in the previous expiry review where dumping was calculated ⁽⁷¹⁾, the weighted average dumping margins were substantial, at rates between 66 % and 231 %.
- (217) Despite the substantial dumping margins in the previous expiry review concerning imports from China, the analysis of the injury indicators shows that the measures in place had a positive impact on the Union industry with regard to imports from China. Nevertheless, in the RIP the Union industry was injured due to the impact of imports from Türkiye and India.

5.5.3. Microeconomic indicators

5.5.3.1. Prices and factors affecting prices

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

⁽⁷¹⁾ Implementing Regulation (EU) 2017/2179.

Table 9

Sales prices and cost of production in the Union (EUR/m²)

	2019	2020	2021	Review investigation period
Average unit sales price to unrelated customers	7,79	8,06	8,27	8,94
<i>Index</i>	100	103	106	115
Unit cost of production	7,29	7,22	7,83	9,26
<i>Index</i>	100	99	107	127

Source: Sampled Union producers

- (219) The average sales prices of the sampled Union producers increased from 7,79 to 8,94 EUR/m² over the period analysed, an increase of 15 %. The increase of 6 % up to 2021 was due to the more favourable market conditions created by the Covid-19 pandemic. In the review investigation period a further, large increase in prices took place as the Union industry tried to pass on cost increases to its customers.
- (220) The average cost per m² of the sampled Union producers increased from 7,29 to 9,26 EUR/m² over the period analysed, an increase of 27 %. Costs increased by 7 % from 2019 to 2021. However, these costs increased by a further 20 % in the RIP.
- (221) One major factor affecting the prices was the imports from Türkiye and India which are shown and analysed in Table 5. These imports increased in volume over the analysis period and made significant gains in market share. The average price of these imports was consistently lower than the those of the Union industry shown in Table 9.
- (222) In addition, the prices of the Union industry were impacted by the covid-19 pandemic. Overall, the pandemic had a positive impact on prices because it created better market conditions as explained at recital (183) in relation to consumption.
- (223) In respect of costs the main impact related to increases in raw material and energy prices which caused overall costs to increase in 2021 and the review investigation period. This was due to energy price hikes especially those which followed the war in Ukraine which began in February 2022.

5.5.3.2. Labour costs

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

Table 10

Average labour costs per employee

	2019	2020	2021	Review investigation period
Average labour costs per employee (EUR)	36 804	34 880	34 596	34 858
<i>Index</i>	100	95	94	95

Source: Sampled Union producers

- (225) The average labour costs per employee decreased by 5 % from 2019 to 2020 and then remained stable for the rest of the period considered. Labour costs were impacted by the Covid-19 employment policies of the various Member States in the period considered.

5.5.3.3. Inventories

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

Table 11

Inventories

	2019	2020	2021	Review investigation period
Closing stocks (m ²)	27 178 880	24 910 893	27 661 428	25 251 258
<i>Index</i>	100	92	102	93
Closing stocks as a percentage of production (%)	42,1	41,6	33,2	28,5
<i>Index</i>	100	99	79	68

Source: Sampled Union producers

- (227) Closing stocks decreased by 7 % during the period considered. These stocks as a percentage of production fell from 42,1 % in 2019 to 28,5 % in the review investigation period, a reduction of 32 %. Stocks are an important feature of the ceramics industry as most sales are made from stock. However, gas and raw material prices increased in 2021 and the review investigation period stock values became a heavy burden on cash flows. Therefore, the sampled Union producers decided to reduce stocks to more sustainable levels.

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

- (228) 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

	2019	2020	2021	Review Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	5,0	6,5	4,1	- 0,9
<i>Index</i>	100	130	82	- 17
Cash flow (EUR)	49 753 845	70 287 254	45 379 169	- 670 081
<i>Index</i>	100	141	91	- 1
Investments (EUR)	33 238 212	28 136 814	80 991 601	142 551 682

<i>Index</i>	100	85	244	429
Return on investments (%)	7,0	16,3	10,5	- 4,6
<i>Index</i>	100	231	150	- 65

Source: Sampled Union producers

- (229) 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. The profitability of the sampled Union producers was positive from 2019 to 2021. However, the Union industry made a loss of 0,9 % in the review investigation period following the profit of 4,1 % in 2021.
- (230) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed in line with the profitability of the sampled Union producers over the period considered. Cash flow was positive from 2019 to 2021. However, in the review investigation period, despite reducing its inventories, the Union industry cash flow was negative due to the substantial increase in raw material and energy costs and the industry's inability to increase prices sufficiently to cover those cost increases.
- (231) The Union industry investments increased in the period considered from around 33 million EUR in 2019 to over 145 million EUR in the review investigation period. These investments were in respect of: the acquisition of assets formerly held by other companies within the same Group; the addition of new production facilities; the installation of investments to increase the range of ceramic tiles offered to the market and the replacement of old facilities with more efficient equipment.
- (232) The return on investments is the profit in percentage of the net book value of investments. It also developed in line with the profitability of the sampled Union producers over the period considered. The return on investments was positive from 2019 to 2021. However, in the review investigation period, again due to the increase in raw material and energy costs and the industry's inability to increase prices sufficiently, the Union industry return on investment was negative.
- (233) The Union industry increased its investment over the period considered and its ability to raise capital was not yet affected by the losses made in the review investigation period.
- (234) The CCCMC analysed the injury indicators available on the case file and claimed that the Union industry was not in a fragile situation.
- (235) The Commission analysis showed that the Union industry situation (especially the performance indicators of profitability, cash flow and return on investment) decreased and became negative during the review investigation period. Therefore, the Commission found that, based on a full analysis of the data for the whole period considered, the Union industry suffered material injury. Therefore, on the basis of the facts collected during the investigation, the Commission rejected CCCMC's claim.

5.6. Conclusion on the situation on the Union Market

- (236) Imports on the Union market over the period considered were dominated by those from Türkiye and India, rather than those from China. Imports from Türkiye and India rose from around 60 million m² in 2019 to around 82 million m² in the review investigation period as shown in Table 5. The market share of these imports increased from around 7,5 % in 2019 to 9,7 % in the review investigation period. The majority of these imports were found to be at dumped prices ⁽⁷²⁾. In contrast, imports from China were less than 7 million m² and less than 1 % of consumption throughout this period as shown in Table 3.

⁽⁷²⁾ Implementing Regulation (EU) 2023/265.

- (237) The macro indicators of the Union industry were largely stable over the period considered and benefitted slightly from the 5 % increase in consumption. Production and capacity utilisation increased by 4 %, sales volume on the Union market increased by 3 %, employment decreased by 1 % and productivity increased by 5 %. However, there was no increase in market share, which would have been expected given the market situation during that period. Thus, the modest improvements of most macro indicators were not signs of growth as compared to the size of the market but highlight the inability of the Union industry to benefit from the favourable market situation because of dumped imports. This is more visible from the micro indicators, which showed that the Union industry was injured during the period considered. The industry benefitted from a period of improved market conditions, aided by the impact of the covid-19 pandemic. However, these improved market conditions were temporary and would inevitably lead to a deterioration in market conditions once the covid-19 pandemic ended. In addition, price rises on the market from 2019-2021 were limited by low import prices from Türkiye and India. In the review investigation period, when the Union industry costs increased due to an increase in raw material and energy prices, the Union industry was unable to increase prices to the necessary levels due to dumped imports from those two countries.
- (238) In their comments following the final disclosure CCCMC argued that the Union industry did not suffer material injury during the period considered. In this regard CCCMC first argued that the macroeconomic indicators showed generally positive trends. In addition, CCCMC stated that the microeconomic data was flawed by a so-called self-selection process outlined in recital (41), which led to a flawed injury analysis. In their view, alternative data sources such as industry surveys or production statistics should have been used to supplement the data from the sampled Union producers. CCCMC argued that the 'positive' macro-economic performance of the overall Union industry was in contradiction with the generally negative microeconomic indicators derived from the sampled Union producers.
- (239) The purpose of the injury assessment is to determine whether material injury continued, and if so, whether this injury was caused by imports from China. As mentioned in recital (237), the Commission found that the material injury found was caused by dumped imports from Türkiye and India in the context of unfavourable market conditions. Such injury was evident from an overall assessment of the injury indicators but was especially evident from the micro indicators. The Commission's rejection of the arguments made regarding the establishment of a representative sample, as mentioned at recital (45), are equally applicable to this claim. As noted above, CCCMC provided no evidence to substantiate its claim that the injury findings resulted from an unrepresentative sample. The Commission therefore was satisfied that its finding of material injury was sound and therefore, rejected the arguments made by CCCMC in this regard.
- (240) On the basis of the above, the Commission concluded that the Union industry suffered material injury during the period considered, but the material injury was not caused by imports from China within the meaning of Article 3(5) of the basic Regulation.

6. LIKELIHOOD OF RECURRENCE OF INJURY

- (241) Since the Commission found that material injury suffered by the Union industry in the review investigation period was not caused by Chinese imports, which were below *de minimis* levels, it assessed whether there would be a likelihood of recurrence of injury should the measures be allowed to lapse.
- (242) To establish the likelihood of recurrence of injury caused by Chinese imports, the following elements were analysed: the production capacity and spare capacities in China, the attractiveness of the Union market, including the existence of anti-dumping or countervailing measures on ceramic tiles in other third countries, the behaviour of Chinese exporting producers in third country markets, and the effect on the Union situation. The analysis also took into account the increase in consumption in the Union and the profitability of the Union industry during the period considered.

6.1. Production capacities and spare capacities in China

- (243) The PRC is the largest producer of ceramic tiles in the world. It accounts for nearly half of the world's overall production. Based on figures supplied by CET and the China Ceramics Report 2022, the estimated total production capacity for 2021/2022 was above 9 billion m² tiles (see recitals (76) and (77)). These recitals also explain that the available spare capacities in the PRC were around 2,5 to 3,5 billion m². Bearing in mind that Union production in the RIP was around 1,25 billion m² and the consumption of ceramic tiles was only around 850 million m² in the same period it is clear that the Chinese spare capacity is over 3 times greater than the Union consumption in the RIP.
- (244) As stated at recitals (76) to (79) the reductions in production and capacity of the Chinese industry in the years preceding the RIP, and the reasons for this decline, have no real significance bearing in mind the large capacity and spare capacity which remained in the RIP. In fact, the China Ceramics Report 2022 describes how capacity remained high due to the accelerated rate of renewal of equipment.
- (245) In addition, the Chinese producers continued to export large quantities of ceramic tiles. In the RIP, despite the recent fall in capacity, and despite the existence of trade defence measures in many major economies (as explained in section 4.3), Chinese exports of ceramic tiles were valued at 4,9 billion EUR ⁽⁷³⁾ and consisted of around 581 million m². This meant that Chinese producers had more than 25 % of exports worldwide and clearly demonstrated the fact that exports continued to play a major role in Chinese production planning.

6.2. Attractiveness of the Union Market

- (246) The Union market of ceramic tiles being 850 million m² is one of the largest markets in the world. Furthermore, as shown in Table 2, Union consumption of the product concerned increased by 5 % between 2019 and the review investigation period. This shows that Union consumption remains strong and that the Union market remains attractive due to its size.
- (247) Before the imposition of the measures in 2007 to 2010, Chinese imports represented, on average, around 65 million m² annually. In addition to the measures imposed on Chinese imports which are subject to this review, anti-dumping measures were imposed on imports of ceramic tiles from the PRC by many other third countries as explained at recital (173), which makes it more difficult for the Chinese exporting producers to export to these markets and further increases the attractiveness of the Union market to where these exports may be redirected.

6.2.1. Behaviour of Chinese exporting producers in third country markets

- (248) A further important factor demonstrating the attractiveness of the Union market is the price of the product concerned, as sold by Chinese exporting producers to third country markets. During the review investigation period, the average export price of the Chinese exporting producers to third country markets was 6,82 USD per m² in 2021 and 8,54 USD per m² in 2022, as explained at recital (84). This converts to around 7 EUR per m² in the review investigation period. The Union industry average price in the review investigation period was 10,04 EUR per m², as shown above in Table 9. Therefore, it is clear that, based on prices the Chinese exporting producers would find the Union market an attractive destination for their sales should the measures be allowed to lapse.

6.3. Effect on the Union industry situation

- (249) Given the high spare capacities in the PRC and the attractiveness of the Union market, it is likely that significant volumes of low-priced ceramic tiles would be available for sale/re-direction to the Union already in the short term, should the measures be allowed to lapse.

⁽⁷³⁾ Source - Global Trade Atlas and the China Ceramics Report 2022.

- (250) In terms of volumes, the spare capacity of the Chinese producers is very high and the Union market (especially in a scenario without anti-dumping duties) would be very attractive to the Chinese producers. Taking a conservative view, a return to the situation in 2007-2010, i.e., before the anti-dumping measures were originally imposed, is likely, meaning that at least 65 million m² would return to the Union market. Such a volume would represent nearly 8 % of the Union market size in the RIP.
- (251) This volume would have a major impact on the Union market because their prices would likely be much lower than the prices of the Union industry (in line with the current prices of exports to third markets). The expected large volume of dumped Chinese imports would put substantial downward pressure on prices (from all sources) in the Union market.
- (252) In addition, energy prices and raw material costs increased substantially in the RIP as is apparent from Table 9. In 2022, these costs rose further due to the energy crisis following the start of Russia's war of aggression against Ukraine in February 2022.
- (253) Bearing in mind these considerations, it is likely that the Chinese dumped imports would force the Union ceramic tiles producers to reduce prices, resulting in reduction of production and sales volumes and loss of market share. This would inevitably mean a further fall in profitability in comparison with the RIP, which was already in negative figures. Because of the major additional challenges facing the industry in 2022 and 2023 to date, such a development will jeopardise the future of large parts of the industry.
- (254) The CCCMC analysed the injury indicators and the volume, market share and prices of the Chinese imports available in the request for review and on file during the investigation. CCCMC concluded that Chinese imports were not likely to cause a recurrence of injury.
- (255) As shown above this analysis did not compare the capacity and spare capacity of the Chinese producers in the RIP with the size of the Union market. The CCCMC analysis did not compare Chinese export prices to third countries with those on the Union market, nor did the analysis include an assessment of the attractiveness of the Union market. Therefore, the Commission rejected this analysis.
- (256) The CCCMC also argued that the WTO jurisprudence requires investigating authorities to base its findings on the likelihood of recurrence of injury on 'positive evidence'. In addition, the CCCMC stated that the standard to be met was that recurrence of injury was 'probable' rather than 'possible' or 'plausible'.
- (257) The Commission analysis in recitals (243) to (253) clearly demonstrates the use of positive evidence in relation to production capacities and spare capacities in China, Chinese import volumes and prices on the Union and third country markets, the attractiveness of the Union market and the likely impact on the Union industry. Furthermore, the analysis clearly meets the 'likely' standard provided for in both the basic Regulation and the WTO Anti-dumping Agreement. CCCMC arguments were therefore rejected.
- (258) In their comments following the final disclosure, the CCCMC argued that the Commission's approach to assess the likelihood of recurrence of injury potentially leads to unlimited prolongation of measures in violation of Article 11 of the WTO Anti-Dumping Agreement and the applicable WTO jurisprudence. CCCMC further argued that in its likelihood of injury analysis, the Commission did not provide positive evidence that Chinese imports would cause injury to the Union industry if the anti-dumping measures were repealed. Moreover, CCCMC claimed the analysis of the attractiveness of the Union market was flawed since it unfairly compared Chinese ceramic tiles primarily serving the mass conventional market with the prices charged by reputed Italian or Spanish brands.
- (259) As explained in recital (257), the Commission's analysis clearly met the applicable legal standard under both the basic Regulation and the Anti-Dumping Agreement and was based on positive evidence. The assessment included an analysis of the spare capacities in China and, in the absence of significant quantities of Union sales, sales prices to third country markets in the RIP. The relevant finding in this regard were based on positive evidence collected during the investigation and were of a nature that may change over time. The Commission therefore disagreed that the methodology used inevitably leads to the prolongation of measures and that the investigation was not based on positive evidence. Furthermore, the Commission's comparison between Chinese prices to third country markets

and the EU industry prices, was based the information available to the investigation. The non-cooperation of the majority of Chinese producers and exporting producers meant that the types of ceramic tiles produced in China and available for sale on the Union market could only be established using statistical sources as facts available. The Commission, therefore, rejected these arguments.

- (260) On the basis of the above considerations, the Commission concluded that the repeal of the measures would in all likelihood result in a recurrence of injury to the Union industry.

7. UNION INTEREST

7.1. Preliminary Remarks

- (261) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing measures against the PRC would be against the interest of the Union as a 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 and users.

7.2. Interest of the Union Industry

- (262) The Union industry was found to be materially injured during the review investigation period. However, the injury was found to be caused by imports from Türkiye and India. The Commission further found that, should measures against the PRC be allowed to lapse, it is, however, likely that the injury caused by Chinese imports would recur as the Union industry would be exposed to dumped imports from the PRC probably in significant volumes and exerting significant price pressure. As a consequence, the economic situation of the Union industry would likely deteriorate significantly for the reasons described above (see recitals (243) to (260)). On the contrary, maintaining the measures would bring more certainty to the market, allowing the Union industry to return to its positive economic situation while operating on a fair and competitive market.
- (263) As shown in Table 8, the Union industry had around 55 000 employees, on an FTE basis, over the period considered. However, although this large workforce was spread throughout the Union, large clusters of producers exist in the Castellon area of Spain and certain areas of Italy. These clusters are a major part of the local economies.
- (264) On this basis the Commission concluded that the continuation of the measures would be in the interest of the Union industry.

7.3. Interest of Importers

- (265) More than one thousand known importers were contacted at the initiation stage. None of these companies came forward in the sampling process or to express their views on whether the measures should lapse or not.
- (266) In the original investigation, the Commission concluded that the imposition of the measures would not have a significant impact on the activity of the importers because they could, among others, switch to other sources of supply. The Commission observed that, indeed, during the RIP, and while the market share of the imports from the PRC decreased to less than 1 %, imports from countries other than the PRC reached almost 12 % market share (see Table 5) compared to 5,3 % in the investigation period of the original investigation ⁽⁷⁴⁾. It should be noted that most imports from Türkiye and India were subject to anti-dumping measures from February 2023, which allows them to continue to enter the Union market at fair prices. In addition, other sources of supply such as UAE, Ukraine and Egypt still exist. Nothing else on file suggests that the conclusion previously reached by the Commission was invalidated.

⁽⁷⁴⁾ See recital 78 of the Commission Regulation (EU) No 258/2011 of 16 March 2011 imposing a provisional anti-dumping duty on imports of ceramic tiles originating in the People's Republic of China (OJ L 70, 17.3.2011, p. 5).

7.4. Interest of Users and Consumers

- (267) Around 200 users were contacted at the initiation stage of the investigation. However, no user or user association came forward to express their views. In the original case, the Commission calculated the impact of the measures on the final consumers and came to the conclusion that the impact in terms of increased costs per m² was limited and amounted to less than 0,5 EUR/m². At the same time, the average yearly consumer consumption was around 2,2 m² per person in the Union. The average impact on consumers was, thus 1,1 EUR/ m² per person in the Union. For the same reasons as those set out in recitals (182) to (184) of Implementing Regulation (EC) No 917/2011, this was deemed immaterial. Additionally, in the original investigation, the Commission also analysed the impact of the measures on importers, users and suppliers, which could be subject to extra costs or to the lack of supply due to the imposition of the measures. It was concluded that the imposition of measures did not have a significant effect on their activity.
- (268) The CCCMC argued that cheap Chinese imports were needed on the Union market to assist Union consumers. The CCCMC claimed that Union consumers would benefit from cheap Chinese imports to help them to cope with rising inflation and the energy crisis.
- (269) However, the problems of higher energy prices and inflation cannot be solved by lifting antidumping measures on imports of the product concerned, because consumer spending on ceramic tiles was a negligible part of consumers' budgets. Furthermore, as explained at section 7.2, there would be important negative impacts on the Union economy if cheap Chinese imports were readmitted to the Union market.
- (270) The CCCMC's comments on Union interest were, therefore, rejected.

7.5. Weighing and balancing of interests

- (271) In weighing and balancing the competing interests, the Commission gave special consideration to the need to eliminate the trade distorting effects of injurious dumping and to restore effective competition. While the continuation of measures would protect an important Union industry, including many small and medium enterprises, against a likely recurrence of injury, the lack of cooperation of the importers and users suggests that the continuation of measures would not have a disproportionate negative impact on them.

7.6. Conclusion on Union Interest

- (272) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to maintain measures on imports of ceramic tiles originating in the PRC.

8. ANTI-DUMPING MEASURES

- (273) On the basis of the conclusions reached by the Commission on the likelihood of recurrence of dumping and injury, and on Union interest, the anti-dumping measures on ceramic tiles from the People's Republic of China should be maintained.
- (274) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The companies with individual anti-dumping duties must present a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Imports not accompanied by that invoice should be subject to the anti-dumping duty applicable to 'all other companies'.
- (275) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.

- (276) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting, in itself, a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.
- (277) The individual company anti-dumping duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in the People's Republic of China and produced by the named legal entities. Imports of the product under review produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other companies'. They should not be subject to any of the individual anti-dumping duty rates.
- (278) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ⁽⁷⁵⁾. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the *Official Journal of the European Union*.
- (279) An exporter or producer that did not export the product concerned to the Union during the period that was used to set the level of the duty currently applicable to its exports may request the Commission to be made subject to the anti-dumping duty rate for cooperating companies not included in the sample. The Commission should grant such request, provided that three conditions are met. The new exporting producer would have to demonstrate that: (i) it did not export the product concerned to the Union during the period that was used to set the level of the duty applicable to its exports; (ii) it is not related to a company that did so and thus is subject to the anti-dumping duties; and (iii) has exported the product concerned thereafter or has entered into an irrevocable contractual obligation to do so in substantial quantities.
- (280) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council ⁽⁷⁶⁾ 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.
- (281) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 15(1) Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of glazed and unglazed ceramic flags and paving, hearth or wall tiles; glazed and unglazed ceramic mosaic cubes and the like, whether or not on a backing, currently falling under HS code 6907, and originating from the People's Republic of China.

⁽⁷⁵⁾ European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170, 1040 Brussels, Belgium.

⁽⁷⁶⁾ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

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

Country	Company	Anti-dumping duty	TARIC additional code
the People's Republic of China	Dongguan City Wonderful Ceramics Industrial Park Co., Ltd; Guangdong Jiamei Ceramics Co., Ltd	32,0 %	B938
the People's Republic of China	Qingyuan Gani Ceramics Co. Ltd; Foshan Gani Ceramics Co. Ltd	13,9 %	B939
the People's Republic of China	Guangdong Xinruncheng Ceramics Co. Ltd	29,3 %	B009
the People's Republic of China	Shandong Yadi Ceramics Co Ltd	36,5 %	B010
the People's Republic of China	Other cooperating companies listed in the Annex	30,6 %	
the People's Republic of China	All other companies	69,7 %	B999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume) of (product under review) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in [country concerned]. I declare that the information provided in this invoice is complete and correct.' If no such invoice is presented, the duty applicable to all other companies shall apply.

4. Article 1(2) may be amended to add new exporting producers from the People's Republic of China and make them subject to the appropriate weighted average anti-dumping duty rate for cooperating companies not included in the sample. A new exporting producer shall provide evidence that:

- (a) it did not export the goods described in Article 1(1) originating in the People's Republic of China during the period between 1 April 2009 to 31 March 2010 ('original investigation period');
- (b) it is not related to an exporter or producer subject to the measures imposed by this Regulation, and which has or could have cooperated in the investigation that led to the duty; and
- (c) it has either actually exported the product under review originating in the country concerned or has entered into an irrevocable contractual obligation to export a significant quantity to the Union after the end of the original investigation period.

5. In cases where goods have been damaged before entry into free circulation and, therefore, the price actually paid or payable is apportioned for the determination of the customs value pursuant to Article 131(2) of Commission Implementing Regulation (EU) 2015/2447 ⁽⁷⁾, the minimum import price set out above shall be reduced by a percentage which corresponds to the apportioning of the price actually paid or payable. The duty payable will then be equal to the difference between the reduced minimum import price and the reduced net, free-at-Union-frontier price, before customs clearance.

⁽⁷⁾ 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).

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

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, 12 February 2024.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

Chinese cooperating producers:

Name	Taric additional code
Dongguan He Mei Ceramics Co. Ltd	B132
Dongpeng Ceramic (Qingyuan) Co. Ltd	B133
Eagle Brand Ceramics Industrial (Heyuan) Co. Ltd	B134
Enping City Huachang Ceramic Co. Ltd	B135
Enping Huiying Ceramics Industry Co. Ltd	B136
Enping Yungo Ceramic Co. Ltd	B137
Foshan Aoling Jinggong Ceramics Co. Ltd	B138
Foshan Bailifeng Building Materials Co. Ltd	B139
Foshan Bragi Ceramic Co. Ltd	B140
Foshan City Fangyuan Ceramic Co. Ltd	B141
Foshan Gaoming Shuncheng Ceramic Co. Ltd	B142
Foshan Gaoming Yaju Ceramics Co. Ltd	B143
Foshan Guanzhu Ceramics Co. Ltd	B144
Foshan Huashengchang Ceramic Co. Ltd	B145
Foshan Jiajun Ceramics Co. Ltd	B146
Foshan Mingzhao Technology Development Co. Ltd	B147
Foshan Nanhai Jingye Ceramics Co. Ltd	B148
Foshan Nanhai Shengdige Decoration Material Co. Ltd	B149
Foshan Nanhai Xiaotang Jinzun Border Factory Co. Ltd	B150
Foshan Nanhai Yonghong Ceramic Co. Ltd	B151
Foshan Oceanland Ceramics Co. Ltd	B152
Foshan Oceano Ceramics Co. Ltd	B153
Foshan Sanshui Hongyuan Ceramics Enterprise Co. Ltd	B154
Foshan Sanshui Huiwanjia Ceramics Co. Ltd	B155
Foshan Sanshui New Pearl Construction Ceramics Industrial Co. Ltd	B156
Foshan Shiwan Eagle Brand Ceramic Co. Ltd	B157
Foshan Shiwan Yulong Ceramics Co. Ltd	B158
Foshan Summit Ceramics Co. Ltd	B159
Foshan Tidiy Ceramics Co. Ltd	B160
Foshan VIGORBOOM Ceramic Co. Ltd	B161

Foshan Xingtai Ceramics Co. Ltd	B162
Foshan Zhuyangyang Ceramics Co. Ltd	B163
Fujian Fuzhou Zhongxin Ceramics Co. Ltd	B164
Fujian Jinjiang Lianxing Building Material Co. Ltd	B165
Fujian Mingqing Jiali Ceramics Co. Ltd	B166
Fujian Mingqing Ruimei Ceramics Co. Ltd	B167
Fujian Mingqing Shuangxing Ceramics Co. Ltd	B168
Gaoyao Yushan Ceramics Industry Co. Ltd	B169
Guangdong Bode Fine Building Materials Co. Ltd	B170
Guangdong Foshan Redpearl Building Material Co. Ltd	B171
Guangdong Gold Medal Ceramics Co. Ltd	B172
Guangdong Grifine Ceramics Co. Ltd	B173
Guangdong Homeway Ceramics Industry Co. Ltd	B174
Guangdong Huiya Ceramics Co. Ltd	B175
Guangdong Juimsi Ceramics Co. Ltd	B176
Guangdong Kaiping Tilee's Building Materials Co. Ltd	B177
Guangdong Kingdom Ceramics Co. Ltd	B178
Guangdong Monalisa Ceramics Co. Ltd	B179
Guangdong New Zhong Yuan Ceramics Co. Ltd Shunde Yuezhong Branch	B180
Guangdong Ouya Ceramics Co. Ltd	B181
Guangdong Overland Ceramics Co. Ltd	B182
Guangdong Qianghui (QHTC) Ceramics Co. Ltd	B183
Guangdong Sihui Kedi Ceramics Co. Ltd	B184
Guangdong Summit Ceramics Co. Ltd	B185
Guangdong Tianbi Ceramics Co. Ltd	B186
Guangdong Winto Ceramics Co. Ltd	B187
Guangdong Xinghui Ceramics Group Co. Ltd	B188
Guangning County Oudian Art Ceramic Co. Ltd	B189
Guangzhou Cowin Ceramics Co. Ltd	B190
Hangzhou Nabel Ceramics Co. Ltd	B191
Hangzhou Nabel Group Co. Ltd	B192

Hangzhou Venice Ceramics Co. Ltd	B193
Heyuan Becarry Ceramics Co. Ltd	B194
Guangdong Luxury Micro-crystal stone Technology Co., Ltd	B195
Hitom Ceramics Co. Ltd	B196
Huiyang Kingtile Ceramics Co. Ltd	B197
Jiangxi Ouya Ceramics Co. Ltd	B198
Jingdezhen Tidiy Ceramics Co. Ltd	B199
Kim Hin Ceramics (Shanghai) Co. Ltd	B200
Lixian Xinpeng Ceramic Co. Ltd	B201
Louis Valentino (Inner Mongolia) Ceramic Co. Ltd	B202
Louvrenike (Foshan) Ceramics Co. Ltd	B203
Nabel Ceramics (Jiujiang City) Co. Ltd	B204
Ordos Xinghui Ceramics Co. Ltd	B205
Qingdao Diya Ceramics Co. Ltd	B206
Qingyuan Guanxingwang Ceramics Co. Ltd	B207
Qingyuan Oudian Art Ceramic Co. Ltd	B208
Qingyuan Ouya Ceramics Co. Ltd	B209
RAK (Gaoyao) Ceramics Co. Ltd	B210
Shandong ASA Ceramic Co. Ltd	B211
Shandong Dongpeng Ceramic Co. Ltd	B212
Shandong Jialiya Ceramic Co. Ltd	B213
Shanghai CIMIC Holdings Co., Ltd	B214
Sinyih Ceramic (China) Co. Ltd	B215
Sinyih Ceramic (Penglai) Co. Ltd	B216
Southern Building Materials and Sanitary Co. Ltd of Qingyuan	B217
Tangshan Huida Ceramic Group Co. Ltd	B218
Tangshan Huida Ceramic Group Huiquin Co. Ltd	B219
Tegaote Ceramics Co. Ltd	B220
Tianjin Honghui Creative Technology Co., Ltd	B221
Topbro Ceramics Co. Ltd	B222

Xingning Christ Craftworks Co. Ltd	B223
Zhao Qing City Shenghui Ceramics Co. Ltd	B224
Zhaoqing Jin Ouya Ceramics Company Limited	B225
Zhaoqing Zhongheng Ceramics Co. Ltd	B226
Zibo Hualiansheng Ceramics Co. Ltd	B227
Zibo Huaruino Ceramics Co. Ltd	B228
Shandong Tongyi Ceramics Co. Ltd	B229
Onna Ceramic Industries (China) Co., Ltd	B293
Everstone Industry (Qingdao) Co., Ltd	B998
Zhuhai Xuri Ceramics Co., Ltd	C505