COMMISSION IMPLEMENTING REGULATION (EU) 2025/2287

of 12 November 2025

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

THE EUROPEAN COMMISSION,

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

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

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 14 March 2025, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of adipic acid originating in the People's Republic of China ('the country concerned' or 'China') on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* [2] ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 28 January 2025 by Lanxess Deutschland GmbH and Radici Chimica S.p.A ('the complainants'). The complaint was made by the Union industry of adipic acid in the sense of Article 5(4) of the basic Regulation. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. Registration

(3) The Commission made imports of the product concerned subject to registration by Commission Implementing Regulation (EU) 2025/1041 [3] ('the Registration Regulation').

1.3. Interested parties

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

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

(6) A hearing was held with Allnex Italy s.r.l ('Allnex'), a user of adipic acid.

[1] OJ L 176, 30.6.2016, p. 21, ELI: http://data.europa.eu/eli/reg/2016/1036/oj.
[2] Notice of initiation of an anti-dumping proceeding concerning imports of adipic acid originating in the People's Republic of China (OJ C, C/2025/1608, 14.3.2025, ELI: http://data.europa.eu/eli/C/2025/1608/oj).
[3] Commission Implementing Regulation (EU) 2025/1041 of 27 May 2025 making imports of adipic acid originating in the People's Republic of China subject to registration (OJ L, 2025/1041, 28.5.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/1041/oj).

1.4. **Comments on initiation**

(7) Purinova sp. z o.o ('Purinova') a user of adipic acid submitted that it was not able to verify the legitimacy of the target profit above 6 % used in the complaint, given that it was under a confidentiality clause. Moreover, Purinova commented that the use of a profit margin based on the data of only one of the complainants cannot be considered as representative of the entire Union Industry. Purinova together with another user, COIM S.p.A. Chimica Organica ('COIM') also claimed that the Union industry is not able to meet the entire Union demand of adipic acid. Purinova further stated that regardless of their available production capacity, the producers in the Union are mainly producing for their own needs and therefore are pursuing a commercial policy that makes sourcing of adipic acid from them almost impossible for users. In addition, Purinova questioned the injury suffered by the Union industry based on the good financial results reported for 2024 by the Lanxess group. Finally, Purinova contested the causal link between the occurrence of injury and the increase in the volume of imports from China. Instead, Purinova claimed that the injury is due to the decrease in demand for adipic acid, which reflects the overall downward trend in the polyester polyol segment, a major area of use of adipic acid. In this respect, in their submission Purinova, COIM and Allnex and other users in their questionnaire replies (Elachem S.p.A ('Elachem'), Reagens S.p.A. ('Reagens'), Stepan Polska Sp. Z.o.o. ('Stepan') and Valtris Enterprises Limited ('Valtris')), expressed serious concerns about the future of the downstream industry in case of imposition of anti-dumping duties on adipic acid. All claimed that a further increase in the price of their raw material would render them extremely vulnerable against their third country competitors, in particular those from China and Türkiye.

(8) With regard to the non-confidential version of the complaint and in particular the limited information on the target profit used, upon request from the Commission, on 12 May 2025, additional information was placed in the open file available for inspection by interested parties. The information concerning the target profit used during the investigation for the calculation of the provisional injury margins can be found in recital 239.

(9) The ability of the Union industry to meet Union demand together with captive use is analysed in recital 177. As regards the availability of adipic acid, contrary to the statement of the users, alternative sources such as the USA and Brazil are still available and even more importantly, the imposition of anti-dumping duties does not intend to close off the Union market from Chinese exporting producers, but to restore the level playing field for all producers concerned. The claim on the commercial policy pursued by the Union producers was unsubstantiated and, in any event, was not confirmed by the findings of the investigation and was therefore rejected as explained in recital 268.

(10) The claim relating to the financial results of one the sampled companies was rejected on the grounds that adipic acid accounts for only a share of the total activities of the Lanxess group, whereby no conclusions can be drawn from total company figures. Moreover, the injury assessment is carried out for the Union industry and not on an individual company level. Therefore, the financial results reported for 2024 for one of the Union producers did not negate the injury suffered by the Union industry of adipic acid. In any event, the detailed injury assessment can be found in Sections 4.6 and 4.7.

(11) The claims regarding the causation and in particular the decline in demand are addressed in recitals 224 to 230. Finally, the claims regarding Union interest, in particular the situation regarding the market developments on the downstream products was assessed in Section 7.

1.5. **Sampling**

(12) 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

(13) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of representativity of volume of production and sales on the free Union market of the like product. This sample consisted of two Union producers. The sampled Union producers accounted for more than 60 % of the estimated total volume of production and sales of the like product on the free Union market. The Commission invited interested parties to comment on the provisional sample. No comments were received. The sample was considered representative of the Union industry.

Sampling of unrelated importers

(14) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(15) One unrelated importer provided the requested information and agreed to be included in the sample. In view of the low number of replies, the Commission decided that sampling of unrelated importers was not necessary.

Sampling of exporting producers

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

(17) Five exporting producers in the country concerned provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of two exporting producers on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the authorities of the countries concerned were consulted on the selection of the sample. No comments were received.

1.6. **Questionnaire replies and verification visits**

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

(19) Furthermore, the complainants provided in the complaint sufficient prima facie evidence of raw material distortions in China regarding the product concerned. Therefore, as announced in the Notice of Initiation, the investigation covered those raw material distortions to determine whether to apply the provisions of Article 7(2a) and 7(2b) of the basic Regulation with regard to China. For this reason, the Commission sent additional questionnaires in this regard to the GOC.

(20) The Commission sent questionnaires to the two sampled Union producers, the sampled exporting producers in China, the importer and the known users. The same questionnaires were made available online ([4]) on the day of initiation.

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

Union producers

— Lanxess Deutschland GmbH, Cologne, Germany ('Lanxess DE') and Lanxess Italy S.r.l ('Lanxess IT)

— Radici Chimica Deutschland GmbH, Elsteraue, Germany ('Radici DE')

Unrelated importers in the Union

— LCM Industriale S.r.l., Sesto San Giovanni, Italy

Users

— COIM S.p.A. Chimica Organica, Buccinasco, Italy

([4]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2782.

Exporting producers in China

— Chongqing Huafon Chemical Co., Ltd, Chongqing, China ('Huafon')

— Tangshan Zhonghao Chemical Co., Ltd, Tangshan, China ('Zhonghao')

1.7. Investigation period and period considered

(22) The investigation of dumping and injury covered the period from 1 January 2024 to 31 December 2024 ('the investigation period'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2021 to the end of the investigation period ('the period considered').

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under investigation

(23) The product under investigation is adipic acid, also known as hexanedioic acid, falling under the Chemicals Abstract Services ('CAS') under number 124-04-9, currently falling under CN code 2917 12 00 ('the product under investigation').

(24) Adipic acid is used in a wide range of applications, for example the production of Nylon 66, adhesives, sealants, plasticisers and polyurethanes, in particular polyester polyols.

2.2. Product concerned

(25) The product concerned is adipic acid originating in the People's Republic of China, currently falling under CN code 2917 12 00 (TARIC code 2917 12 00 10) ('the product concerned').

2.3. Like product

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

— the product concerned when exported to the Union,

— the product under investigation produced and sold on the domestic market of country concerned, and

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

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

2.4. Claims regarding product scope

(28) No claims were received on the product scope.

3. DUMPING

3.1. People's Republic of China

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

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

(30) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in China to provide information regarding the inputs used for producing adipic acid. Three exporting producers submitted the relevant information.

(31) 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 China.

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

(33) On 13 May 2025, the Commission informed by a note ('the First Note') interested parties on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of all factors of production, such as raw materials, labour and energy used in the production of adipic acid. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified possible representative countries, namely Brazil and Mexico. The Commission received comments on the First Note from the complainants and both sampled exporting producers.

(34) Comments were made with regard to the choice of the representative country, the benchmark to be used for the input benzene, the customs code classification for certain inputs and the designation of cyclohexane as a by-product. These comments were addressed in the relevant sections below (Sections 3.3.4.1, 3.3.5 and 3.3.5.1).

(35) On 11 July 2025, the Commission addressed the comments received from interested parties on the First Note in a second note to the file ('the Second Note') and informed interested parties on the relevant sources it intended to use for the determination of the normal value, with Brazil as the representative country. It also informed interested parties that it would establish selling, general and administrative costs ('SG&A') and profits based on available information for Rhodia Brasil, S.A. ('Rhodia'), a producer in the representative country, if data covering the year 2024 would become available, alternatively that of Dexxos Participacoes S.A. ('Dexxos'), a chemical producer in the representative country.

(36) Comments on the Second Note were received from Huafon and Zhonghao. These comments are addressed in Section 3.3.3.

3.3. **Normal value**

(37) 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'*.

(38) 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 hereinafter referred to as 'SG&A').

(39) 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, the application of Article 2(6a) of the basic Regulation was appropriate.

3.3.1. *Existence of significant distortions*

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

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

([5]) Commission Implementing Regulation (EU) 2024/1959 of 17 July 2024 imposing a provisional anti-dumping duty on imports of erythritol originating in the People's Republic of China (OJ L, 2024/1959, 19.7.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/1959/oj); Commission Implementing Regulation (EU) 2023/2180 of 16 October 2023 amending Implementing Regulation (EU) 2021/607 imposing a definitive anti-dumping duty on imports of citric acid originating in the People's Republic of China as extended to imports of citric acid consigned from Malaysia, whether declared as originating in Malaysia or not, following a new exporter review pursuant to Article 11(4) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L, 2023/2180, 17.10.2023, ELI: http://data.europa.eu/eli/reg_impl/2023/2180/oj); Commission Implementing Regulation (EU) 2023/752 of 12 April 2023 imposing a definitive anti-dumping duty on imports of sodium gluconate originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 100, 13.4.2023, p. 16, ELI: http://data.europa.eu/eli/reg_impl/2023/752/oj); Commission Implementing Regulation (EU) 2021/441 of 11 March 2021 imposing a definitive anti-dumping duty on imports of sulphanilic acid originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 85, 12.3.2021, p. 154, ELI: https://eur-lex.europa.eu/eli/reg_impl/2021/441).

([6]) Implementing Regulation (EU) 2024/1959, recitals 161-162; Implementing Regulation (EU) 2023/2180, recitals 89-90; Implementing Regulation (EU) 2023/752, recital 70.

([7]) Implementing Regulation (EU) 2024/1959, recitals 103-113; Implementing Regulation (EU) 2023/2180, recitals 46-50; Implementing Regulation (EU) 2023/752, recital 49.

([8]) Implementing Regulation (EU) 2024/1959, recitals 114-122; Implementing Regulation (EU) 2023/2180, recitals 51-55; Implementing Regulation (EU) 2023/752, recitals 50-54. 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 China's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product under review and the suppliers of their inputs.

([9]) Implementing Regulation (EU) 2024/1959, recitals 123-133; Implementing Regulation (EU) 2023/2180, recitals 65-65; Implementing Regulation (EU) 2023/752, recitals 55-63.

([10]) Implementing Regulation (EU) 2024/1959, recitals 134-138; Implementing Regulation (EU) 2023/2180, recitals 66-69; Implementing Regulation (EU) 2023/752, recital 64.

([11]) Implementing Regulation (EU) 2024/1959, recitals 139-142; Implementing Regulation (EU) 2023/2180, recitals 71-72; Implementing Regulation (EU) 2023/752, recital 65.

([12]) Implementing Regulation (EU) 2024/1959, recitals 143-152; Implementing Regulation (EU) 2023/2180, recitals 72-81; Implementing Regulation (EU) 2023/752, recital 66.

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

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

(44) More specifically, the complaint pointed out that:

— There is State intervention in the chemical sector and the adipic acid market in particular. In this regard, the complaint referred to the specific chapter on chemicals of the Report to highlight the significant overcapacities present in the Chinese chemicals market. By way of example, Chongqing Huafeng Chemical Co. (also called Huafon ([14])), the major adipic acid producer worldwide, built the world's biggest adipic acid plant in the region of Fuling in 2023, which made it the biggest export base of adipic acid in China ([15]).

— The main legal and regulatory instrument regulating the GOC's intervention in the chemical sector is the 14th Five-Year Plan ('FYP'), which sets forward the GOC's intention to promote and optimise the manufacturing industry with a particular focus on the chemical industry. Additionally, the 14th FYP on Developing the Raw Materials Industry targets the chemical and petrochemical industries as protected and incentivised industries. The Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industry during the 14th FYP also provides for further State intervention in the chemical industry. The complaint also refers to various province-specific systems of sub-plans aimed at further organising State intervention in the chemical sector (including in particular the creation of chemical industrial parks), including the Shandong 14th FYP on the Development of the Chemical Industry and the Jiangsu 14th FYP on High-End Development of the Chemical Industry. Both provinces have the strongest presence of companies producing adipic acid in China. The Chongqing Chemical Industry Development Action Plan (2021-2025) specifically mentions the importance of developing increased capacities of adipic acid in the region ([16]).

— The market of adipic acid is being served to a significant extent by enterprises that operate under the ownership, control or policy supervision or guidance by the GOC. The complaint argued that the GOC and CCP exercise control over both State-owned enterprises ('SOEs') and private companies in the chemical sector. The GOC established the State-owned Assets Supervision and Administration Commissions ('SASAC') to represent the State's shareholder interests in SOEs. Its basic functions guiding the reform of SOEs, taking daily charge of supervisory panels assigned to large SOEs, appointing and removing chief executives and other top management officials of SOEs, and supervising the preservation and appreciation of value of State-owned assets. In addition, the GOC adopted the Law on State-owned Assets of Enterprises which mandates State control and ownership over strategic industries, such as the chemical industry. Several key producers of adipic acid in China are SOEs, including for example Liaoyang Petrochemical Co. Additionally, Huafeng Chemical Co., a privately owned produced and exporter of adipic acid, has a strong presence of CCP members among its shareholders and management bodies ([17]).

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

([14]) See: https://www.huafeng.com/syly/hgsy/zqhfhg61/index.shtml (accessed on 12 August 2025).

([15]) Complaint (open version), pages 12-13.

([16]) Complaint (open version), pages 14-16.

([17]) Complaint (open version), pages 16-18.

— The Chinese presence in adipic acid companies allows the State to interfere with respect to prices or costs. One of the main strategies of the GOC to maintain control over SOEs is the appointment of personnel management, often members of the CCP. Additionally, SOEs in China benefit from preferential access to a wide variety of inputs like land and energy, but also to financing systems. The strong State intervention within companies results therefore in a distorted allocation of resources, which is then translated into distorted costs and distorted prices for the products manufactured. For example, the complaint argued that it is no coincidence that China is one of the main producers of cyclohexane, which is the main raw material used in the production of adipic acid. Overcapacities in the production of cyclohexane resulted in bigger investments in downstream industries, including adipic acid. Moreover, the GOC maintains a 40 % export tax on benzene, the main precursor of cyclohexane, which in turn prevents exports of benzene from China leading to overcapacities and reduced prices ([18]).

— There is State intervention in the energy sector and in the electricity market. The GOC ensures artificially low prices of coal through schemes of direct subsidies, preferential financing and price controls. Additionally, according to the complaint, the electricity market in China is served to a significant extent by enterprises operating under the control of the Chinese authorities and free market forces in the energy markets are influenced by GOC public policies ([19]).

— The GOC has consistently given a strong focus to the chemical industry in its different policy documents and shaped its measures to favour domestic chemical producers. In this regard, the complaint referred to the various government plans, as also listed above ([20]).

— There is a lack of, a discriminatory application of or inadequate enforcement of bankruptcy, corporate or property laws in China and wage costs are being distorted ([21]).

— Adipic acid producers in China have access to finance granted by institutions that implement public policy objectives or are otherwise not acting independently from the State ([22]).

(45) In conclusion, the complaint took the position that prices or costs, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation. On that basis, according to the complaint, it is not appropriate to use domestic prices and costs to establish normal value in this case.

(46) The Commission examined whether it was appropriate or not to use domestic prices and costs in China, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. That analysis covered the examination of the substantial government interventions in China's economy in general, but also the specific market situation in the relevant sector including the product concerned.

(47) In this regard, the Commission first assessed whether the adipic acid sector in China is being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the Chinese authorities, within the meaning of the first indent of Article 2(6a)(b) of the basic Regulation. The sector of the product concerned is served by both private companies, such as Chongqing Huafeng Chemical Co. ([23]), Shandong Haili Chemical ([24]), Hengli Petrochemical ([25]), a subsidiary of Hengli Group, as well as by SOEs such as Kailuan

([18]) Complaint (open version), pages 19-21.
([19]) Complaint (open version), pages 21-24.
([20]) Complaint (open version), pages 24-25.
([21]) Complaint (open version), pages 25-27.
([22]) Complaint (open version), pages 27-30.
([23]) See at: https://www.huafeng.com/syly/hgsy/zqhfhg61/index.shtml (accessed on 12 August 2025).
([24]) See at: https://www.hailichemical.com/ (accessed on 13 August 2025).
([25]) See at: https://global.hengli.com/article/835 (accessed on 13 August 2025).

Energy Chemical Co. Ltd ([26]). The exact ratio of private versus State-owned producers in the adipic acid market could not be determined. However, the Commission found that several producers are directly controlled by the State. Examples include Shandong Hualu Hengsheng Chemical Co., Ltd. ([27]), the second largest Chinese domestic producer of adipic acid ([28]), of which 32,08 % of the shares are State-owned ([29]). Additionally, Shenma Industrial Co. Ltd. ([30]), an SOE ultimately controlled by the Henan Provincial Government State-owned Assets Supervision and Administration Commission ([31]) is the third largest Chinese producer of adipic acid ([32]). Also, Tangshan Zhonghao Chemical Co., Ltd ([33]), a wholly owned subsidiary of Kailuan Energy Chemical Co., which is an SOE ultimately controlled by the Hebei Provincial Government State-owned Assets Supervision and Administration Commission ([34]), is among the producers of adipic acid.

(48) Moreover, CCP interventions into operational decision-making have become the norm, not only in SOEs but also in private companies ([35]), with the CCP claiming leadership over virtually every aspect of the country's economy. Indeed, the State's influence by means of CCP structures within companies effectively results in economic operators being under the government's control and policy supervision, given how far the State and Party structures have grown together in China.

(49) The investigation found that the industry national association covering the chemical sector is the China Petroleum and Chemical Industry Federation ('CPCIF'). The CPCIF adheres to the overall leadership of the CCP, carries out Party activities, and provides necessary conditions for the activities of party organisations ([36]). Moreover, the '*registration and management authority of the Association is the Ministry of Civil Affairs*' ([37]) and the conditions to be eligible as a representative of the CPCIF include to '*adhere to the leadership of the CCP, support socialism with Chinese characteristics, resolutely implement the Party's line, principles, and policies, and possess good political qualities*' ([38]).

(50) Hengli Group is a member of CPCIF ([39])and is one of its executive directors ([40]).

(51) More specifically, the investigation found that the industry national association representing the producers of adipic acid is the China Chemical Fibers Association ('CCFA'). The CCFA adheres to the overall leadership of the CCP, carries out Party activities, and provides necessary conditions for the activities of party organisations ([41]). Moreover, the '*registration and management authority of the Association is the Ministry of Civil Affairs*' ([42]) and the conditions to be eligible as a representative of the CCFA include to '*adhere to the leadership of the CCP, support socialism with Chinese characteristics, resolutely implement the Party's line, principles, and policies, and possess good political qualities*' ([43]).

([26]) See at: www.kailuan.com.cn (accessed on 13 August 2025).
([27]) See at: https://www.hl-hengsheng.com/HOME/index.html (accessed on 13 August 2025).
([28]) See at: https://stock.finance.sina.com.cn/stock/go.php/vReport_Show/kind/search/rptid/803032274731/index.phtml (accessed on 13 August 2025).
([29]) See Shandong Hualu Hengsheng Co. Ltd. 2024 Annual report, page 60, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-3/2025-03-29/10821388.PDF (accessed on 13 August 2025).
([30]) See at: https://www.shenma.com/ (accessed on 13 August 2025).
([31]) See Shenma Industrial Co. Ltd. annual report 2024, p. 132, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-3/2025-03-26/10806904.PDF (accessed on 13 August 2025).
([32]) See at: https://stock.finance.sina.com.cn/stock/go.php/vReport_Show/kind/search/rptid/803032274731/index.phtml (accessed on 13 August 2025).
([33]) See at: https://www.tszhcc.com/index.php (accessed on 13 August 2025).
([34]) See Kailuan Energy Chemical Co. Ltd. annual report 2023, p. 63-66, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2024/2024-3/2024-03-30/9920751.PDF (accessed on 13 August 2025).
([35]) See Article 33 of the CCP Constitution, Article 19 of the Chinese Company Law. See also the Report, Chapter 3, p. 47-50.
([36]) See CPCIF Articles of Association, Article 3, available at: http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1 (accessed on 13 August 2025).
([37]) Ibid.
([38]) See CPCIF Articles of Association, Article 36, available at: http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1 (accessed on 13 August 2025).
([39]) See at: http://www.cpcif.org.cn/detail/40288043661fd28501661fd4ed380000?e=1 (accessed on 13 August 2025).
([40]) Ibid.
([41]) See CCFA Articles of Association, Article 3, available at: https://www.ccfa.com.cn/3/202109/2260.html (accessed on 13 August 2025).
([42]) Ibid.
([43]) See CCFA Articles of Association, Article 36, available at: https://www.ccfa.com.cn/3/202109/2260.html (accessed on 13 August 2025).

(52) Chongqing Huafeng Chemical Co. and Shenma Industrial Co. Ltd are members of CCFA ([44]).

(53) Both public and privately owned enterprises in the chemical sector are subject to policy supervision and guidance. The latest Chinese policy documents concerning the chemical and petrochemical sector confirm the continued importance which the GOC attributes to the sector, including the intention to intervene in the sector to shape it in line with the government policies. This is exemplified by the 14th FYP on Economic and Social Development and 2035 Perspectives, according to which the GOC intends to '*accelerate the transformation and upgrading of key industries such as chemicals*' ([45]).

(54) Additionally, the Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industries during the 14th FYP ([46]) ('the Guiding Opinion') also stipulates that the GOC will '*accelerate the transformation and upgrading of traditional industries, vigorously develop new chemical materials and fine chemicals, […]and foster China's transition from a large petrochemical and chemical country into a strong petrochemical and chemical power. […] By 2025, […] [t]he production concentration of bulk chemical products will be further improved, and the capacity utilization rate will reach more than 80 %; the supply security of new chemical materials will reach more than 75 %*' ([47]). Also, the GOC shall *'[a]ccelerate the development of high-end polyolefins, electronic chemicals, industrial specialty gases, high-performance rubber and plastics, high-performance fibers*' and, regarding the adipic acid downstream industries, the GOC intends to '*expand the variety and specifications of materials such as […] polyurethanes, and polyamides*' ([48]). In addition, the GOC shall *'[p]romote industrial structure adjustment: strengthen specific measures and scientifically regulate the scale of the industry*' ([49]).

(55) More specifically, the Guiding Opinion on the High Quality Development of the Chemical Fibers Industry ([50]) stipulates that the GOC shall *'[p]romote the development of a high-performance fiber and composite material innovation platform […] aim[ing] to establish a comprehensive industry chain encompassing basic chemical raw materials, high-performance fibers/high-performance polymers, composite materials and product molding and processing, product testing and evaluation, and product application*' ([51]).

(56) Similar examples of the intention of the Chinese authorities to supervise and guide the developments of the adipic acid sector can be found at the provincial level, such as in the Shandong 14th FYP on the Development of the Chemical Industry ([52]) seeking to *'[c]omprehensively promote the upgrading of industrial foundation and modernization of industrial chain, accelerate the withdrawal of backward and inefficient production capacity, and promote the development of chemical products in the direction of functionalization, refinement and differentiation. Guide enterprises to merge and reorganize, optimize resource allocation and industrial chain structure, and improve production efficiency and profitability*' ([53]).

(57) This Shandong 14th FYP also specifically covers the adipic acid upstream and downstream industry sectors and requires '*to highlight the leading role of chemical parks and leading enterprises, and accelerate the development of the entire industrial chain from basic chemical raw materials to high-end chemical new materials* […] [and] *focus on developing high-end polyolefins, polyurethanes, and polyamides, as well as high-tech, high-value-added new materials products*' ([54]).

([44]) See at: https://www.ccfa.com.cn/11/202404/4264.html (accessed on 13 August 2025).
([45]) See Section III.8.3 of the 14th FYP on economic and social development and 2035 perspectives, available at: https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm (accessed on 14 August 2025).
([46]) See at: https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm#msdynttrid=WRmyf07ph0z74SHmXoOLKjRWl09BdZ4lGdYp9fiI9xU (accessed 14 August 2025).
([47]) Ibid., Section I.3.
([48]) Ibid., Section II.3.
([49]) Ibid., Section III.4.
([50]) See at: https://policy.mofcom.gov.cn/claw/clawContent.shtml?id=93802 (accessed on 14 August 2025).
([51]) Ibid., Table 2.4.
([52]) See at: https://huanbao.bjx.com.cn/news/20211201/1191133.shtml (accessed on 14 August 2025).
([53]) Ibid., Section II.2.4.
([54]) Ibid, Section III.1.2.

(58) Another example of the intention of the Chinese authorities to supervise and guide the developments of the adipic acid sector at the provincial level can be found in the Henan 14th FYP on Developing Strategic and Emerging Industries as well as Industries of the Future ([55]) seeking to *'[a]ccelerate the development of the nylon new materials industry. Based on a comprehensive assessment of resource and environmental capacity, rationally expand the production of upstream raw materials such as adipic acid, caprolactam, and nylon 66 polymer'* ([56]).

(59) Similarly, the Chongqing 14th FYP on the High Quality Development of the Manufacturing Industry seeks to '[l]*everage local MDI (diphenylmethane diisocyanate) and AA (adipic acid) production capacity in order to strengthen the planning and development of projects such as epoxy compounds and polyether polyols*' and seeks to further expand downstream the polyurethane industry as well as the nylon 66 industry ([57]).

(60) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, the Commission found that the role of the Party Organisation at Huafeng Chemicals consists in '[t]*ransforming the Party's political advantages into Huafeng's development advantages*; […] [p]*laying* […] *a political leadership role in corporate development*; […] [g]*etting integrated into production and operations*' ([58]).

(61) Furthermore, the deputy executive general manager of Chongqing Huafeng Chemical Co. also serves as the secretary of the Party Committee and as a Party representative to the Chongqing Municipality ([59]).

(62) The Party Committee of Shandong Hualu Hengsheng Chemical Co., Ltd *'has come to a profound understanding that the purpose, position and fundamental task of the Party in state-owned enterprises is to ensure Party building, guide development and boost operations* […] *Based on this understanding, the company's Party Committee, guided by the Party's innovative theories, has elevated the positioning of Party-building work from "service and support" to "integration and promotion", and then gradually upgraded to "leadership and coordination"'* ([60]).

(63) The chairman of Shandong Hualu Hengsheng Chemical Co., Ltd also serves as the secretary of the Party Committee ([61]).

(64) The chairman of Shenma Industrial Co. Ltd also serves as the secretary of the Party Committee ([62]).

(65) It was not possible to systematically establish the existence of personal connections between all of the Chinese adipic acid producers and the CCP. However, given that the product under investigation represents a subsector of the chemical sector, the Commission considered that the information established in the recent investigations concerning the chemical sector, as indicated in recital 41, is relevant also to the product under investigation.

(66) Further, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation, are in place in the adipic acid sector. The Commission identified several documents demonstrating that the adipic acid industry benefits from the governmental guidance and intervention into the chemical sector, given that adipic acid represents a subsector of the chemical sector. Furthermore, the Commission also found documents specifically addressing the adipic acid sector.

([55]) See at: https://fgw.henan.gov.cn/2023/04-12/2723836.html (accessed on 15 August 2025).
([56]) Ibid., Section II.3.
([57]) See at: https://www.cq.gov.cn/zwgk/zfxxgkml/szfwj/qtgw/202108/t20210803_9538603.html (accessed on 14 August 2025).
([58]) See at: https://www.huafeng.com/gyhf/hfdj/djry/ (accessed on 14 August 2025).
([59]) See Huafeng Chemicals annual report 2024, p. 43, available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-3/2025-03-29/10826837.PDF (accessed on 14 August 2025).
([60]) See at: https://www.hl-hengsheng.com/ESJSZQH/2025-03-26/4597.html (accessed on 14 August 2025).
([61]) See at: https://www.hl-hengsheng.com/ESJSZQH/2025-04-17/5578.html (accessed on 14 August 2025).
([62]) See Shenma Industrial Co. Ltd annual report 2024, p. 58, available at: http://static.cninfo.com.cn/finalpage/2025-03-21/1222865317.pdf (accessed on 14 August 2025).

(67) The chemical industry is consistently regarded as a key industry by the GOC ([63]). This is confirmed in the numerous plans, directives and other documents focused on chemicals, which are issued at national, regional, and municipal level. Under the 14th FYP, the GOC earmarked the chemical industry for optimisation and upgrade ([64]). Similarly, the 14th FYP on Developing the Raw Materials Industry stipulates that the GOC will '*Optimize the organizational structure: Make leading enterprises bigger and stronger. […] [S]upport enterprises to accelerate cross-regional and cross-ownership mergers and reorganizations, increase industrial concentration, and conduct international operations. In the chemical, petrochemical, steel, non-ferrous metals, building materials and other industries, cultivate a group of leading enterprises in the industrial chain with ecological dominance and core competitiveness*' ([65]).

(68) More specifically, the Fuling District, located in the Chongqing Municipality, is '*accelerating its transformation from a major industrial district into a hub for advanced manufacturing* […] *attracting a number of leading enterprises and upstream and downstream related companies around 10 key industry chains*' ([66]). The Fuling District has established a '*RMB 90 billion worth industry cluster focusing on materials*', including a project developed by Chongqing Huafeng Chemical Co. with an annual output of 400 000 tons of adipic acid. Furthermore, in July 2022, Chongqing Huafeng Chemical signed a strategic cooperation agreement with the Fuling District ([67]).

(69) Moreover, the Shandong province also seeks to '[a]*ctively promote projects to build, supplement, extend, and strengthen supply chains*, […] *addressing both "breakpoints" and "blockages" in the supply chain. Construction has commenced on a number of major projects, including the* […] *Hualu Hengsheng's nylon 6 project, which will significantly drive high-end development of the supply chain*' ([68]).

(70) Additionally, Shandong Hualu Hengsheng Chemical Co., Ltd. signed a Cooperation Agreement with the Shandong branch of the state-owned Bank of China on '*key industry investment and financing projects*' ([69]).

(71) Also, Tangshan Zhonghao Chemical Co., Ltd describes its 150 000 tons/year adipic acid production programme as one of the '*industrial projects encouraged by the state, and listed as a "core support project"[…] in the Hebei Province*' ([70]).

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

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

(74) Further, the product under investigation is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as referred to above in recital 41. Those distortions affect the sector both directly (when producing the product under investigation or the main inputs), as well as indirectly (when having access to inputs from companies subject to the same labour system in China) ([71]).

([63]) The Report, Part III, Chapter 16.
([64]) Ibid., Section 16.3.
([65]) See Section IV.1.3, available at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm (accessed on 14 August 2025).
([66]) See at: https://cq.gov.cn/ywdt/zwhd/qxdt/202209/t20220920_11125978.html (accessed on 14 August 2025).
([67]) Ibid.
([68]) See Shandong 14th FYP on the Development of the Chemical Industry, available at: https://huanbao.bjx.com.cn/news/20211201/1191133.shtml, Section I.1.3 (accessed on 14 August 2025).
([69]) See at: http://vip.stock.finance.sina.com.cn/corp/view/vCB_AllBulletinDetail.php?stockid=600426&id=10821393 (accessed on 14 August 2025).
([70]) See at: https://www.tszhcc.com/index.php (accessed on 14 August 2025).
([71]) Implementing Regulation (EU) 2024/1959, recitals 153-157; Implementing Regulation (EU) 2023/2180, recitals 82-84; Implementing Regulation (EU) 2023/752, recital 67.

(75) Moreover, no evidence was submitted in the present investigation demonstrating that the adipic acid 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. The abovementioned Guiding Opinion requiring to *'improve supporting policies, strengthen the coordination between fiscal, financial, regional, investment, import and export […] policies with the industry policies [to] give full play to the national cooperation platform between industry and finance and [to] foster the connection between enterprises and banks'* ([72]) also exemplifies this type of government intervention very well. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

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

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

(78) In sum, the evidence available showed that prices or costs of the product under investigation, including the costs of raw materials, land, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation, as shown by the actual or potential impact of one or more of the relevant elements listed therein.

3.3.2. *Arguments raised by interested parties*

(79) 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 complainants, 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.

(80) The Commission did not at this stage receive any comments concerning the significant distortions affecting the adipic acid industry from any of the Chinese exporting producers.

3.3.3. *Conclusion*

(81) In view of the above, 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 described in the following section.

([72]) See Section VIII.16, available at: https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm#msdynttrid=WRmyf07ph0z74SHmXoOLKjRWl09BdZ4lGdYp9fiI9xU (accessed on 18 April 2025).

3.3.4. *Representative country*

3.3.4.1. General remarks

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

— A level of economic development similar to China. For this purpose, the Commission used countries with a gross national income per capita similar to China on the basis of the database of the World Bank ([73]).

— Production of the product under investigation in that country.

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

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

(83) As explained in recitals 33 to 35, the Commission issued two notes for the file on the sources for the determination of the normal value on 13 May 2025 and on 11 July 2025. These notes described the facts and evidence underlying the relevant criteria, and also addressed the comments received by the parties on these elements and on the relevant sources. In the Second Note, the Commission informed interested parties of its intention to consider Brazil as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation was confirmed.

A level of economic development similar to China

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

(85) Comments were received from sampled exporting producer Huafon, who claimed that Brazil could not be considered a representative country since (1) the readily available financial statements of the two identified producers in Brazil did not align with the investigation period; (2) Brazil had no significant imports of the input material benzene; and (3) that country had anti-dumping measures in place on adipic acid products imported from China and other countries since 2015, which affected the financial results of Brazilian producers of adipic acid.

(86) With regard to the first point, the Commission noted that whereas the financial statements of the two identified producers in Brazil which were readily available at the time of addressing the comments on the First Note indeed did not align with the investigation period, Huafon failed to provide an alternative readily available financial data which would cover the investigation period. Moreover, Huafon provided no evidence suggesting that the data selected would lead to amounts for SG&A costs and for profit that would not be 'reasonable' within the meaning of Article 2(6a)(a). Furthermore, in its comments, Huafon itself considered Mexico as a possible appropriate representative country, although the financial data available for the identified Mexican producer was even older (year 2021) than that of the two identified Brazilian producers (2022 and 2023, respectively). In any case, as explained in recital 93 below, financial data of the Brazilian producer Rhodia became available for the investigation period. This claim was therefore rejected.

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

(87) With regard to the absence of imports of benzene in Brazil, in the First Note the Commission considered the use of an alternative benchmark and invited parties to propose possible sources, in accordance with Article 2(6a)(a) of the basic Regulation which states that the Commission may use, for example, corresponding costs of production and sales in an appropriate representative country or undistorted international prices, costs, or benchmarks. In its comments Huafon pointed to the fact that there was an alternative dataset available in GTA, 'Mexico (BOL)', which, in contrast with the Commission's findings in its First Note, did show significant imports of benzene into Mexico. The BOL dataset was added to GTA in 2021, aggregated from PIERS bill of lading data for Mexico, to include trade statistics that would normally not show up in GTA due to confidentiality issues ([74]). This dataset showed that there were, in fact, significant import volumes of benzene into Mexico during the investigation period.

(88) As for the Brazilian anti-dumping measures in place for the imports of adipic acid from China, France, Germany, Italy, and the United States, the Commission considered that such measures are intended to create a level playing field. The fact that such measures are in place prevents Brazilian adipic acid producers from competing with dumped imports from certain third countries. Rather than affecting the financial results of Brazilian producers undermining the suitability of such data in establishing a representative benchmark, as alleged by Huafon, this meant that the financial results of the Brazilian producers were in line with results to be obtained under normal market circumstances – i.e. not affected by the negative effect of imported dumped products. The claim was therefore rejected.

(89) In light of the aforementioned three reasons (lack of financial data, the issues with benzene and the existing anti-dumping measures in Brazil), Huafon considered that Malaysia would be a more appropriate representative country. Huafon claimed that, in contrast with Brazil, Malaysia fulfilled all criteria of Article 2(6a)(a) of the basic Regulation, except the point on production of the product under investigation. In this respect, Huafon pointed to footnote 4 of the First Note, which indicated that production of a product in the same general category and/or sector of the product under investigation may be considered.

(90) However, that footnote stated that, 'production of a product in the same general category and/or sector of the product under investigation may be considered *if there is no production of the product under investigation* in any country with a similar level of economic development' (emphasis added). Since there was adipic acid production in Brazil and Mexico, this condition was not met. Malaysia could thus not be considered as a potential representative country as long as there was another country with the production of the product under investigation fulfilling all the criteria listed in recital 82 above. The Commission therefore considered, that Brazil fulfilled the four criteria for a representative country.

Existence of relevant readily available data in the representative country

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

(92) With regard to Mexico, the publicly available financial data for the only company producing the product under investigation related to the year 2021. With regard to Brazil, the readily available financial data for the two identified companies producing the product under investigation related to the years 2022 and 2023, respectively. Therefore the financial data for neither Mexico nor Brazil overlapped with the investigation period at the time of the Second Note.

(93) However, after the deadline for comments on the Second Note, the financial data for the year 2024 became available for the Brazilian producer of adipic acid, Rhodia ([75]). The arguments in the previous recital therefore had become moot and did not require further consideration. The Commission used Rhodia's financial data for the investigation period.

([74]) For further information on the BOL dataset used by GTA, see: https://connect.spglobal.com/document/show/phoenix/4083269?connectPath=Search&searchSessionId=b9caf866-5975-45eb-a3f2-713a9562f140.

([75]) https://datamercantil.com.br/wp-content/uploads/2025/08/05-08-2025-Data-Mercantil-certificado.pdf.

3.3.4.2. Conclusion

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

3.3.5. *Sources used to establish undistorted costs*

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

(96) Subsequently, in the Second Note, the Commission stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA to establish the undistorted cost of most of the factors of production, notably the raw materials. For the raw material benzene, the Commission stated its intention to use the GTA dataset Mexico (BOL) ([76]) as proposed by Huafon.

(97) In the Second Note, the Commission had indicated that a more detailed customs code classification of the by-product dibasic acid would be defined after the verification process. In their comments on the Second Note, both sampled exporting producers Huafon and Zhonghao commented on the correct customs code to use for dibasic and dicarboxylic acid. Following the verification visits, their comments and the evidence presented on spot such as the chemical composition of these products, the Commission decided to use the customs codes as reported by one of the parties to the customs authorities and which corresponds best to the mixture of acids as verified on spot, i.e. customs code 3824 99 00.

(98) In addition, in the Second Note the Commission stated that it would use the statistics published by the Insitituto Brasileiro de Geografia e Estatística ('IBGE') for establishing undistorted costs of labour ([77]), the industrial electricity price statistics published by the Ministry of Mines and Energy of Brazil ([78]), the price of natural gas for industrial users in Brazil as published by the Ministry of Mines and Energy of Brazil ([79]), the water tariff charged by Companhia de Saneamento Básico do Estado de São Paulo ('SABESP') ([80]) and using the methodology suggested by the U.S. Department for Energy ([81]) to calculate the price of steam in Brazil.

(99) In their comments on the Second note, Huafon claimed that instead of using the IBGE data for calculating the labour benchmark, the Commission should use data from the International Labour Organization ('ILO'). This because the IBGE data dated back to 2022 and had to be indexed to be appropriate for the investigation period. However, later in the investigation, the IBGE made available labour data for the year 2023. The Commission therefore decided to use the IBGE 2023 data, indexed for 2024. The Commission considered that using the IBGE's own data would be more accurate than that of the ILO because it is the official source for labour data in Brazil. The ILO also uses the IBGE data for its database, but adapts it to enable international comparison and will refer back to the IBGE for any specific statistics and details. The claim was therefore rejected.

(100) With regard to the labour benchmark, Huafon also claimed that the Commission should (1) use the producer price index for the indexation, instead of using the consumer price index; (2) use the correct chemical sector; as well as (3) rectify a clerical error in the appropriate exchange rate. The Commission agreed with these claims and recalculated the benchmark accordingly.

([76]) See footnote 74.
([77]) https://www.ibge.gov.br/estatisticas/economicas/industria/9042-pesquisa-industrial-anual.html?=&t=downloads.
([78]) English – Ministério de Minas e Energia.
([79]) English – Ministério de Minas e Energia.
([80]) https://www.sabesp.com.br/servicos/para-voce.
([81]) Benchmark the Fuel Cost of Steam Generation, Energy Tips: STEAM, Steam Tip Sheet #15 (Fact Sheet), Advanced Manufacturing Office (AMO), Energy Efficiency & Renewable Energy (EERE). The methodology refers to the cost of saturated steam for typical values of operating pressure and feedwater temperature. In the application of the methodology, an average of these typical values was used.

(101) Huafon also claimed that the Brazilian benchmark for water was inappropriate. According to Huafon, 2024 was a year with extreme drought in Brazil, affecting water prices rendering them extremely high and thereby not representative. As an alternative, Huafon suggested using Mexico as a representative country for the water benchmark. The Commission disagreed. Although there was indeed a drought during 2024, no evidence was provided of the impact of that drought on the price of water. The region in which Rhodia (the representative Brazilian adipic acid producer) was located, was not part of the Amazonas region referenced in the document provided by Huafon regarding the drought ([82]). Historical data on water tariffs for that particular region, in as far as publicly available ([83]), also did not indicate a drastic rise in prices during 2024. The Commission therefore rejected this claim and continued to consider the Brazilian benchmark as appropriate.

(102) In the Second Note, the Commission also informed interested parties that due to the large number of factors of production reported by the sampled exporting producers and the negligible weight of some of the raw materials in the total cost of production, a number of items were grouped under 'consumables' (accounting together for significantly less than 10 % of the cost of production). Further, the Commission informed interested parties that it would calculate the percentage of the consumables on the total cost of raw materials and apply this percentage to the recalculated cost of raw materials when establishing the normal value based on the corresponding undistorted benchmarks in the appropriate representative country.

3.3.5.1. Factors of production

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

Factors of production of adipic acid

Factor of Production	NCM Code ([1])	Source	Unit of measurement	Unit value (RMB)
Raw materials				
Benzene	2902 20 00	GTA ([2])	kg	10,05
Anhydrous Ammonia	2814 10 00	GTA	kg	3,87
Labour				
Labour	n/a	IBGE	hour	95,20
Energy				
Bituminous Coal	2701 12 00	GTA	kg	1,42
Electricity	n/a	Ministry of Mines and Energy of Brazil	MWh	0,97
Water	n/a	SABESP	KL	41,53
Natural Gas	n/a	Ministry of Mines and Energy of Brazil	TJ or M3	4,03

([82]) https://reliefweb.int/report/brazil/acaps-thematic-report-brazil-impact-drought-brazilian-amazon-and-2025-outlook-28-january-2025.

([83]) See for example tariff data for 2022 and 2023 in the annex to https://www.arsesp.sp.gov.br/LegislacaoArquivos/ldl15142024.pdf.

Factor of Production	NCM Code ([1])	Source	Unit of measurement	Unit value (RMB)
Steam	n/a	Ministry of Mines and Energy of Brazil	Metric tonne	328,56
By-products				
Cyclohexane	2902 11 00	GTA	kg	11,42
Dibasic or Dicarboxylic acid	3824 99 00	GTA	kg	22,87

([1]) Common Nomenclature of Mercosur.
([2]) https://connect.ihsmarkit.com/gta/home/.

(104) The Commission included a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. To establish this amount, the Commission used the manufacturing overhead cost incurred by the sampled exporting producers, duly adjusted to an undistorted level. The methodology is duly explained in recitals 118 to 120.

Raw materials

(105) 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 GTA, to which import duties and transport costs were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding China and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council ([84]). The Commission decided to exclude imports from China into the representative country as it concluded in recital 81 that it is not appropriate to use domestic prices and costs in China due to the existence of significant distortions described in 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.

(106) In their comments on the First Note, the complainants claimed that cyclohexane should not be considered as a by-product, since it is an intentionally produced intermediate product obtained through the hydrogenation of benzene. A by-product, on the other hand, is an unintended and unavoidable secondary output generated as a consequence of the main production process. However, from the sampled exporting producers' comments on the First Note and as confirmed during the on-spot verifications, it was clear that the cyclohexene production route used by the sampled exporting producers did in fact generate (crude) cyclohexane as a by-product of the partial hydrogenation of benzene. In view of the above the Commission considered that (crude) cyclohexane should be considered as a by-product, and rejected the complainant's claim.

(107) In the Second Note, the Commission stated its intention to account for the observed price difference between crude and pure cyclohexane by using the ratio between the companies' own cost for these inputs and apply it to the benchmark for pure cyclohexane. Zhonghao agreed to this approach in its comments on the Second Note, and Huafon marked its agreement during the on-spot verification.

(108) For a number of factors of production, the actual costs incurred by the cooperating exporting producers represented a negligible share of total raw material costs in the investigation period. As the value used for these had no appreciable impact on the dumping margin calculations, regardless of the source used, the Commission decided to include those costs into consumables as explained in recital 102.

([84]) Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, p. 33, ELI: http://data.europa.eu/eli/reg/2015/755/oj). Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

(109) To determine the applicable import duties per goods code and country of origin, the Commission consulted the Market Access Map ([85]). The import duties were added to the CIF value recorded in the Brazilian import statistics as available in the GTA database.

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

Labour

(111) IBGE publishes detailed information on wages in different economic sectors in Brazil ([86]). The Commission used the latest available statistics covering 2023 for average labour cost in Sector 20.2, Fabricação de produtos químicos orgânicos. The IBGE statistics provide information on the total annual wages and related charges and on the number of employees in the chemical sector for the year 2023. Only information related to staff linked to production was considered. Values were indexed to the investigation period using the national producer price index ([87]).

Electricity

(112) The price of electricity for companies (industrial users) in Brazil is published by the Ministry of Mines and Energy of Brazil ([88]). The Commission used the data on the industrial electricity prices in the corresponding consumption band, as published in each month of 2024.

(113) The rates published in the monthly bulletins include the Imposto sobre Circulação de Mercadorias e Serviços (ICMS), a state-level tax levied on the circulation of goods and on the provision of inter-state and inter-municipal transport and communication services. This tax is recoverable by industrial users and, accordingly, was deducted from the established benchmark.

(114) As the ICMS was applied at rates ranging between 17 % and 18 % depending on the state, the Commission applied an average deduction of 17,5 % ICMS for the recalculation of the benchmark.

Natural gas

(115) The price of natural gas for industrial users in Brazil is published by the Ministry of Mines and Energy of Brazil ([89]). The rates published in the monthly bulletins for 2024 included the same ICMS tax as explained for electricity above, and the Commission treated this tax in the same way as done for electricity.

Water

(116) The price of water for industrial users in Brazil is published by Companhia de Saneamento Básico do Estado de São Paulo, which is responsible for water supply, sewage collection and treatment in Sao Paolo. The price for water is also specifically provided for the municipalities falling under the abbreviation OJ, which includes the location of the Brazilian adipic acid producer Rhodia. The information enables the identification of tariffs for water and sewage collection applicable to industrial users in 2024 ([90]).

([85]) Market Access Map by the International Trade Centre. Available at https://www.macmap.org/en/query/customs-duties.
([86]) https://www.ibge.gov.br/estatisticas/economicas/industria/9042-pesquisa-industrial-anual.html?=&t=downloads.
([87]) IMF International Financial Statistics Database, https://legacydata.imf.org/regular.aspx?key=63087884.
([88]) English – Ministério de Minas e Energia.
([89]) English – Ministério de Minas e Energia.
([90]) https://www.sabesp.com.br/servicos/para-voce.

Steam

(117) The Commission calculated the price of steam in Brazil using the methodology suggested by the U.S. Department for Energy ([91]) based on the cost of natural gas required to produce it ([92]). This methodology provides a cost for steam based on the heat input required to produce it. To this end, the Commission used natural gas as heat input and used the cost of natural gas calculated as explained in recital 115.

Manufacturing overhead costs, SG&A costs and profits

(118) 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.

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

(120) For establishing an undistorted and reasonable amount for SG&A costs and profit, the Commission relied on the financial data for 2024 for Rhodia as found on the internet ([93]).

(121) The Commission considered that the rates so established would lead to amounts for SG&A costs and for profit within the meaning of Article 2(6a) of the basic Regulation that are reasonable for the ex-works level of trade.

Calculation

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

(123) First, the Commission established the undistorted manufacturing costs. The Commission multiplied the verified actual consumption quantity of the individual factors of production of the sampled exporting producers by the undistorted unit costs of those factors of production observed in the representative country, as described in Section 3.4.

(124) Second, the portion of the undistorted cost of manufacturing reflecting the undistorted value of consumables was established by multiplying the undistorted value of raw materials determined as described in recitals 105 to 110 by the percentage of consumables determined as described in recital 108.

(125) Third, the Commission established the undistorted value of manufacturing overheads by multiplying the undistorted value of cost of manufacturing by the percentage of manufacturing overheads determined as described in recitals 118 to 119.

(126) By adding the undistorted value of the manufacturing overheads to the undistorted value of the cost of manufacturing, the Commission established the undistorted cost of production.

([91]) Benchmark the Fuel Cost of Steam Generation, Energy Tips: STEAM, Steam Tip Sheet #15 (Fact Sheet), Advanced Manufacturing Office (AMO), Energy Efficiency & Renewable Energy (EERE). The methodology refers to the cost of saturated steam for typical values of operating pressure and feedwater temperature. In the application of the methodology, an average of these typical values was used.

([92]) English – Ministério de Minas e Energia.

([93]) https://datamercantil.com.br/wp-content/uploads/2025/08/05-08-2025-Data-Mercantil-certificado.pdf.

(127) Finally, the Commission established the undistorted amounts for SG&A costs and for profit by multiplying the undistorted value of cost of production by the rates of SG&A costs and of profit determined as explained in recital 120. The undistorted amounts for SG&A costs and for profit, which were considered by the Commission to be reasonable for the ex-works level of trade, were added to the undistorted cost of production.

(128) SG&A costs, expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 14,6 %. Profit, expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 8,0 %.

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

3.4. **Export price**

(130) The sampled exporting producers exported to the Union either directly to independent customers or through a related company acting as an importer.

(131) For the exporting producer that exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

(132) For the exporting producer that exported the product concerned to the Union through a related company acting as an importer, the export price was established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In this case, adjustments to the price were made for all costs incurred between importation and resale, including SG&A expenses of the related importer, and a reasonable profit. This profit was based on the data of the sole cooperating unrelated importer LCM Industriale S.r.l.

3.5. **Comparison**

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

3.5.1. *Adjustments made to the normal value*

(134) As explained in recital 127, the normal value was established at the ex-works level of trade by using costs of production together with amounts for SG&A costs and for profit, which were considered to be reasonable for that level of trade. Therefore, no adjustments were necessary to net the normal value back to the ex-works level.

(135) In their comments to the Second Note, Huafon claimed that in order to ensure a fair comparison, selling expenses such as inland and ocean freight, insurance, handling and loading expenses should be deducted from the representative producer's SG&A costs. Huafon made reference to the judgement of the General Court in the Case T-762/20 Sinopec ([94]) which is under appeal, and which considered this point of adjustment of the export price under Article 2(10) of the basic Regulation, where the normal value had been constructed under Article 2(6a) of the basic Regulation.

([94]) Case C-319/24 P, *Commission* v *Sinopec Chongqing SVW Chemical and others*, pending (Judgment in the General Court T-762/20, ECLI:EU:T:2024:113).

(136) The Commission noted that the General Court, in its judgement in CCCME ([95]), which followed the Sinopec judgement, first recalled that in accordance with the case-law, if a party claims adjustments under Article 2(10) of the basic Regulation in order to make the normal value and the export price comparable for the purpose of determining the dumping margin, such party must prove that its claim is justified. The burden of proof relating to the specific adjustments listed in Article 2(10)(a) to (k) of the basic Regulation lies with the party wishing to rely on them. It follows that, in that case, as in this investigation, it was for the interested parties, in accordance with that case law, to demonstrate the need for the adjustment requested in support of evidence which they alleged during the investigation.

(137) The General Court held that ([96]), although the practice of making adjustments may prove to be necessary under Article 2(10) of the basic Regulation, to take account of differences between the export price and the normal value which affect their comparability, such deductions cannot be made with respect to a value which has been constructed and which is not, therefore, genuine. That value is not generally affected by factors which might damage its comparability, because it has been artificially established net of these factors ([97]). As in the CCCME case, in the current investigation, the construction of the normal value per product type on an ex-works basis included a reasonable amount for SG&A costs, and there was no information available showing that the Rhodia's SG&A costs included any distribution cost. Consequently, in view of the Commission's discretion in the application of Article 2(10) of the basic Regulation, the Commission's approach adhered to the most recent case-law concerning unsubstantiated claims that amounts for SG&A costs used in the construction of the normal value under Article 2(6a)(a) of the basic Regulation, which are considered by the Commission to be reasonable for the ex-works level of trade, contain transport costs. As explained in recital 133, the Commission chose to compare the export price and the normal value at ex-works level of trade. As explained in recitals 122 to 129, the normal value was established at ex-works level of trade by using costs of production together with amounts for SG&A costs and for profit, which were considered to be reasonable for that level of trade.

(138) Furthermore, Huafon did not provide evidence that the SG&A costs used by the Commission were not already reported at an ex-works level, or that they would lead to an amount for SG&A costs that would not be 'reasonable' at that level of trade, within the meaning of Article 2(6a)(a) of the basic Regulation. Therefore, no adjustments were necessary to net the normal value back to the ex-works level. This claim was therefore rejected.

3.5.2. *Adjustments made to the export price*

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

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

3.6. **Dumping margins**

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

(142) For the cooperating exporting producers outside the sample, the Commission calculated the weighted average dumping margin, in accordance with Article 9(6) of the basic Regulation. Therefore, that margin was established on the basis of the margins of the sampled exporting producers, disregarding the margins of the exporting producers with zero and *de minimis* dumping margins, as well as margins established in the circumstances referred to in Article 18 of the basic Regulation.

([95]) Judgment of 2 October 2024, *CCCME and Others* v *Commission*, T-263/22, ECLI:EU:T:2024:663.
([96]) Judgment of 2 October 2024, *CCCME and Others* v *Commission*, T-263/22, ECLI:EU:T:2024:663, paras. 188 and 189.
([97]) See also Judgment of 18 March 2009, *Shanghai Excell M&E Enterprise Co. Ltd and Shanghai Adeptech Precision Co. Ltd* v *Council of the European Union*, T-299/05, ECLI:EU:T:2009:72, para. 266.

(143) On this basis, the provisional dumping margin of the cooperating exporting producers outside the sample is 32,0 %.

(144) For all other exporting producers in China, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation. To this end, the Commission determined the level of cooperation of the exporting producers. The level of cooperation is determined based on the volume of exports of the cooperating exporting producers to the Union, expressed as proportion of the total imports from the country concerned to the Union in the investigation period, that were established on the basis of data reported in Eurostat.

(145) The level of cooperation in this case is high because the exports of the cooperating exporting producers constituted around 90 % of the total imports during the investigation period. On this basis, the Commission decided to establish the dumping margin for non-cooperating exporting producers at the level of the cooperating sampled company with the highest dumping margin.

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

Company	Provisional dumping margin
Chongqing Huafon Chemical Co., Ltd	28,6 %
Tangshan Zhonghao Chemical Co., Ltd	46,8 %
Other cooperating companies	32,0 %
All other imports originating in the People's Republic of China	46,8 %

4. **INJURY**

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

(147) The like product was manufactured by five companies (with one of them being a group consisting of two separate legal production entities) in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(148) The total Union production during the investigation period was established at 444 153 tonnes. The Commission established the figure on the basis of all the available information concerning the Union industry, more precisely the questionnaire replies of the sampled Union producers as well as the macro questionnaire replies of the other Union producers composing the Union industry. As indicated in recital 13, the two sampled Union producers represented over 60 % of the total Union production and sales of the like product destined for the free market.

4.2. **Determination of the relevant Union market**

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

(150) Adipic acid is used as an intermediate material for the production of various value added downstream products, such as polyester polyols, polyurethanes, Nylon 6.6 and various adhesives, sealants, plasticisers, lubricants …, etc. The Commission found that a substantial part of the sampled Union producers' production was destined for captive use.

(151) The distinction between captive and free market is relevant for the injury analysis because products destined for captive use are not exposed to direct competition from imports as they are sold within the same company or groups of companies on the basis of transfer prices set according to internal price policies thus not directly linked to prices on the free market. By contrast, production destined for free market sale is in direct competition with imports of the product concerned.

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

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

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

4.3. **Union consumption**

(155) The Commission established the Union consumption on the basis of: (a) sales data reported in the questionnaire replies of the sampled Union producers as well as the macro questionnaire replies of the rest of the Union industry; and (b) imports of the product under investigation into the Union from all third countries as reported in Eurostat.

(156) Union consumption developed as follows:

Table 1

Union consumption (in tonnes)

	2021	2022	2023	IP (2024)
Total Union consumption	771 080	601 749	515 366	556 461
Index	*100*	*78*	*67*	*72*
Captive market	371 556	289 055	235 108	266 540
Index	*100*	*78*	*63*	*72*
Free market	*399 524*	*312 694*	*280 258*	*289 922*
Index	*100*	*78*	*70*	*73*

Source: Union producers' questionnaire responses, Eurostat.

(157) The total Union consumption decreased by 33 % between 2021 and 2023 and then increased slightly during the investigation period. Overall, the Union consumption decreased by 28 % during the period considered.

(158) The captive and free market consumption followed the same year to year trends during the period considered, both decreasing during the entire period considered, respectively by 28 % and 27 %.

(159) This decrease in adipic acid consumption is linked to the downward trend experienced in some of the downstream segments, in particular the polyester polyols and polyurethanes products.

4.4. **Imports from the country concerned**

4.4.1. *Volume and market share of the imports from China*

(160) The Commission established the volume of imports on the basis of Eurostat data. The market share of the imports was established by comparing the volume of imports with the Union free market consumption.

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

Table 2

Import quantity (tonnes) and market share

	2021	2022	2023	IP (2024)
Quantity of imports from China (tonnes)	77 321	66 171	94 816	103 075
Index	*100*	*86*	*123*	*133*
Market share on the free market	19,4 %	21,2 %	33,8 %	35,6 %
Index	*100*	*109*	*175*	*184*

Source: Eurostat, questionnaire replies.

(162) Imports from China dropped by 14 % from 2021 to 2022, mainly due to increased transportation costs but then kept on increasing steadily resulting in an overall increase of 33 % during the period considered, reaching 103 075 tonnes in 2024. This increase in volume is even more significant given the decline in consumption in the same period. Consequently, the market share of Chinese imports grew from 19,4 % in 2021 to 35,6 % in 2024, representing an increase by 84 %.

4.5. **Prices of the imports from the country concerned: price undercutting and price suppression**

(163) The Commission established the prices of imports on the basis of Eurostat data. Price undercutting of the imports was established on the basis of verified questionnaire replies of the sampled exporting producers in China.

(164) The weighted average price of imports into the Union from China developed as follows:

Table 3

Import prices (EUR/tonne)

	2021	2022	2023	IP (2024)
Price of imports from China	1 514	1 848	1 251	1 251
Index	*100*	*122*	*83*	*83*

Source: Eurostat.

(165) The average prices of the imports from China increased in 2022, in line with the increase in raw material and ocean freight prices but then dropped significantly below 2021 level for the rest of the period considered. Overall, the prices decreased from 1 514 EUR/tonne in 2021 to 1 251 EUR/tonne during the investigation period, a decrease by 17 % demonstrating the aggressive pricing policy adopted by the Chinese exporting producers. When comparing the prices of Chinese imports with those of the Union industry (as shown in Table 3 and Table 7), it is evident that the import prices from the country concerned were consistently below those of the Union producers, often by a large margin.

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

— the weighted average sales prices of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level, and

— the corresponding weighted average prices of the imports from the sampled cooperating Chinese exporting producers to the first independent customer on the Union market, established on a Cost, insurance, freight (CIF) basis, with appropriate adjustments for customs duties and post-importation costs.

(167) The price comparison was made for transactions at the same level of trade, duly adjusted where necessary, and after deduction of rebates and discounts. The result of the comparison was expressed as a percentage of the sampled Union producers' theoretical turnover during the investigation period. It showed a weighted average undercutting margin of between 12 % and 14 % by the imports from the country concerned on the Union market.

(168) In addition to price undercutting, there was also significant price suppression within the meaning of Article 3(3) of the basic Regulation. Due to the significant price pressure caused by the low-priced dumped imports from the Chinese exporting producers, as from 2023, the Union industry was unable to raise its sales prices in line with the development of costs of production and in order to achieve a reasonable level of profit, as set out in Table 8 below. The significant price suppression is further confirmed by the price underselling found on the basis of the data provided by the sampled exporting producers.

(169) The investigation revealed that the Union industry's prices were suppressed by the low-priced imports originating in the PRC. During the period considered, the Union industry's production costs increased mainly due to rising energy and raw material costs (see recital 191). Meanwhile, imports from China continued to increase significantly in relative terms in 2022 and both in relative and absolute terms afterwards, with prices decreasing after 2022, making it impossible for the Union industry to sell the product at a price that would cover its cost of production, with the exception of 2021 when the Union industry was barely profitable. This price suppression confirmed that the dumped imports from China resulted in a loss of profitability for the Union industry. As noted in recital 191, in 2023, when production costs for the Union industry remained high (38 % above 2021 price level), the Union industry was forced to abruptly lower its sales prices on the free market given the increasing price pressure from Chinese imports. As can be seen in Table 3 and Table 8, as from 2022 onwards Chinese imports entered the Union market at average prices well below the Union industry's cost of production. Adipic acid is a commodity product, meaning that customers switch relatively easily and quickly based on the prices offered by various suppliers. This meant that the Union industry had no other option but to lower its prices to secure some sales volumes.

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

4.6.1. *General remarks*

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

(171) As mentioned in recital 13, sampling was used for the determination of possible injury suffered by the Union industry.

(172) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data of the sampled Union producers and the macro questionnaire replies of the Union industry. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the two sampled Union producers. In order to avoid revealing sensitive data among the two sampled Union producers, the microeconomic indicators are provided in ranges. Both sets of data were found to be representative of the economic situation of the Union industry.

(173) 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.

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

4.6.2. *Macroeconomic indicators*

4.6.2.1. Production, production capacity and capacity utilisation

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

Table 4

Production, production capacity and capacity utilisation

	2021	2022	2023	IP (2024)
Production quantity (tonnes)	698 454	535 885	405 755	444 153
Index	*100*	*77*	*58*	*64*
Production capacity (tonnes)	847 552	744 880	743 469	742 145
Index	*100*	*88*	*88*	*88*
Capacity utilisation	82 %	72 %	55 %	60 %
Index	*100*	*87*	*66*	*73*

Source: Macro questionnaire replies, questionnaire replies of sampled Union producers.

(176) The production volume of the like product showed a clear downward trend following closely the developments of the Union consumption as shown in Table 1. Union production dropped in 2022 by 23 % in line with the contraction in the Union market. The production volume went down further in 2023, reaching an all-time low in output of just over 400 000 tonnes meaning a further 19 percentage point contraction. In the investigation period, the production volumes recovered slightly following closely the trends of the Union consumption. Overall, during the period considered, the production volume of the like product dropped by 36 %, well exceeding the contraction in the Union consumption. As already mentioned in recital 158 both captive and free market consumption followed the same trends.

(177) Production capacity remained stable for all producers, with the exception of one, which reduced its adipic acid production capacity in 2022 by around 100 000 tonnes. As from 2022 until the end of the investigation period, production capacity remained practically unchanged, with just over 740 000 tonnes annually. This also means, that the Union industry is able to cover the entire Union demand, in contrast to claims made by some of the interested parties, as mentioned in recital 7. This claim was therefore rejected.

(178) In line with the figures reported for production and capacity, capacity utilisation also decreased significantly. Capacity utilisation was 82 % in 2021. With the further decrease in production in 2023, the capacity utilisation rate went down to 55 %. The slight increase in production resulted in a 60 % capacity utilisation rate during the investigation period, which is however not viable. It is well accepted market knowledge that capacity utilisation rates below 80 % do not allow sustainable production in the chemical industry and lead to unsustainable increase of unit costs and subsequent losses.

4.6.2.2. Sales quantity and market share

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

Table 5

Free market sales and market share

	2021	2022	2023	IP (2024)
Free market sales volume (tonnes)	308 535	230 449	168 734	169 048
Index	*100*	*75*	*55*	*55*
Market share (%)	77,2	73,7	60,2	58,3
Index	*100*	*95*	*78*	*76*

Source: Macro questionnaire replies, questionnaire replies of sampled Union producers

(180) The Union industry's free market sales volume showed a marked 25 % decrease in 2022, followed by a further contraction in 2023 by 20 percentage points. In the investigation period the sales on the free market remained the same as in 2023. Therefore overall, during the period considered free market sales decreased by a whopping 45 % which is significantly above the 27 % contraction rate in the size of the Union free market (Table 1). The reason for the loss in sales volumes exceeding the market contraction is due to the simultaneous increase of Chinese imports. As it can be seen in Table 2, volumes of Chinese imports managed to grow in a contracting market by 23 % in 2023 (compared to 2021 levels) and then by a further 10 percentage points in the investigation period.

(181) In line with the trends described above, the market share of the Union industry on the free Union market decreased drastically during the period considered, dropping continuously from 77,2 % in 2021 to 58,3 % in the investigation period, which corresponds to a loss of almost 19 percentage points. At the same time, as seen in Table 2, the Chinese imports increased their market share from 19,4 % in 2021 to 35,6 % in the investigation period, i.e. presenting an 84 % growth to the detriment of the Union industry.

(182) The Union industry's captive volume and market share on the Union market developed over the period considered as follows:

Table 6

Captive volume and market share

	2021	2022	2023	IP (2024)
Captive Union market volume (tonnes)	371 556	289 055	235 108	266 540
Index	*100*	*78*	*63*	*72*
Total production of the Union industry (tonnes)	698 454	535 885	405 755	444 153
Index	*100*	*77*	*58*	*64*
Share of captive market over the total Union production	53 %	54 %	58 %	60 %
Index	*100*	*102*	*109*	*113*

Source: Macro questionnaire replies, questionnaire replies of sampled Union producers.

(183) The captive Union market volume (composed of adipic acid kept by the Union industry for downstream use) decreased by 28 % during the period considered in line with the decrease of the overall (total) adipic acid Union consumption (Table 1). This decrease was however less significant than the 45 % drop in the free sales volume experienced in the same period (Table 5). Given that the production volumes had to decrease following the decline in overall consumption, the share of the captive market over the total Union production increased by 13 %, reaching 60 % in the investigation period.

4.6.2.3. Growth

(184) The relevant indicators of the Union industry, such as production, sales volume and market share, all show a clear decreasing trend during the period considered demonstrating that the Union industry was not able to grow, either in absolute terms or in relation to the Union consumption. The consumption shrank, while at the same time, dumped imports from China increased significantly both in volume and, even more, in market share.

4.6.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2021	2022	2023	IP (2024)
Number of employees (FTE)	1 175	1 173	1 134	1 114
Index	*100*	*100*	*96*	*95*
Productivity (tonnes/FTE)	594	457	358	399
Index	*100*	*77*	*60*	*67*

Source: Macro questionnaire replies, questionnaire replies of sampled Union producers.

(186) The number of employees (full time equivalent, FTE) remained relatively stable during the period considered with a slight decrease in 2023 and in the investigation period, resulting in an overall 5 % reduction.

(187) In view of the drastic decrease in production over the period considered, productivity of the Union industry's workforce measured in tonnes produced per year per FTE employee deteriorated significantly from 2021 to 2023 by 40 %. Given the slight increase in production by 6 percentage points during the investigation period, the productivity also slightly increased but was still 33 % below the 2021 level during the investigation period.

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

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

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

4.6.3. *Microeconomic indicators*

4.6.3.1. Prices and factors affecting prices

(190) The weighted average unit sales prices of the sampled Union producers in the Union free and captive markets developed over the period considered as follows:

Table 8

Sales prices in the Union

	2021	2022	2023	IP (2024)
Average unit sales price in the Union free market (EUR/ tonne)	[1 400 – 1 700]	[2 200 – 2 500]	[1 550 – 1 850]	[1 500 – 1 800]
Index	*100*	*150*	*102*	*97*
Average transfer price on the captive market (EUR/tonne)	[1 400 – 1 700]	[2 300 – 2 600]	[2 000 – 2 300]	[1 600 – 1 900]
Index	*100*	*159*	*141*	*112*
Unit cost of production (EUR/tonne)	1 400 – 1 700]	[2 100 – 2 400]	[1 900 – 2 000]	[1 700 – 2 000]
Index	*100*	*154*	*138*	*118*

Source: Questionnaire replies of sampled Union producers.

(191) The sales prices on the free market increased markedly in 2022 due to the hike in raw material and energy prices which pushed up production costs by a similar magnitude, that is by 54 %. In 2023 however, even though the unit production costs remained high (38 % above 2021 price level) mainly due to the drop in production volume, the Union industry was forced to lower its sales prices on the free market given the increasing price pressure from Chinese imports. As it can be seen in Table 3, as from 2022 onwards, Chinese imports entered the Union market at average prices well below the Union industry's cost of production. Adipic acid is a commodity product, meaning that customers switch relatively easily and quickly based on the prices offered by various suppliers. This meant that the Union industry had no other option but to lower its prices to secure some sales volumes.

(192) During the investigation period, the unit cost of production decreased compared to 2023 by 20 percentage points due to the increase of the production volume and the successful adjustments made by the Union industry in optimising their energy consumption. Nevertheless, it remained still markedly above 2021 levels (+ 18 %) given the overall low level of production. The price pressure exerted by the Chinese imports, however, continued and imports arrived in increasing volumes and at dumped prices as can be seen in Tables 3 and 4 and as explained in recitals 162 and 165. The Union industry was therefore forced to further reduce its prices on the free market despite its precarious situation and was still not able to cover its cost of production.

(193) Sales on the captive market were made at transfer prices and were not in direct competition with Chinese (or any other) imports. In accordance with general transfer pricing requirements, the average captive prices followed the trends of the cost of production. The average captive prices also remained above the sales prices on the free market during the entire period considered, with the exception of 2021 when they were at the same level.

4.6.3.2. Labour costs

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

Table 9

Average labour costs per employee

	2021	2022	2023	IP (2024)
Average labour costs per FTE employee (EUR)	[80 000 – 85 000]	[82 000 – 87 000]	[84 000 – 89 000]	[84 000 – 89 000]
Index	*100*	*102*	*105*	*104*

Source: Questionnaire replies of sampled Union producers.

(195) During the period considered average labour costs increased moderately from year to year, below average inflation rates reported in Germany ([98]), the country where both sampled producers are located, demonstrating that the Union industry was trying to push down its costs as much as possible.

4.6.3.3. Inventories

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

Table 10

Stocks

	2021	2022	2023	IP (2024)
Closing stock (tonne)	[5 000 – 7 000]	[10 000 – 12 000]	[4 000 – 6 000]	[7 000 – 9 000]
Index	*100*	*197*	*81*	*124*
Closing stock as a percentage of production	2,8 %	6,9 %	3,9 %	4,3 %
Index	*100*	*244*	*138*	*152*

Source: Questionnaire replies of sampled Union producers.

(197) Adipic acid may not be stored for long time without caking. As the storage capacity is limited, the level of stocks was kept at a relatively low level by the Union industry throughout the period considered. However, due to the sudden drop in consumption in 2022, stock levels increased sharply in that year, by 144 %. To avoid a further increase in inventory, the Union industry had to reduce its production in 2022 and even more in 2023 to bring the stock to an acceptable level.

([98]) DESTATIS – Statistisches Bundesamt: https://www.destatis.de/EN/Press/2025/01/PE25_020_611.html?templateQueryString=average+annual+inflation+rate+2021+to+2024+in+germany+.

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

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

Table 11

Profitability, cash flow, investments and return on investments

	2021	2022	2023	IP (2024)
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[2 % - 4 %]	[0 % - 2 %]	[– 30 % - – 25 %]	[– 15 % - – 10 %]
Index	*100*	*21*	*– 945*	*– 442*
Cash flow (EUR)	[20 million - 25 million]	[10 million - 15 million]	[– 20 million - – 15 million]	[– 20 million - – 15 million]
Index	*100*	*56*	*– 81*	*– 80*
Investments (EUR)	[3 million - 6 million]	[2 million - 5 million]	[2 million - 5 million]	[2 million - 5 million]
Index	*100*	*91*	*91*	*91*
Return on investments	[5 % - 10 %]	[– 5 % - 0 %]	[– 85 % - – 80 %]	[– 65 % - – 60 %]
Index	*100*	*– 42*	*– 1 059*	*– 800*

Source: Questionnaire replies of sampled Union producers.

(199) 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. In 2021, the Union industry was still able to realise modest profits even though the Chinese products were already present on the market. However, they were at a similar price level to that of the Union industry. In 2022 the Union industry's profitability decreased, mainly due to the costs increases, but the Union industry still managed to stay at around break-even, since the Union market was somewhat shielded from the impact of Chinese imports which declined in volume and increased in price due to the very significant increase in ocean freight costs experienced during the energy crisis of 2022. In the following years however the situation changed drastically. Chinese imports entered the Union market at very low, dumped prices and in growing volumes. The Union industry was forced to further decrease its production and sales price due to the aggressive price pressure exerted by the Chinese imports. Consequently, its profitability deteriorated drastically. The profitability of the Union industry plummeted to record low levels in 2023 and even though it managed to recover slightly during the investigation period, it remained seriously loss making.

(200) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow developed in a similar manner, it decreased continuously and drastically during the period considered. From a relatively healthy start in 2021 it turned negative in 2023 and has not recovered since.

(201) Given the tendencies described above, the Union industry was not able to engage in important investments to finance substantial improvements or upgrades. Rather, it kept the level of investment at the minimum required to ensure the necessary repairs and maintenance. As a result, investments were kept on a low but relatively stable level with a slight decrease of 9 % during the period considered.

(202) The return on investments is the profit in percentage of the net book value of investments. In line with the developments described above, return on investments deteriorated together with the profits and from a relatively solid start in 2021 it took a sharp downward trend in 2022 and remained negative during the investigation period.

(203) The sampled Union producers' ability to raise capital was severely affected by the deterioration of their economic and financial performance as from the second half of the period considered and by the uncertain market outlook.

4.7. **Conclusion on injury**

(204) As can be seen in Table 2, the volume of imports from China increased by 33 % between 2021 and the investigation period, while the Union free market consumption contracted by 27 %. The market share of Chinese imports increased by 84 % (from 19,4 % in 2021 to 35,6 % during the investigation period) to the detriment of the Union industry. As seen in Table 3, the prices of Chinese imports decreased by 17 % during the period considered, despite the overall opposite trends in raw material and energy prices. More specifically, from 2023 onwards, Chinese exporting producers adopted an extremely aggressive pricing policy heavily undercutting the Union industry prices.

(205) All injury indicators of the Union industry showed a deteriorating or stagnating trend during the period considered. In particular, as seen in Table 4, the production volume decreased considerably, by 36 % exceeding the contraction in the Union market, pushing up unit production costs. Capacity utilisation rates in 2023 and the investigation period were at or below 60 %, which is untenably low for this type of industry. The sales volumes on the free market decreased by 45 % (Table 5) which surpasses significantly the 27 % contraction in consumption observed in the same period on the free market (Table 1). This translated for the Union industry into a loss of its free market share from 77 % in 2021 to 58 % during the investigation period (Table 5). Given the continuous and even increasing price pressure exerted by the Chinese imports, the Union industry was not able to increase its prices to cover its costs and became heavily loss making as from 2023 onwards (Table 11).

(206) In summary, the Union industry experienced a simultaneous deterioration of both its macro and micro indicators, while Chinese imports exerted a significant pressure on the Union industry both in terms of volume and prices.

(207) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation. As a consequence, the claim of interested parties on lack of injury as described in recital 10 was rejected.

5. **CAUSATION**

(208) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from the country concerned caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could at the same time have injured the Union industry. The Commission ensured that any possible injury caused by factors other than the dumped imports from the country concerned was not attributed to the dumped imports. These factors are: contraction in demand; imports from other countries; the export performance of the Union industry; captive use and cost increases in raw material and energy prices.

5.1. **Effects of the dumped imports**

(209) The deterioration of the economic situation of the Union industry coincided with a significant and increasing market penetration of increased imports from China, which consistently undercut the Union industry's prices and, in any event, led to price suppression. In this respect, the evolution of import volumes and prices suppressed price levels of the Union industry, establishing a causal nexus between the two.

(210) As described in recital 162 and shown in Table 2, the volume and market share of Chinese imports increased considerably during the period considered by 33 % and 84 % respectively. During the same period, as set out in recitals 180 and 181, the Union industry lost 45 % of its sales volume on the free market and its market share declined by 19 % percentage points.

(211) Moreover, as shown in Section 4.5, Chinese imports were consistently undercutting the Union industry prices throughout the period considered and especially from 2023 onwards, leading to a rapid deterioration of the financial situation of the Union industry. In 2023, after the slight halt in 2022 due to higher ocean freight prices, Chinese imports regained sales volumes and suppressed the price level on the Union market coinciding with a severe deterioration of the Union industry's profitability. As from 2023 until the end of the investigation period, the Union industry was not able to maintain its prices at a profit-making level due to the surge in Chinese imports at dumped prices and became heavily loss-making (Table 11).

(212) Therefore, the Commission concluded that the significant increase in market share of dumped imports from China at prices that were undercutting the Union prices, caused material injury to the Union industry.

5.2. **Effects of other factors**

5.2.1. *Imports from third countries*

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

Table 12

Imports from third countries

Country		2021	2022	2023	IP (2024)
USA	Quantity (tonne)	10 569	9 425	14 192	15 624
	Index	*100*	*89*	*134*	*148*
	Market share	2,6 %	3,0 %	5,1 %	5,4 %
	Average price (EUR/tonne)	1 374	2 039	1 944	1 794
	Index	*100*	*148*	*142*	*131*
Total of all third countries except the country concerned	Quantity (tonne)	13 668	16 074	16 708	17 799
	Index	*100*	*118*	*122*	*130*
	Market share	3,4 %	5,1 %	6,0 %	6,1 %
	Average price (EUR/tonne)	1 392	2 084	1 932	1 780
	Index	*100*	*150*	*139*	*128*

Source: Eurostat.

(214) Import volumes of adipic acid from the rest of the world remained modest throughout the period considered, below 18 000 tonnes annually representing at most 6 % of the Union market share. Imports originating from the USA were the biggest by far.

(215) What is also evident from the import statistics in Table 12, is that these modest volumes were entering the Union market at prices not only above the prices of their Chinese competitors but also above those of the Union industry.

(216) Therefore, the Commission provisionally concluded that given their low volume and high price level, these third country imports could not be the cause of the material injury suffered by the Union industry.

5.2.2. *Export performance of the Union industry*

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

Table 13

Export performance of the Union producers

	2021	2022	2023	IP (2024)
Total exports to unrelated customers volume (tonne)	28 494	27 448	10 084	13 612
Index	*100*	*96*	*35*	*48*
Average price (EUR/tonne)	[1 600 – 1 800]	[2 300 – 2 500]	[1 550 – 1 750]	[1 500 – 1 700]
Index	*100*	*143*	*98*	*95*

Source: Questionnaire reply of sampled Union producers.

(218) During the period considered, export volumes represented less than 10 % of the free market sales of the Union industry. In fact, in 2023 and in the investigation period, when injury was most pronounced, exports represented only around 2 % of free market sales. At the same time, the average price level of these exports was consistently above the price level on the Union free market, however, as from 2023 it was below the cost of production. In other words, even though the export sales were not always profitable, given that export prices were still higher than prices on the Union market, these export sales mitigated the situation of the Union producers, rather than aggravating it.

(219) Therefore, in view of the above considerations, and in particular given the low volumes of export sales, the Commission provisionally concluded that the export performance of the Union industry did not attenuate the causal link between the dumped imports from the country concerned and the material injury found.

5.2.3. *Cost increases in raw materials and energy prices*

(220) Two users, Purinova and Allnex stated that the hardships encountered by the complainants stemmed from the rising cost of production and the decrease of profitability on the downstream market, and not from the increased inflow of adipic acid from China.

(221) The increase in raw material and energy prices contributed to the increase of cost of production of the Union industry, in particular in 2022, during the energy crisis. However, when energy prices and raw material prices (Benzene and Ammonia) were the highest, in 2022, the volume of Chinese imports dropped by 14 % together with an increase in their sales prices by 22 % (Tables 2 and 3). Therefore, the Union industry was able to increase its sales prices to absorb its rising unit cost of production as it is done by economic operators under normal market conditions. However, starting from 2023, while energy prices had started to decrease, Chinese imports surged again at heavily suppressed prices so that the Union industry was forced to lower its selling prices below its cost of production in order to secure some sales volumes and remain a player on the market. This is also the time when its situation deteriorated markedly and injury became evident.

(222) Therefore, the Commission provisionally concluded that it was not the increase in raw material and energy prices that caused injury to the Union industry.

5.2.4. *Consumption*

(223) Purinova claimed that the decline in revenues and profits over the last few years is the result of a significant decrease in demand for adipic acid.

5.2.4.1. Contraction in demand

(224) As noted in recital 157 the Union free market contracted during the period considered by 27 %. Regardless of this contraction, in the same period, the volume of Chinese imports increased by 33 %, which translated into a growth in their market share from 19,4 % in 2021 to 35,6 % in the investigation period. This happened to the detriment of the Union industry, which during the same period, lost 45 % of its free market sales volumes so that its market share declined from 77,2 % to 58,3 %. When looking at the absolute figures, a decline in the Union industry sales volumes on the free market proportionate to the consumption decline in the same market would have been around 110 000 tonnes (Table 1), whereas instead, due to the effect of the Chinese imports, it amounted to 140 000 tonnes.

(225) Furthermore, although consumption decreased already significantly in 2022, the Union industry was still profitable. The further slight decrease observed in the period between 2022 and the IP cannot, itself, explain the significant deterioration of the situation of the Union industry.

(226) Therefore, the contraction in demand in the market did not attenuate the causal link between the dumped Chinese imports and the injury suffered by the Union industry.

5.2.4.2. Captive use

(227) As can be seen in Table 6 and concluded in recital 183, the captive market contracted in the same manner as the free market, given that it was driven by the same market forces of the downstream products. Therefore, it is important to note that even though captive use declined in volume, which affected negatively production volumes and unit cost of production, this rate of decline was not sharper than the decline on the free market.

(228) Moreover, as it can be seen in Table 8 and is explained in recital 193, the sales prices of captive use were based on transfer pricing and thus were following the developments in the cost of production and were consistently kept above the level of free market prices.

(229) Therefore, even if the decline in the volume of captive use could have had a negative impact on the Union industry's economic situation, the Commission provisionally concluded that the developments in the captive use did not attenuate the causal link between the dumped imports and the injury.

(230) Based on the above, the Commission rejected the claim that injury was solely due to the decline in consumption be it captive or on the free market.

5.3. **Conclusion on causation**

(231) A strong causal link was established between the dumped imports from the country concerned on one hand and the injury suffered by the Union industry on the other hand. There was a coincidence in time between the increase in volume and market share of the dumped imports and the deterioration of the Union industry's performance, visible in particular as from 2023 onwards. In a contracting market, the increased volumes of dumped imports entering on prices undercutting the Union industry's prices created a heavily price supressed environment and eroded the ability of the Union industry to set prices that would cover its cost of production. From this moment on, the Union industry lost its profitability and continued to be loss making until the end of the period considered.

(232) The Commission distinguished and separated the effects of all known factors which were capable of affecting the situation of the Union industry from the injurious effects of the dumped imports: such as imports from other countries; export performance of the Union industry; cost increases; contraction in demand and captive use. The effect of these factors on the Union industry's negative developments in terms of production, free market sales volume, sales prices and profitability were only limited, if any.

(233) On the basis of the above, the Commission concluded at this stage that the dumped imports from the country concerned caused material injury to the Union industry and that the other factors, considered individually or collectively, did not attenuate the causal link between the dumped imports and the material injury. The injury consists of reduced market share, production, production capacity utilisation, productivity, profitability, cash flow, investments and return on investments. Furthermore, as explained in recitals 205 and 206, the Union industry suffered price suppression caused by imports from the country concerned.

6. **LEVEL OF MEASURES**

(234) In the present case, the complainants claimed the existence of raw material distortions within the meaning of Article 7(2a) of the basic Regulation.

(235) Thus, in order to conduct the assessment on the appropriate level of measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry in the absence of distortions under Article 7(2a) of the basic Regulation.

(236) Then it examined whether the dumping margin of the sampled exporting producers would be higher than their injury margin.

6.1. **Underselling margin**

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

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

(239) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition. During the period considered the Union industry was heavily loss making with the exception of 2021 and 2022 when it managed to realise a very modest profit margin or stay at breakeven respectively. Furthermore, for the years prior to the period considered, precise or appropriate levels of profitability could not be identified. In the complaint, the Union industry proposed as target profit the average profit rate obtained by one of the Union producers based on a sales contract with one of its customers. Given that this result was based on only one of the Union producers and limited to the contractual arrangements with one customer, the Commission considered that it cannot be representative of the profit the Union industry could achieve in the absence of dumped imports. The Commission therefore established the target profit to determine the non-injurious price at 6 %, in accordance with Article 7(2c) of the basic Regulation.

(240) The Union Industry provided evidence that its level of investments, research and development and innovation during the period considered would have been higher under normal conditions of competition. The Commission verified this information during the on-spot verification by checking the company's internal records related to investment plans and management decisions. The claims of the EU Industry were found to be warranted. To reflect this in the target profit, the Commission calculated the difference between investments, R & D and innovation ('IRI') expenses under normal conditions of competition as provided by the EU Industry and verified by the Commission with actual IRI expenses over the period considered. Such difference, expressed as a percentage of turnover, was less than 1 % for one of the sampled Union producers and between 1 %–2 % for the other one.

(241) This percentage was added to the basic profit of 6 % mentioned in recital 239, leading to a target profit of 6 %–8 %.

(242) On this basis, the non-injurious price is between [1 750 – 1 950 EUR/tonne], resulting from applying the above-mentioned profit margin of 6 %-8 % to the cost of production of the sampled Union producers during the investigation period.

(243) As no substantiated claims were made pursuant to Article 7(2d) concerning current or future costs which result from multilateral environmental agreements and protocols thereunder or from the listed ILO Conventions, no further costs were added to the non-injurious price thus established.

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

(245) The underselling margin for 'other cooperating companies' and for 'all other imports originating in the People's Republic of China' is defined in the same manner as the dumping margin for these companies and imports.

Company	Dumping margin (%)	Underselling margin (%)
Chongqing Huafon Chemical Co., Ltd	28,6	47,1
Tangshan Zhonghao Chemical Co., Ltd	46,8	48,7
Other cooperating companies	32,0	47,4
All other imports originating in the People's Republic of China	46,8	48,7

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

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

(247) However, as the margins adequate to remove injury were higher than the dumping margins, the Commission considered that, at this stage, it was not necessary to address this aspect. Following the above assessment the Commission concluded that it is appropriate to determine the amount of provisional duties in accordance with Article 7(2) of the basic Regulation.

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

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

Company	Provisional anti-dumping duty
Chongqing Huafon Chemical Co., Ltd	28,6 %
Tangshan Zhonghao Chemical Co., Ltd	46,8 %
Other cooperating companies	32,0 %
All other imports originating in the People's Republic of China	46,8 %

7. UNION INTEREST

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

7.1. Interest of the Union industry

(250) During the period considered, there were four known producers of adipic acid across the Union (with one of them having two separate production plants). The complainants, composed of two producers covered over 60 % of the free market sales on the Union market. All Union producers cooperated with the investigation. The two Union producers, who were not the complainants, did not oppose the investigation.

(251) The investigation showed that the Union industry suffered material injury caused by the dumped imports from the country concerned. During the period considered, the Union industry lost sales volumes and market share to the dumped Chinese imports. These imports significantly undercut the Union industry's prices and exerted a strong price suppression, which in turn eroded the profitability of the Union industry as from 2023 and during the investigation period as elaborated in Section 5.

(252) The imposition of measures would likely lead to the normalisation of price levels on the Union market. This would enable the Union industry to regain sales and market share and thus recover its production volumes and obtain healthy capacity utilisation rates, thereby decreasing its unit costs. The Union industry would also be able to sell at prices covering its costs and therefore recover from the injurious dumping.

(253) In the absence of measures however, given the very aggressive pricing behaviour of the Chinese exporting producers and the huge spare capacities available in China, dumped imports would, in all likelihood, surge further on the Union market. Given the magnitude of injury already suffered, this would not only hamper the recovery of the Union industry but would render its situation outright untenable. As a result, without the measures, the survival of the Union industry could not be guaranteed and in all likelihood, it would be forced to cease operation in the foreseeable future.

(254) It is therefore concluded that imposing measures on imports of adipic acid originating in China would be in the interest of the Union industry.

7.2. Interest of unrelated importers and traders

(255) One unrelated importer, LCM, agreed to cooperate and submitted a questionnaire reply. No comments or submissions were received from any other importer or trader.

(256) LCM is a well-established trader of industrial chemical products with a stable customer basis predominantly located in Italy. During the investigation period sales of adipic acid corresponded to between 30 % and 40 % of its total turnover. In the same period, the volume of adipic acid imported by LCM from China represented between 7 % and 9 % of the total imports from China. Therefore, also considering the level of cooperation by users, the level of cooperation from the importers is considered medium.

(257) LCM opposed the imposition of measures mainly for fear that it will hurt its customers, the users of adipic acid mostly producing coating resins and polyester polyols. LCM expressed concern that the price increase of adipic acid resulting from the duties will place its customers in an unfavourable position compared to integrated Chinese manufacturers providing the same products but obtaining adipic acid at lower prices from Chinese producers. LCM also contested that Chinese exporters were selling at dumped prices. In this respect, LCM considered that based on its knowledge, the prices paid by users for adipic acid originating in China and in the EU were the same if one considers customs duties (6,5 %) and customs clearance costs, transportation costs, handling and repackaging costs or additional costs due to 'massaging' or 'crushing' required for caked adipic acid that had spent months in transportation as well as the trader's margin. After all these adjustments, LCM considered that the prices of the product concerned and the like product did not differ significantly. A similar claim was also made by one of the users, Allnex.

(258) As regards the question of dumping, as explained in Section 3.6, the investigation found that all imports from China were sold at dumped prices. Concerning the price comparison as explained in recital 166 it was carried out based on the landed Chinese import price i.e. including all necessary adjustments and post importation costs. The undercutting margins thus found were significant, meaning that the Chinese imports were priced significantly lower than the like product offered by the Union industry. Furthermore, the Commission also provisionally concluded on the existence of price suppression as explained in recital 199.

(259) Concerning the effect of the duties on the prices and the potential loss of customers for the importer, the aim of the measures is not to close up the market from Chinese imports altogether instead, their aim is to restore normal market conditions and a level playing field for all parties concerned. In this respect, given the significant spare capacities, it is expected that imports from China would continue and the importer should be able to pass on the cost increases to most of its customers. Moreover, alternative sources both within and outside the Union remain a possibility too.

(260) Finally, as regards the impact of duties on the downstream market, this concern has also been echoed by a number of users in their questionnaire replies and/or submissions. This point is addressed in detail in Section 7.3 below.

(261) Based on above, the Commission provisionally concluded that the impact on importers would be limited and, in any event, any negative consequence for importers in the Union stemming from measures cannot outweigh the positive consequences of the latter on the Union industry.

7.3. **Interest of users, consumers or suppliers**

(262) Numerous users of the product under investigation came forward during the investigation. Twelve of them provided a questionnaire reply. The combined import volume of the twelve users represented approximately 28 % of volume of imports from the country concerned during the investigation period and roughly 32 % of the Union free consumption. Some of the questionnaire replies however were very deficient with essential information missing and/or lacking an open version available for inspection by interested parties and therefore could not be taken into account for the detailed assessment on the impact of the measures.

(263) Altogether seven questionnaire responses were detailed and complete enough to carry out a detailed assessment on the impact of the measures (Allnex, BorsodChem, COIM, Elachem, Envalior, Kurita and Purinova), representing approximately 91 % of the import volume of the product concerned from the cooperating users and producing a wide range of intermediate chemicals. The Commission therefore considered this group to be representative of the situation of cooperating users. Three of these users, Allnex, COIM and Purinova provided a written submission.

(264) The main concern expressed by the users against the imposition of measures was the likely impact that the price increase of adipic acid would have on their precarious situation on the market of the downstream products. Users of adipic acid mainly produce various intermediary chemicals in particular polyester polyols or other final chemicals such as polyurethane resins and foams, Nylon 6.6, various adhesives, sealants, plasticisers and lubricants that are then further used by a great variety of sectors including textile, furniture, construction, automotive and footwear.

(265) Numerous users either in their questionnaire responses (Elachem, Reagens, Stepan and Valtris) or in specific submissions (Allnex, COIM and Purinova) claimed that duties on adipic acid would undermine their competitiveness as producers of downstream products against their third country competitors, particularly those located in China and Türkiye who will be able to obtain the product under investigation without similar price increase. Moreover, some of the users stated that they are in fact competitors of the Union industry on the downstream markets, which therefore could gain unfair advantage by the imposition of duties. In this respect,

Purinova also added that following a recent anti-dumping investigation ([99]), the price of another raw material, namely alkyl phosphate esters, used by polyester polyol producers and produced by the same Union industry, has already increased. Allnex also mentioned a previous investigation on epoxy resins ([100]) and claimed that following the imposition of duties prices of epoxy resins rose sharply despite the decrease in the cost of a raw material, putting users in a difficult situation. Finally, Elachem and Purinova argued that in case measures are nevertheless imposed it is necessary to extend the scope of the proceeding to cover also imports of downstream products that contain more than 15 % of the product concerned in order to adequately safeguard the interests of the Union and in particular the producers of downstream products.

(266) These claims were rejected as it is not possible to extend the scope of the investigation and that of the ensuing duties in the course of the investigation. The product under investigation was clearly specified in the Notice of Initiation and all interested parties i.e. the Union industry, exporting producers, unrelated importers and users were defined accordingly. Consequently, all determinations regarding dumping, injury and causation refer solely to the product under investigation. Similarly, trends regarding other products (such as epoxy resins or alkyl phosphate esters and their raw materials) that were subject to other anti-dumping investigations cannot be analysed in the course of this proceeding.

(267) Regarding the situation on the downstream market, the analysis of the users' questionnaires concluded that users on average are profitable and would remain so even with the highest level of duties. Therefore, the Commission concluded that most users should be able to absorb the price increases.

(268) Finally, as regards the allegation that the duties would grant undue competitive advantage to the Union industry versus the users on the downstream products, firstly it is recalled that the duties will only restore the unfair and unsustainable conditions created by dumping by the Chinese exporting producers. Moreover, as concluded in recital 178, one of the biggest concerns of the Union industry is the low capacity utilisation rate under which it was forced to operate as from 2023 due to the loss of sales and market share to dumped Chinese imports. Following the normalisation of the price level on the Union market, it is expected that the Union industry will be able to regain some of the lost sales and production quantities and thus achieve lower unit cost of production. Together with the alternative sources of supply, including those of Chinese origin, users will have stable supply on economically viable prices for all. The alternative scenario without the duties and the disappearance of the Union industry is much more harmful for the users than the expected price increase of the product under investigation.

(269) In conclusion, the Commission found that the measures are necessary for the Union industry to recover sales and return to profitability. The importing users would face an increase of costs when sourcing adipic acid from China and it would cause a certain decline in their profitability varying according to their product portfolio, however, broadly they would remain profitable. The restoration of healthy competition and a level playing field would ensure that users will have multiple sources available both within and outside of the Union. On the other hand, the non-imposition of measures would result in full dependence on Chinese imports, which would place all users and various downstream industries into a vulnerable position.

7.4. **Conclusion on Union interest**

(270) On the basis of above, the Commission provisionally concluded that there were no compelling reasons demonstrating that it was not in the Union interest to impose measures on imports of adipic acid originating in China.

([99]) Commission Implementing Regulation (EU) 2024/2415 of 12 September 2024 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of certain alkyl phosphate esters originating in the People's Republic of China (OJ L, 2024/2415, 13.9.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/2415/oj).

([100]) Commission Implementing Regulation (EU) 2025/393 of 26 February 2025 imposing a provisional anti-dumping duty on imports of epoxy resins originating in the People's Republic of China, Taiwan, and Thailand (OJ L, 2025/393, 27.2.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/393/oj).

8. PROVISIONAL ANTI-DUMPING MEASURES

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

(272) Provisional anti-dumping measures should be imposed on imports of adipic acid originating in China, in accordance Article 7(2a) of the basic Regulation. The Commission concluded in recital 248 that the appropriate level to remove injury should be the dumping margin.

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

Company	Provisional anti-dumping duty
Chongqing Huafon Chemical Co., Ltd	28,6 %
Tangshan Zhonghao Chemical Co., Ltd	46,8 %
Other cooperating companies	32,0 %
All other imports originating in the People's Republic of China	46,8 %

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

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

(276) 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.

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

9. **REGISTRATION**

(278) As mentioned in recital 3, the Commission made imports of the product concerned subject to registration. Registration took place with a view to possibly collecting duties retroactively under Article 10(4) of the basic Regulation.

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

(280) No decision on a possible retroactive application of anti-dumping measures has been taken at this stage of the proceeding.

10. **INFORMATION AT PROVISIONAL STAGE**

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

(282) Comments were received from Zhonghao and Huafon, who both noted a clerical error with regard to the calculation of the normal value. In addition, the Commission noted a calculation error in the calculation of the benchmark for steam. The Commission recalculated the dumping margins accordingly.

(283) One other comment from Zhonghao concerned the methodology used for the calculation of the benchmark for water and will therefore be addressed, where appropriate, at the definitive stage of the investigation.

11. **FINAL PROVISIONS**

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

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

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is imposed on imports of adipic acid, currently falling under CN code 2917 12 00 (TARIC code 2917 12 00 10) and originating in the People's Republic of China.

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

Company	Provisional anti-dumping duty	TARIC additional code
Chongqing Huafon Chemical Co., Ltd	28,6 %	89ZW
Tangshan Zhonghao Chemical Co., Ltd	46,8 %	89ZX
Other cooperating companies listed in Annex	32,0 %	See Annex
All other imports originating in the People's Republic of China	46,8 %	8999

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

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

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

Article 2

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

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

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

Article 3

1. Customs authorities are hereby directed to discontinue the registration of imports established in accordance with Article 1 of Implementing Regulation (EU) 2025/1041.

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

Article 4

This Regulation shall enter into force on the first 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 November 2025.

For the Commission
The President
Ursula VON DER LEYEN

ANNEX

COOPERATING EXPORTING PRODUCERS NOT SAMPLED

Name	TARIC additional code
China Pingmei Shenma Energy Chemical Group International Trading Co., Ltd.	89ZY
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	8Z00
Shandong Hualu-Hengsheng Chemical Co.,Ltd.	8Z01