COMMISSION IMPLEMENTING REGULATION (EU) 2025/2314

of 17 November 2025

imposing a provisional anti-dumping duty on imports of phosphorous 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 19 March 2025, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of phosphorous acid originating in the People's Republic of China ('PRC' or 'the country concerned') on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ([2]) ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 3 February 2025 by ICL Europe Coöperatief U.A. ('the complainant'). The complaint was made by on behalf of the Union industry of phosphorous 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) 2025/1334 ([3]) ('the registration Regulation').

1.3. Interested parties

(4) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainant, other known Union producers, the known exporting producers and the People's Republic of China authorities, known importers and users about the initiation of the investigation and invited them to participate.

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

1.4. Sampling

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

([1]) OJ L 176, 30.6.2016, p. 21, ELI: http://data.europa.eu/eli/reg/2016/1036/oj.
([2]) OJ C, C/2025/1687, 19.3.2025, ELI: http://data.europa.eu/eli/C/2025/1687/oj.
([3]) Commission Implementing Regulation (EU) 2025/1334 of 10 July 2025 making imports of phosphorous acid originating in the People's Republic of China subject to registration (OJ L, 2025/1334, 11.7.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/1334/oj).

1.4.1. *No sampling of Union producers*

(7) As mentioned in the Notice of Initiation, the Commission made available questionnaires to the only two known Union producers, namely to the complainant and Italmatch Chemicals SPA. Sampling of Union producers was not considered necessary.

1.4.2. *Sampling of unrelated importers*

(8) 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.

(9) No unrelated importers provided the requested information or agreed to be included in the sample. The Commission therefore did not select any sample of importers.

1.4.3. *Sampling of exporting producers*

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

(11) Five companies in the country concerned provided the requested information and agreed to be included in the sample:

(a) Hebei Jia'ao Glycerin Chemicals Co., Ltd. ('Hebei Jia'ao');

(b) Jiyuan Qingyuan Water Treatment Co., Ltd ('JQWT');

(c) Linyi Chunming Chemical Co., Ltd. ('Linyi Chunming');

(d) Yichang Chengkai Chemical Technology Co., Ltd ('YCCT');

(e) Zibo Tiandan Chemical Co., Ltd. ('Zibo Tiandan').

1.4.3.1. Article 18 letters

(12) With their sampling replies, Linyi Chunming and Zibo Tiandan informed the Commission that, in addition to their own product, they exported to the Union phosphorous acid manufactured by other unrelated producers. The companies claimed that they were not able to distinguish in their records own and purchased product.

(13) On that basis, the Commission considered that the companies had not provided necessary information concerning the export sales to the Union of phosphorous acid manufactured by the companies in its sampling reply within the deadline. On 14 April 2025, the Commission informed the companies of its intention to apply Article 18 of the basic Regulation, and thus base the findings in respect of normal value, export price and dumping margin on facts available. The companies were given the opportunity to provide comments.

(14) In response to the Article 18 letters, Linyi Chunming and Zibo Tiandan provided clarifications showing that the companies were, contrary to their earlier claims, able to track the origin (production or purchase) of phosphorous acid sold to the Union. Those clarifications were, at that stage, sufficiently supported by evidence. In case of Linyi Chunming, this exercise led to a reduction of its export sales to the Union of phosphorous acid manufactured by the company by approximately one third.

(15) Consequently, the Commission decided not to apply the provisions of Article 18(1) of the basic Regulation and included the two companies in its considerations when selecting the provisional sample of exporting producers.

(16) In addition, Hebei Jia'ao revised without proper justification its sampling reply reducing the quantity of sales to the Union to one third of the quantity originally reported. The Commission requested the company to provide additional information proving the accuracy of the revised sampling reply. The company, however, failed to submit the requested evidence.

(17) Therefore, the Commission concluded that the company had not provided necessary information concerning the export sales to the Union of phosphorous acid manufactured by the company in its sampling reply within the deadline. On 14 April 2025, the Commission informed the company of its intention to apply Article 18(1) of the basic Regulation and thus base the findings in respect of normal value, export price and dumping margin on facts available and the reasons for this.

(18) Hebei Jia'ao was given the opportunity to comment on the Commission's intentions and the underlying reasoning described in recitals 16 and 17. The company however did not provide any comments. Therefore, the Commission considered that the company did not cooperate in the investigation.

(19) By a Note Verbale of 14 April 2025, the Commission informed the Government of the People's Republic of China ('GOC') of its intention to apply facts available within the meaning of Article 18 of the basic Regulation to findings concerning Linyi Chunming, Zibo Tiandan and Hebei Jia'ao, and gave the GOC an opportunity to comment. No comments were received from the GOC.

1.4.3.2. Provisional and definitive sampling decisions

(20) Following the clarifications sought and partially received from the cooperating Chinese companies (see Section 1.4.3.1), the Commission provisionally selected two companies in the sample of exporting producers based on the largest representative volume of exports to the Union during the investigation period, which could reasonably be investigated within the time available:

(a) Linyi Chunming;

(b) YCCT.

(21) These companies represented 15 % of the estimated export quantity of phosphorous acid to the Union from the PRC in the investigation period and 70 % of the exports to the Union by the companies that replied to the sampling questions.

(22) By a Note Verbale of 30 April, the Commission informed the GOC of the selection of the provisional sample of exporting producers and invited it to comment. No comments were received from the GOC.

(23) The Commission also invited the interested parties to comment on the selection of the sample of exporting producers. Comments were received from the complainant.

(24) The complainant argued that the two companies selected for the sample were not representative of the Chinese industry producing phosphorous acid, as both companies produced phosphorous acid from a by-product of dimethyl phosphite ('DMHP'). The complainant argued that, since both companies produced phosphorous acid from a by-product, their production cost would not reflect the actual cost of the main input – the by-product of DMHP. Its purchase price would rather mirror the notional savings the supplier achieved by not having to dispose of the by-product as waste.

(25) Following the complainant's comments on the provisional sample of exporting producers, the Commission requested all cooperating Chinese companies to explain their production process in detail and provide for each production step, a detailed description of the respective processing operation, equipment/machinery employed, inputs used, and outputs and by-products obtained.

(26) Based on the companies' replies, the Commission found that only one of the four companies produced phosphorous acid using the production process described in recital 47, i.e. the hydrolysis of phosphorus trichloride (PCl_3). Three companies used one or more of the following processing operations:

(a) They purchased liquid phosphorous acid and converted it to a solid product.

(b) They obtained phosphorous acid from a by-product of DMHP. The Commission found that the by-product in question was a solution containing primarily phosphorous acid, some excess water, impurities and residua of DMHP. In this case, the company mainly removed impurities and water to obtain solid phosphorous acid. In addition, the company produced a negligible quantity of phosphorous acid from the residua of DMHP.

(c) They obtained phosphorous acid from a by-product generated in the production of PCl_3. In this case, the by-product solution contained mainly phosphorous acid, some water and a small portion of hydrogen chloride (HCl). Water and HCl were removed from the by-product to manufacture solid phosphorous acid.

(27) In the Commission's initial assessment none of the three methods described above could be considered as production of phosphorous acid. In all three cases phosphorous acid was being purchased in diluted form, sometimes together with impurities. It was then purified and concentrated.

(28) On 12 June 2025, the Commission published a Note for the file on the production processes used by the cooperating Chinese companies and sought the views of the parties as to whether the processing operations described in recital 26 could be considered production of phosphorous acid and whether the inputs used in those processes could be considered the product under investigation.

(29) Only the complainant provided its views. It submitted that the inputs used in all three processing operations constituted the product under investigation, as it was defined as 'phosphorous acid, in solid or liquid (aqueous) forms, also denominated phosphonic acid, […]'. Furthermore, the complainant argued that none of the three processes represented production of phosphorous acid. It explained that in all three processes, the phosphorous acid molecule had already been produced via hydrolysis of PCl_3 in an upstream production step. The processes carried out by the cooperating Chinese companies represented mere purification and/or drying of liquid phosphorous acid. Only in the process involving by-product of DMHP, a negligible volume of new phosphorous acid was produced from the residua of DMHP contained in the solution. Consequently, the complainant argued that all Chinese producers performing the processing operations described in recital 26 should not be considered exporting producers.

(30) The Commission analysed the information received from the cooperating Chinese companies and comments submitted by the complainant. Indeed, the chemical reaction that created the phosphorous acid molecule occurred at an upstream stage of the value chain. Upstream companies produced the product under investigation as a by-product and supplied the cooperating Chinese producers with a solution containing mainly phosphorous acid, some water and impurities. The cooperating Chinese companies performed minor processing operations limited to, in particular, purification and transformation of a liquid product into solid crystals.

(31) As a result, the Commission decided that the following three cooperating Chinese companies should not be considered exporting producers of the product under investigation as they were merely performing limited processing operations:

(a) Linyi Chunming;

(b) YCCT;

(c) Zibo Tiandan.

(32) The only remaining exporting producer, JQWT, represented less than 4 % of the estimated volume of phosphorous acid exported from the PRC to the Union. Thus, it was not sufficiently representative to serve as a basis for country-wide findings. In addition, although the company indicated that it would request individual examination, it failed to submit a questionnaire reply within the deadline, i.e. the individual information of the only exporting producer was not available.

(33) Consequently, on 10 July 2025, the Commission informed the interested parties of the results of its analysis described in recitals 30 to 32 and that it considered the degree of non-cooperation in this investigation was likely to materially affect the outcome of the investigation within the meaning of Article 17(4) of the basic Regulation, and thus intended to apply the relevant provisions of Article 18 of the basic Regulation to establish findings of dumping at country-wide level ('definitive sampling decision').

(34) The GOC was equally informed of the definitive sampling decision by a Note Verbale of 10 July 2025. It did not submit any comments.

(35) In response to the Commission's definitive sampling decision, the three affected companies requested a hearing. During the hearing, they argued that since they owned production lines and processed liquid phosphorous acid as a raw material into solid phosphorous acid, they should be considered producers and as such exporting producers in this investigation. The two initially sampled companies requested an individual dumping margin to be established for them.

(36) The three companies confirmed during the hearing that they used liquid phosphorous acid as their main input in the processing operations they performed. In addition, they did not provide any substantial arguments against the Commission's conclusion that the product under investigation was manufactured at an upstream stage by their suppliers. Consequently, the Commission confirmed its conclusions on the degree of non-cooperation and the subsequent application of Article 18 of the basic Regulation to establish findings of dumping at country-wide level.

1.5. **Questionnaire replies and verification visits**

(37) The Commission sent a questionnaire concerning the existence of significant distortions in the PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the GOC.

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

(39) The GOC did not reply to any of the questionnaires. Therefore, by a Note Verbale of 10 July 2025, the Commission informed the GOC that it intended to use facts available within the meaning of Article 18 of the basic Regulation concerning the existence of significant distortions and of raw material distortions in the PRC. The GOC was provided an opportunity to comment. No comments were received from the GOC.

(40) The Commission sent questionnaires to the two initially sampled Chinese companies.

(41) All questionnaires, including a questionnaire for unrelated importers and a questionnaire for users, were made available online ([4]) on the day of initiation.

(42) A questionnaire reply was received within the deadlines from the complainant. The second Union producer, Italmatch Chemicals SPA, did initially not reply to the questionnaire. The company explained to the Commission that this was due to the fact that it did not sell the product under investigation on the free market. However, upon request by the Commission, at a later stage it provided a questionnaire reply which allowed the Commission to base the injury analysis on the entire Union industry of phosphorous acid ([5]).

(43) The Commission sought and verified all the information deemed necessary for a provisional determination of injury and Union interest. As explained in Section 1.4.3.2, the determination of dumping was based on facts available.

(44) A verification visit pursuant to Article 16 of the basic Regulation was carried out at the premises of the complainant, ICL Europe Coöperatief U.A. (Amsterdam, The Netherlands). The Commission carried out remote crosschecks ('RCC') of the questionnaire reply of the second Union producer, Italmatch Chemicals SPA (Genoa, Italy).

1.6. **Investigation period and period considered**

(45) 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').

([4]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2781.
([5]) t25.009318, t25.009323.

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under investigation

(46) The product under investigation is phosphorous acid ('PA'), in solid or liquid (aqueous) forms, currently falling under CN code ex 2811 19 80 (TARIC code 2811 19 80 60), also denominated phosphonic acid, usually falling under Chemical Abstracts Service ('CAS') numbers 13598-36-2 and 10294-56-1, originating in the People's Republic of China ('PRC'). The Customs and Statistics ('CUS') numbers usually corresponding to this product are 0021895-1 and 0043878-8 and originating in the People's Republic of China ('the product under investigation').

(47) The product under investigation can be produced through two different methods. By far the most used is the hydrolysis of PCl_3. Phosphorous acid can, however, also be produced through hydrolysis of phosphorus trioxide (P_4O_6). There are two main reasons as to why the hydrolysis of PCl_3 is commonly used. First, PCl_3 serves as an input in a variety of downstream products and is thus more readily available than P_4O_6. Second, P_4O_6 is more complex to produce, more reactive and therefore less stable.

(48) Phosphorous acid is used in a wide range of applications, it is the raw material in the production of phosphonates and other specialty chemicals, which have a wide range of applications across various industries (water treatment, detergents and cleaning agents, agriculture, oil and gas, construction and building materials, textile and leather industry, paper and pulp industry, pharmaceuticals and personal care, food and beverage industry).

2.2. Product concerned

(49) The product concerned is product under investigation originating in the PRC.

2.3. Like product

(50) 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 China, and

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

(51) 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

(52) Linyi Chunming made two submissions. The first submission sought to add a new PCN criterion to identify the raw materials used in production. The second submission requested the exclusion of its phosphorous acid produced using another raw material in comparison with the Union producer. Linyi Chunming justified its request explaining that PA produced using its specific production process, a different raw material generated a PA with a slightly lower purity level, involves different production costs, has a low environmental impact, and could serve different applications compared to the PA produced by the Union producers. For these reasons its product should be excluded from the investigation.

(53) In response to Linyi Chunming's first claim on the PCN structure, ICL contested the Linyi Chunming's submission explaining that it found the submission insufficiently clear, in particular the explanation of the production process. Furthermore, the raw material used was found to already contain a certain percentage of phosphorous acid, which was further processed through drying and purifying steps to reach the final crystal forms. On these grounds, ICL requested the Commission to reject the PCN modification request.

(54) The Commission, after having evaluated the Linyi Chunming's claims and ICL submission, concluded that there was no justification to modify the PCN structure or exclude phosphorous acid produced via alternative processes. In a note for the file ([6]) published on 12 June 2025, the Commission clarified that other production methods for phosphorous acid primarily use raw materials already containing phosphorous acid. Even though these inputs undergo a transformation process, they should already be considered product under investigation. Therefore, both claims were rejected.

3. DUMPING

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

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

(56) 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 the PRC to provide information regarding the inputs used for producing the product. As explained in Section 1.4.3.2, the degree of non-cooperation by the Chinese exporting producers was likely to significantly affect the outcome of the investigation. Therefore, the Commission applied the relevant provisions of Article 18 of the basic Regulation to establish findings of dumping at country-wide level.

(57) In order to obtain information, it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*. No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC.

(58) In point 5.3.2 of the Notice of Initiation the Commission also specified that, in view of the evidence available, it had provisionally selected Brazil as 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. The Commission further stated that it would examine other possibly appropriate representative countries in accordance with the criteria set out in Article 2(6a)(a) first indent of the basic Regulation.

(59) On 2 September 2025, the Commission informed by a note ('the Note on sources') interested parties on the relevant sources it intended to use for the determination of the normal value. In the Note on sources, the Commission provided a list of all factors of production such as raw materials, labour and energy used, as well as by-product generated in the production of phosphorous acid. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified Brazil, Indonesia, Malaysia, and Serbia as possible representative countries. Considering the availability of necessary information in the four potential representative countries, the Commission selected Brazil as an appropriate representative country. The Commission also informed interested parties that it would establish manufacturing overheads ('MOH'), selling, general and administrative ('SG & A') cost and profits based on available information for two Brazilian manufacturers of products in the same general category, namely Nortox S.A. and Vittia S.A.

(60) The Commission received comments on the Note on sources from the complainant. They concerned the determination of undistorted value of by-product. The comments are addressed in Section 3.2.5.2.

([6]) Note for the file of 12 June 2025, t25.006313, on the clarification of the production of phosphorous acid.

3.2. **Normal value**

(61) 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'.

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

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

3.2.1. *Existence of significant distortions*

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

(65) In those investigations, the Commission found that there is substantial government intervention in the PRC resulting in a distortion of the effective allocation of resources in line with market principles ([8]). In particular, the Commission concluded that in the chemical sector not only does a substantial degree of ownership by the GOC persist in the sense of Article 2(6a)(b), first indent of the basic Regulation ([9]), but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation ([10]). The Commission further found that the State's presence and intervention in the financial

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

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

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

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

markets, as well as in the provision of raw materials and inputs have an additional distorting effect on the market. Indeed, overall, the system of planning in the PRC results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces ([11]). Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in the PRC ([12]). In the same vein, the Commission found distortions of wage costs in the chemical sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation ([13]), as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in the PRC ([14]).

(66) Like in previous investigations concerning the chemical sector in the PRC, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in the PRC, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the 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 ([15]) ('Report'), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the PRC's economy in general, but also the specific market situation in the relevant sector including the product under 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 the PRC as also found by its previous investigations in this respect.

(67) The complaint alleged that significant distortions exist in the Chinese phosphorous acid sector. It referred to the Report and in particular to the PRC'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 the PRC.

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

— There is State intervention in the chemical sector and the phosphorous 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 ([16]).

— The main legal and regulatory instrument governing the GOC's intervention in the chemical sector is the 14th Five-Year Plan ('FYP'), which lays out the strategic visions of the GOC for the transformation and upgrading of traditional industries and the development axis for strategic emerging industries, including the industries of chemicals, building materials, new materials, and chemical fibers. Additionally, the 14th FYP on Developing the Raw Materials Industry targets the chemical and petrochemical industries as part of the 'raw materials industry' protected and incentivised by the FYP. It also indicates that key sectors, such as the chemicals sector, should have specific implementation strategies based on the FYP objectives. Concerning the specific planning for the industrial structure, the document clearly mandates a production capacity increase of yellow phosphorous, which is the main raw material for the production of phosphorous acid. The aim is to make

([11]) Implementing Regulation (EU) 2024/1959, recitals 123-133; Implementing Regulation (EU) 2023/2180, recitals 65-65; Implementing Regulation (EU) 2023/752, recitals 55-63.
([12]) Implementing Regulation (EU) 2024/1959, recitals 134-138; Implementing Regulation (EU) 2023/2180, recitals 66-69; Implementing Regulation (EU) 2023/752, recital 64.
([13]) Implementing Regulation (EU) 2024/1959, recitals 139-142; Implementing Regulation (EU) 2023/2180, recitals 71-72; Implementing Regulation (EU) 2023/752, recital 65.
([14]) Implementing Regulation (EU) 2024/1959, recitals 143-152; Implementing Regulation (EU) 2023/2180, recitals 72-81; Implementing Regulation (EU) 2023/752, recital 66.
([15]) Commission Staff Working Document on Significant Distortions in the Economy of the People's Republic of China for the purposes of Trade Defence Investigations, 10 April 2024, SWD(2024) 91 final. Available at https://ec.europa.eu/transparency/documents-register/detail?ref=SWD(2024)91&lang=en. 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.
([16]) Complaint (open version), p. 11–12.

leading enterprises as big and as strong as possible by means of State intervention and support. The Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industry One of the main objectives set by the Guiding Opinion is the concentration of bulk chemical production, which shall be increased for capacity utilisation levels above 80 %. The complaint also refers to various province-specific systems of sub-plans aimed at organising State intervention in the chemical sector. For instance, 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 of which target provinces with the strongest presence of companies producing phosphorous acid. These provincial plans foster strong financial support and the creation of chemical industrial parks ([17]).

— The market of phosphorous 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. According to the complaint, further reinforcing the Party's influence over enterprises in China is the 'Social Credit System', that the GOC will be using to monitor, rate and condition the conduct of all domestic and foreign companies in China. In addition, the complaint also argues that with respect to SOEs, the FYP aims at building a stronger connection between the GOC and SOEs. Finally, the complainant states that with respect to the industry of phosphorous acid, a substantial degree of ownership by the GOC persists. Publicly available information indicates that some key producers of phosphorous acid targeted by the complaint in China are SOEs. For instance, Hubei Xingfa Chemicals Group Co. Ltd belongs to the Xingfa Group, which is an SOE. In addition, it is stated, that the major shareholder (19,5 %) of Hubei Xingfa Chemicals Group Co. Ltd., is Xingshan Country SASAC. The CEO of Hubei Xingfa Chemicals Group Co. Ltd. was a delegate at the 20th National Congress of the CCP and several directors, supervisors and senior managers of the Hubai Xingfa Group are CCP members ([18]).

— Regarding private companies, the complaint alleged that privately owned companies have to align their policies with the central government and it mentions recent initiatives aiming at pressuring private companies to invest in, or merge with, SOEs. The complainant also refers to the 2022 Annual Report of Henan Qingshuiyuan Technology Co. Ltd., a seemingly privately owned company, which clearly refers to the decision-making and deployment of the higher-level party committee and government, and to the promotion of in-depth integration of party building and production and operation. According to the same annual report, directors and managers of the company are also members of the CCP.

— The Chinese presence in phosphorous acid companies allows the State to interfere with respect to prices or costs. According to the complaint, the GOC preserves its influence in SOEs through the appointment and removal of key management personnel in SOEs, which is the main responsibility of SASAC. It also does so by heavily influencing the production of critical raw materials for the production of phosphorous acid, notably yellow phosphorous. 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 Hubei Xingfa Chemicals Group received government grants during 2023 in the context of the GOC's strong presence in the company. It also mentions that Henan Qingshuiyuan Technology, received government grants in 2023. The

([17]) Complaint (open version), p. 13–14.
([18]) Complaint (open version), p. 15–17.

complainant refers to previous Commission investigations to demonstrate that the GOC has set in motion a strategy to control and intervene in the production of yellow phosphorous. In addition to the support expressed through governmental policies, the GOC also maintains an export tax on yellow phosphorous set at 20 % which prevents this raw material from being exported and creates immense overcapacities in the country. Through Chinese export taxes on yellow phosphorus and the enforcement of the dual control policy, the GOC has not only created internal price distortions for yellow phosphorus, but also international distortions that make this product about 20 % more expensive to purchasers anywhere else than in China. Furthermore, the GOC further interferes with respect to prices and costs of energy ([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 Decision of the State Council Regarding Promulgating the Implementation of Interim Provisions on the Promotion of Industrial Restructuring, the 2024 version of the Guidance Catalogue for the Industrial Structure Adjustment which sets the basis for guiding the investment direction of the GOC and to formulate its public policies and, the Implementation Plan for Promoting the Efficient and High-value Utilization of Phosphorus Resources. According to the complainant the Guidance Catalogue particularly mentions yellow phosphorous, thus showing the relevance of this raw material within the Chinese planned economy ([20]). Finally, the complaint shows that the focus on phosphorous chemistry is not new by referring to the 2022 Guiding Opinions on Promoting the High-quality Development of the Petrochemical and Chemical Industry during the 14th FYP or the Jiangsu Province Notice of 14th FYP Industrial Green Development and Other Planning notes during the 14th FYP cycle.

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

— Wage costs are being distorted since they do not result from normal market forces or free collective bargaining. The complainant states that workers and employers are impeded in their rights to collective organisation mentioning the existence of only one trade union which lacks independence from the state, and the fact that the PRC has still not ratified a number of major international conventions of the International Labour Organisation. Furthermore, the mobility of the Chinese workforce is affected by the household registration system. The complaint also refers to the fact that the industry of phosphorous acid is also subject to Chinese labour laws and thus to these distortions in wage costs referring to the annual report of Henan Qingshuiyuan Technology Co. Ltd. Wage cost distortions are further enhanced by labour subsidies provided by the Chinese State, in particular, to phosphorous acid producers. For example, Hubei Xingfa Chemical Group Co. Ltd., and Henan Qingshuiyuan Technology Co. Ltd. reported several such subsidies ([22]).

— Phosphorous 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 ([23]). The complaint mentions a strong government presence in the financial institutions, and artificially low borrowing costs, in order to stimulate investment growth. The banking sector is heavily influenced by the State, not only through ownership, but also by the power given to the GOC, as the main shareholder, to appoint the top management positions, with strong decisive powers. Moreover, such banks also have shareholding in Chinese companies producing the product concerned. For instance, IIndustrial and Commercial Bank of China Ltd. holds 0,17 % of the shares in Henan Qingshuiyan Technology Co. Ltd., Taikang Life Insurance Co. and Guangfa Fund Management Co. Ltd. – Social Security Fund hold 0,96 % and 0,75 % in Hubei Xingfa Chemical Group Co. Ltd. respectively. Furthermore, Henan Qingshuiyan Technology Co. Ltd. took loans from several Chinese banks, like the Agricultural Bank of China, Bank of China, China Construction Bank, China Merchants Bank and the CITIC Bank. The complaint argues that the lending policies of banks in China are shaped to attain policy objectives and the bank's performance is usually superseded by compliance with the requirements to support the GOC's industrial policies. Relying notably on Decision No 40, the complaint

([19]) Complaint (open version), p. 17–19.
([20]) Complaint (open version), p. 20–21.
([21]) Complaint (open version), p. 22–23.
([22]) Complaint (open version), p. 23–24.
([23]) Complaint (open version), p. 24–27.

claims that legislative provisions provide binding rules for all economic institutions in the form of guidelines on the promotion and support of encouraged industries. Finally, bond and credit ratings are thus heavily distorted for various reasons, such as the influence of the firm's strategic importance on the risk assessment and the strength of any implicit guarantee by the government. In this regard, it appears that the phosphorous acid industry benefits from the distortions on the bond market since high ratings have been granted to Chinese producers. For instance, CSCI Pengyuan issued a credit rating of AA+ to Hubei Xingfa for 2022 with respect to convertible bonds.

(69) 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.

(70) 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.

(71) In this regard, the Commission first assessed whether the phosphorous acid sector in the PRC 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 Taizhou Yongchang Chemical Co. Ltd ([24]), as well as by SOEs such as Yuntianhua Group ([25]), The exact ratio of private versus State-owned producers in the phosphorous acid market could not be determined. However, the Commission found that several producers are directly controlled by the State. Examples include Yunnan Yuntianhua Co. Ltd. which is controlled by Yuntianhua Group ([26]) of which 64,8 % of the shares are held by the Yunnan Provincial Government State-owned Asset Supervision and Administration Commission. Additionally, Hubei Xingfa Chemicals Group Ltd ([27]) is controlled by Yichang Xingfa Group ([28]), an SOE wholly owned by the Xingshan County Government State-owned Asset Supervision and Administration Commission ([29]). Also, Hubei Yihua Chemical Industry Co. Ltd ([30]) is controlled by Hubei Yihua Group Ltd., an SOE wholly owned by the Yichang Municipal Government State-owned Assets Supervision and Administration Commission ([31]) and SD Lomon ([32]) is ultimately controlled by the Sichuan Provincial Government State-owned Assets Supervision and Administration Commission ([33]).

(72) Moreover, CCP interventions into operational decision-making have become the norm, not only in SOEs but also in private companies ([34]), 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.

([24]) Available at http://www.tzycchem.com/p./about.html (last viewed 16 September 2025).
([25]) Available at https://yth.cn/ywycp/jxhgjxcl.html (last viewed 16 September 2025).
([26]) Yunnan Yuntianhua Co. Ltd. Annual report 2024, p. 115. Available at https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-3/2025-03-25/10802990.PDF (last viewed 16 September 2025).
([27]) Available at https://www.xingfagroup.com/index.php/product/category?id=5 (last viewed 16 September 2025).
([28]) Hubei Xingfa Chemicals Group Ltd. Annual report 2024, p. 76. Available at https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-4/2025-04-01/10835918.PDF (last viewed 16 September 2025).
([29]) Ibid.
([30]) Available at https://en.hbyihua.cn/product_detail/261.html (last viewed 16 September 2025).
([31]) Hubei Yihua Chemical Industry Co. Ltd. Annual report 2024, p. 113. Available at: http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-4/2025-04-03/10844871.PDF. (last viewed 16 September 2025).
([32]) Available at https://www.sdlomon.com/about/aboutjj/ (last viewed 16 September 2025).
([33]) Ibid.
([34]) Article 33 of the CCP Constitution, Article 19 of the Chinese Company Law. See also the Report, Chapter 3, p. 47-50.

(73) 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 organizations ([35]). Moreover, the 'registration and management authority of the Association is the Ministry of Civil Affairs' ([36]) 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' ([37]).

(74) Yichang Xingfa Group is a member of CPCIF and is one of its vice-presidents ([38]). Moreover, Yuntianhua Group is a member of CPCIF and is one of its executive directors ([39]). Also, Yihua Chemical Industry Co. Ltd is a member of CPCIF ([40]).

(75) More specifically, the investigation found that the industry national association representing the producers of phosphorous acid is the China Phosphorus Coumpound Fertilizer Industry Association ('CPFIA') ([41]). The CPFIA adheres to the overall leadership of the CCP, carries out Party activities, and provides necessary conditions for the activities of party organisations ([42]). Moreover, the 'registration and management authority of the Association is the Ministry of Civil Affairs' ([43]) and the conditions to be eligible as a representative of the CPFIA 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' ([44]).

(76) Hubei Xingfa Chemicals Group Ltd, Yuntianhua Group and Hubei Yihua Group Ltd. are members and executive directors of CPFIA ([45]).

(77) 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' ([46]).

([35]) CPCIF Articles of Association, Article 3. Available at: http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1 (last viewed 19 September 2025).
([36]) Ibid.
([37]) CPCIF Articles of Association, Article 36. Available at: http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1 (last viewed 19 September 2025).
([38]) Available at http://www.cpcif.org.cn/detail/4aa3eebc-85ca-4893-aacf-85c552107b4e (last viewed 16 September 2025).
([39]) Available at http://www.cpcif.org.cn/detail/78f4fdd0-52c0-429d-b47b-a34ee66ff54f (last viewed 16 September 2025).
([40]) Available at http://www.cpcif.org.cn/detail/9d10963a-e7ba-4444-8903-6ae4248adb58 (last viewed 16 September 2025).
([41]) Available at http://www.cpfia.org/web/meeting.php?column=3 (last viewed 17 September 2025).
([42]) CPFIA Articles of Association, Article 3. Available at: http://www.cpfia.org/web/content.php?column=65&id=10483 (last viewed 17 September 2025).
([43]) Ibid.
([44]) CPFIA Articles of Association, Article 36. Available at: http://www.cpfia.org/web/content.php?column=65&id=10483 (last viewed 17 September 2025).
([45]) See at: http://www.cpfia.org/web/content.php?column=41&id=18892 (last viewed 17 September 2025).
([46]) 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 (last viewed 17 September 2025).

(78) Additionally, the Guiding Opinion on Promoting the High-Quality Development of the Petrochemical and Chemical Industries during the 14th FYP ([47]) ('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 %' ([48]). Also, the GOC shall '[p]romote industrial structure adjustment: strengthen specific measures and scientifically regulate the scale of the industry[and] strictly control new capacity additions […]in the yellow phosphorus industry' ([49]).Yellow phosphorus is an input to produce phosphorous acid.

(79) This requirement to control the yellow phosphorus input sector is also confirmed in the 14th FYP on Developing the Raw Materials Industry ([50]) as well as in the 14th FYP on Developing the Green Industry ([51]).

(80) Additionally, the 2024 Guidance Catalogue for Industry Structural Adjustment ([52]) lists the 'production technology of yellow phosphorus by fully enclosed high-pressure water quenching slag' as an 'encouraged industry'.

(81) Furthermore, the Implementation Plan for the Promotion of Efficient and High-value Utilization of Phosphorous Resources aims at 'implement[ing] the key tasks of relevant national plans, realize efficient and high-value utilization of phosphorus resources, and enhance the competitive advantage of the entire industrial chain' and stipulates that the GOC will '[o]n the basis national strategic needs, promote the deep integration of production, learning, research and application, focus on overcoming the key technologies and equipment that restrict the high-quality development of the phosphorus chemical industry, vigorously cultivate new quality productivity, and build an independent and controllable industrial chain supply chain' ([53]).

(82) Similar examples of the intention of the Chinese authorities to supervise and guide the developments of the phosphorous acid sector can be found at the provincial level, such as in the Shandong 14th FYP on the Development of the Chemical Industry ([54]) 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' ([55]).

(83) More specifically, the Hubei 14th FYP on Economic and Social Development and 2035 Perspectives requires to 'transform and upgrade traditional industries such as the phosphorous chemical industry' ([56]).

([47]) Available at https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm#msdynttrid=WRmyf07ph0z74SHmXoOLKjRWl09BdZ4lGdYp9fiI9xU (last viewed 17 September 2025).
([48]) Ibid., Section I.3.
([49]) Ibid., Section III.4.
([50]) Section IV.1 of the 14th FYP on Developing the Raw Materials Industry, available at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/5665166/files/90c1c79a00b44c67b59c29392476c862.pdf (last viewed 17 September 2025).
([51]) See Section III.2 of the 14th FYP on Developing the Green Industry. Available at https://www.gov.cn/zhengce/zhengceku/2021-12/03/5655701/files/4c8e11241e1046ee9159ab7dcad9ed44.pdf (last viewed 17 September 2025).
([52]) Available at https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202312/P020231229700886191069.pdf (last viewed 17 September 2025).
([53]) Available at https://www.gov.cn/zhengce/zhengceku/202401/content_6923991.htm (last viewed 18 September 2025).
([54]) Available at https://huanbao.bjx.com.cn/news/20211201/1191133.shtml (last viewed 19 September 2025).
([55]) Ibid., Section II.2.4.
([56]) Hubei 14th FYP on Economic and Social Development and 2035 Perspectives, box 3, p. 25. Available at https://www.ndrc.gov.cn/fggz/fzzlgh/dffzgh/202104/P020210427315108290779.pdf (last viewed 18 September 2025).

(84) Furthermore, the Hubei 14th FYP on the High Quality Development of the Manufacturing Industry also requires to 'transform and upgrade traditional chemical industries such as […] phosphorous chemicals [and] to focus on developing high-end chemicals' ([57]).

(85) Also, the Hubei 14th FYP on the High Quality Development of the New Materials Industry confirms the GOC intends to develop the 'Yichang new material industry base [to] optimize, upgrade and modernize the phosphorus industry chain, focusing on developing the new materials sector of the phosphorus fine chemical industry' ([58]).

(86) Another example of the intention of the Chinese authorities to supervise and guide the developments of the phosphorous acid sector at the provincial level can be found in the Guizhou 14th FYP on the Development of Strategic and Emerging Industry Clusters stipulates that the GOC will '[a]ccelerate the development of the fine phosphate chemical industry; promote the development of the phosphate chemical industry and refining, scientifically and rationally develop and utilize phosphate rock resources, […] vigorously develop […] yellow phosphorus post-processing products, [and] will focus on developing specialized phosphorous chemicals such as electronic-grade yellow phosphorus, etching solutions, and flame retardants, and strive to extend the yellow phosphorus deep processing industry chain' ([59]).

(87) 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 Party building activities at Yuntianhua Group aimed at 'displaying the new thinking, new measures and new results of grassroots Party building integrated into production and business operations […] so as to effectively transform the leading advantages of Party building into a strong momentum to promote the high quality development of the Group' ([60]).

(88) Furthermore, the chairman of Yunnan Yuntianhua Co. Ltd. serves as the Secretary of the Party Committee, while the executive director and deputy chairman of the company also serves as the Deputy Secretary of the Party Committee ([61]).

(89) The Chairman of Hubei Xingfa Group Ltd. also serves as the Chairman of the mother company Yichang Xingfa Group and as the Deputy Secretary of its Party Committee. Also, one of the Directors of Hubei Xingfa Group Ltd. also serves as the General Manager of the mother company Yichang Xingfa Group and as its deputy secretary of the Party Committee ([62]).

(90) The chairman of Hubei Yihua Chemical Industry Co. Ltd. also serves as the secretary of the Party Committee and the general manager of the company serves as the deputy secretary of the Party Committee ([63]).

([57]) Hubei 14th FYP on the High Quality Development of the Manufacturing Industry, Section III.1.3. Available at https://www.hubei.gov.cn/zfwj/ezf/202111/t20211119_3871028.shtml (last viewed 18 September 2025).
([58]) Hubei 14th FYP on the High Quality Development of the New Materials Industry, Section IV.2.2. Available at https://jxt.hubei.gov.cn/fbjd/xxgkml/jhgh/202203/t20220325_4056642.shtml (last viewed 18 September 2025).
([59]) Guizhou 14th FYP on the Development of Strategic and Emerging Industry Clusters, Section V. Available at https://fgw.guizhou.gov.cn/ztzl/sswgh_5643328/202109/P020220524636540764870.pdf (last viewed 18 September 2025).
([60]) Available at https://yth.cn/xwzx/dqgz/202407/20240702_6616.html (last viewed 18 September 2025).
([61]) Yunnan Yuntianhua Co. Ltd. 2024 Annual report, p. 51. Available at https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-3/2025-03-25/10802990.PDF (last viewed 18 September 2025).
([62]) Hubei Xingfa Group Ltd. 2024 Annual report, p. 34. Available at https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-4/2025-04-01/10835918.PDF (last viewed 18 September 2025).
([63]) Hubei Yihua Chemical Industry Co. Ltd. 2024 Annual report, p. 52. Available at https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESZ_STOCK/2025/2025-4/2025-04-03/10844871.PDF (last viewed 18 September 2025).

(91) It was not possible to systematically establish the existence of personal connections between all of the Chinese phosphorous 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 65, is relevant also to the product under investigation.

(92) 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 phosphorous acid sector. The Commission identified several documents demonstrating that the phosphorous acid industry benefits from the governmental guidance and intervention into the chemical sector, given that phosphorous acid represents a subsector of the chemical sector. Furthermore, the Commission also found documents specifically addressing the phosphorous sector.

(93) The chemical industry is consistently regarded as a key industry by the GOC ([64]). 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 ([65]). 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' ([66]).

(94) More specifically, the Explanatory Note to the Implementation Plan for the Promotion of Efficient and High-value Utilization of Phosphorous Resources states that '[i]t is urgent to focus on different stages and regions of the industry chain and implement specific policies in order to optimize product structure, company structure and reginal layout' ([67]). The Explanatory Note also specifies that the GOC intends to 'cultivate advantageous industrial clusters, encouraging the Yunnan, Guizhou, Hubei and Sichuan provinces to build advanced manufacturing clusters [and to] build a series of high-quality enterprises to improve phosphate mining, increase the concentration of primary phosphorus chemical production, promote the coordinated development of upstream and downstream industries, […] cultivate leading phosphorus chemical companies with control over resources and dominance over the industry chain, accelerate the cultivation of specialized and innovative "little giants" and manufacturing single champions, strengthen the characteristic industrial clusters of phosphorus chemical small and medium-sized enterprises, and promote transformation and upgrading of the industry chain' ([68]).

(95) 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.

(96) 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.

(97) 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 65. 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 the PRC) ([69]).

([64]) The Report, Part III, Chapter 16.
([65]) Ibid., Section 16.3.
([66]) Section IV.1.3. Available at: https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm (last viewed 18 September 2025).
([67]) Section VI. Available at: https://www.gov.cn/zhengce/202401/content_6923987.htm (last viewed 18 September 2025).
([68]) Ibid.
([69]) Implementing Regulation (EU) 2024/1959, recitals 153-157 and Implementing Regulation (EU) 2023/2180, recitals 82-84; Implementing Regulation (EU) 2023/752, recital 67.

(98) Moreover, no evidence was submitted in the present investigation demonstrating that the phosphorous 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' ([70]) 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.

(99) 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.

(100) 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 the PRC. This means, for instance, that an input that in itself was produced in the PRC by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.

(101) 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.

3.2.2. *Arguments raised by interested parties*

(102) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file, including the Report and the additional evidence provided by the complainant, on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.

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

3.2.3. *Conclusion*

(104) 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.

([70]) Section VIII.16. Available at: https://www.gov.cn/zhengce/zhengceku/2022-04/08/content_5683972.htm#msdynttrid=WRmyf07ph0z74SHmXoOLKjRWl09BdZ4lGdYp9fiI9xU (last viewed 18 September 2025).

3.2.4. *Representative country*

3.2.4.1. General remarks

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

— A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank ([71]),

— 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.

(106) As explained in recitals 59 and 60, the Commission issued a Note on the sources for the determination of the normal value on 2 September 2025. The Note on sources described the facts and evidence underlying the relevant criteria and informed interested parties of its intention to consider name of the country as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.

3.2.4.2. A level of economic development similar to the PRC

(107) In the Note on sources, the Commission identified Brazil, Indonesia, Malaysia, and Serbia as countries with a similar level of economic development as the PRC according to the World Bank, i.e. they are all classified by the World Bank as 'upper-middle income' countries on a gross national income basis where production of the product under investigation or product in the same general category was known to take place.

(108) In the Note on sources, the Commission explained that based on the export statistics, the product under investigation appeared to be produced only in Brazil. Indonesia, Malaysia and Serbia appeared to produce other phosphorus-based acids.

(109) No comments were received in this respect.

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

(110) In the Note on sources, the Commission analysed the availability and quality of data that could be used to establish undistorted cost of raw materials, as well as of financial data of producers of the product under investigation or product in the same general category.

(111) The Commission identified the most important raw materials. Considering the lack of cooperation by genuine producers of phosphorous acid in the PRC, the Commission used the information included in the complaint as facts available.

(112) According to the complaint, the most important raw material used to produce phosphorous acid was yellow phosphorus contributing, accounting for [55-60] % of the total cost of production. Another important input was chlorine accounting for [8-11] %. The value of hydrochloric acid generated as a by-product represented [17-20] % of the cost of raw materials.

(113) From the four countries identified as potential representative countries, only Brazil imported yellow phosphorus, chlorine and hydrochloric acid in representative quantities. Negligible quantities of yellow phosphorus (less than 0,5 %) imported to Brazil originated in the PRC.

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

(114) On the other hand, and in addition to the limited availability of imports of yellow phosphorus, significant quantities of certain raw materials imported to Indonesia (almost 32 % of yellow phosphorus, 52 % of caustic soda, and more than 30 % of hydrochloric acid) and Serbia (almost 100 % of yellow phosphorus) originated in the PRC.

(115) The Commission further assessed the existence of market distortions by export and/or import restrictions on the product under investigation, as well as on the main raw materials ([72]).

(116) Neither the main raw materials, nor the product under investigation were subject to any known trade restriction that would render the domestic prices of the main inputs in Brazil, and thus the import prices as a proxy, an unsuitable source of undistorted cost.

(117) In Indonesia, all main raw materials, as well as the product under investigation, were subject to export and import licensing. The licensing regime was relaxed in 2021 for companies with a good reputation ([73]).

(118) Malaysia had required import licences on certain nicotine-based products, chemicals and smoking replacement aids, including phosphorus, since 2016 ([74]).

(119) Imports and exports of the main raw materials and the product under investigation were not subject to any known trade restrictions in Serbia.

(120) Imports of the main raw materials and the product under investigation originating in the four potential representative countries were not subject to any anti-dumping, anti-subsidy or safeguard measures introduced by third countries.

(121) Contrary to the initial indications of phosphorous acid being produced in Brazil, neither the Commission nor the complainant were able to identify producers of the product under investigation with readily available financial information.

(122) The complainant asserted that companies active in the agrochemical industry where phosphorous acid was used as a precursor in the manufacturing of agrochemicals should be considered producers of a product in the same general category. Both, the product under investigation and agrochemicals, target similar customers.

(123) On this basis, the Commission identified NACE Rev. 2 ([75]) code 20.20 – Manufacture of pesticides and other agrochemical products as relevant code for the industry classification. In addition, considering that phosphorous acid is an inorganic chemical, the Commission considered NACE Rev. 2 code 20.13 – Manufacture of other inorganic basic chemicals also relevant.

(124) With regard to Brazil, the Commission identified readily available financial statements of Nortox S.A. and Vittia S.A. In addition, financial data of three more Brazilian manufacturers of products in the same general category were readily available in the Orbis ([76]) database. With regard to the financial data available in the Orbis database, the Commission found that the companies reported unreasonable amounts of SG & A cost and/or profit. Therefore, the Commission concluded that only the financial information on Nortox S.A. and Vittia S.A. should be used as a source of undistorted SG & A cost and profit.

([72]) To ascertain that the import prices of the inputs were not affected by the market distortions, the Commission consulted the Global Trade Alert (available at https://globaltradealert.org/data-center; last viewed 14 August 2025) database and the Market Access Map (available at https://www.macmap.org/en/query/regulatory-requirement; last viewed 14 August 2025).

([73]) Global Trade Alert. Indonesia: Relaxed import and export licensing requirements. Available at https://globaltradealert.org/intervention/85328-indonesia-relaxed-import-and-export-licensing-requirements (last viewed 2 September 2025).

([74]) Global Trade Alert. Malaysia: Imposition of import licensing requirements on certain nicotine-based products, chemicals and smoking replacement aids. Available at https://globaltradealert.org/state-act/27000 (last viewed 2 September 2025).

([75]) Eurostat – Methodologies and working papers. NACE Rev. 2 – Statistical classification of economic activities in the European Community. Available at https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF (last viewed 14 August 2025).

([76]) Orbis database of Bureau Van Dijk Editions, a Moody's Analytics company. Available at https://login.bvdinfo.com/R1/Orbis (last viewed 2 September 2025).

(125) In addition, in the Orbis database, the Commission identified readily available financial data for one Indonesian, 11 Malaysian and one Serbian manufacturers of products in the same general category.

(126) In light of the above considerations, in particular the existence of readily available benchmarks for the most important raw materials used in the production of phosphorous acid, the Commission informed the interested parties that it intended to use Brazil as an appropriate representative country, and the financial information of Nortox S.A. and Vittia S.A., in accordance with Article 2(6a)(a), first ident of the basic Regulation in order to source undistorted prices or benchmarks for the calculation of normal value.

(127) Interested parties were invited to comment on the appropriateness of Brazil as a representative country, and of Nortox S.A. and Vittia S.A. as producers of products in the same general category in the representative country.

(128) No comments were received regarding the existence of readily available data in the four potential representative countries.

3.2.4.4. Level of social and environmental protection

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

3.2.4.5. Conclusion

(130) The Commission established that there was production of a product in the same general category in four countries at a level of economic development similar to the PRC, namely Brazil, Indonesia, Malaysia and Serbia. However, information on import prices of the main raw materials used in the production of phosphorous acid was only available for Brazil. Those imports were found to be in representative quantities and their prices were not distorted by substantial imports from the PRC or the existence of trade restrictions. Financial information for the investigation period containing all necessary data, such as cost of goods sold, reasonable amounts for SG & A cost and profit, details of various revenue categories, detailed information on selling cost, was readily available for two Brazilian producers of products in the same general category.

(131) Contrary to that, the information available for Indonesia, Malaysia and Serbia were lacking in many aspects. Most importantly, there were no or very low imports of the main raw materials. In addition, imports of all or some of those raw materials were subject to export and import restrictions in Indonesia and Malaysia. Furthermore, the very few imports of yellow phosphorus to Serbia originating almost exclusively in the PRC. Finally, financial data for companies manufacturing products in the same general category in Indonesia, Malaysia and Serbia was available for the investigation period. Some of the companies however did not achieve reasonable amounts of SG & A cost and profit.

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

3.2.5. *Sources used to establish undistorted costs*

(133) In the Note on sources, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under investigation and stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use GTA ([77]) to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use Brazilian as well as international statistics for establishing undistorted costs of labour and energy.

([77]) Global Trade Atlas. Available at https:/connect.ihsmarkit.com/gta/home/ (last viewed 19 August 2025).

(134) The Commission 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. As mentioned in recital 60, only the complainant submitted its views regarding the undistorted value of by-product.

3.2.5.1. Factors of production

(135) Considering all the information submitted by the interested parties and the facts available on the file of the investigation, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

Table 1

Factors of production of product under investigation

Factor of Production	Commodity Code	Undistorted value (CNY)	Unit of measurement
RAW MATERIALS			
Yellow phosphorus	2804 70 10	38,34	kg
Chlorine	2801 10 00	2,75	kg
Caustic soda (sodium hydroxide) in aqueous solution	2815 12 00	3,59	kg
BY-PRODUCT			
Hydrochloric acid	2806 10 20	1,68	kg
LABOUR			
Labour	n/a	123,67	hours
ENERGY			
Electricity	n/a	0,80	kWh
Steam	n/a	0,95	kg

(136) 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 financial statements of Vitia S.A. which contained the necessary information. The methodology is duly explained in Section 3.2.5.7.

3.2.5.2. Raw materials and by-product

(137) In order to establish the undistorted price of raw materials as delivered at the gate of a producer in the representative country, the Commission used as a basis the 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 the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council ([78]). The Commission decided to exclude imports from the PRC into the representative country as it concluded in Section 3.2.1 that it was not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. After excluding imports from the PRC into the representative country, the volume of imports from other third countries remained representative.

([78]) 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.

(138) With regard to import duties, the Commission added import duties to the weighted average import price of each raw material based on its commodity code and the respective country of origin. To determine the applicable import duty rate, the Commission relied on the information collected by Market Access Map ([79]).

(139) Considering the lack of cooperation by the Chinese exporting producers, the Commission used publicly available information to estimate the cost normally incurred by a company in Brazil for transport of inputs between a supplier and its premises. After irregularities revealed in the scoring of certain countries ([80]) under the Doing Business report, the World Bank released a new report in 2024 using improved methodologies. The Business Ready ('B-Ready') report ([81]) however neither covered Brazil in 2024 nor included a study on domestic transport cost of exports and imports. Therefore, the Commission relied on the most recent Doing Business ([82]) report ([83]) and applied an inflation adjustment ([84]).

(140) With regard to hydrochloric acid, the by-product, the Commission used the methodology described in recitals 137 and 138, except that the transport costs were not added to the import price. The Commission considered that since the by-product was produced by a notional Brazilian producer of phosphorous acid, i.e. it did not have to be brought to its premises from a supplier, its undistorted value was sufficiently reflected in the landed price of the by-product.

(141) In its comments on the Note on sources, the complainant argued that hydrochloric acid was traded in various purity grades which influenced its price. According to the complainant, hydrochloric acid obtained as a by-product in the manufacturing of phosphorous acid is of low, industrial grade with a concentration of about 30 %. The complainant asserted that the tariff nomenclature of Brazil did not allow for differentiation of the various purity grades of hydrochloric acid. It furthermore claimed that the imports to Brazil contained also hydrochloric acid of high purity based on the high unit import prices. The complainant suggested that the Commission should only consider those imports of hydrochloric acid where the unit price did not exceed 0,30 USD/kg as this price level corresponded to the price of industrial grade hydrochloric acid based on the complainant's knowledge.

(142) The Commission considered that the complainant did not provide any evidence to support its claims concerning the usual concentration of by-product hydrochloric acid obtained in the manufacturing of phosphorous acid, the purity of hydrochloric acid imported to Brazil or the typical price of hydrochloric acid of industrial grade. In addition, it was not clear whether the claimed typical price of industrial grade hydrochloric acid was also prevalent on the Brazilian market as Brazil was selected as an appropriate representative country. Finally, the Commission considered that the unusually high prices of certain imports might have been caused by the low import quantities rather than by significant differences in the purity of hydrochloric acid. Considering the low quantities of those high-priced imports, they had only negligible impact on the weighted average import price. Consequently, the Commission rejected the claim.

([79]) Market Access Map. Customs Tariff. Available at https://www.macmap.org/en/query/customs-duties (last viewed 28 August 2025).
([80]) Brazil was not affected by the alleged data manipulation in Doing Business reports of 2018 and 2020. See Investigation of Data Irregularities in Doing Business 2018 and Doing Business 2020. Available at https://thedocs.worldbank.org/en/doc/84a922cc9273b7b120d49ad3b9e9d3f9-0090012021/original/DB-Investigation-Findings-and-Report-to-the-Board-of-Executive-Directors-September-15-2021.pdf (last viewed 20 August 2025).
([81]) World Bank. Business ready 2024. Available at https://www.worldbank.org/en/businessready (last viewed 28 August 2025).
([82]) Brazil was not affected by the alleged data manipulation in Doing Business reports of 2018 and 2020. See Investigation of Data Irregularities in Doing Business 2018 and Doing Business 2020. Available at https://thedocs.worldbank.org/en/doc/84a922cc9273b7b120d49ad3b9e9d3f9-0090012021/original/DB-Investigation-Findings-and-Report-to-the-Board-of-Executive-Directors-September-15-2021.pdf (last viewed 20 August 2025).
([83]) Doing Business 2020. Economy profile – Brazil, p. 84 and 88. Available at https://archive.doingbusiness.org/content/dam/doingBusiness/country/b/brazil/BRA.pdf (last viewed 20 August 2025).
([84]) World Bank. A Global Database of Inflation. Available at https://www.worldbank.org/en/research/brief/inflation-database (last viewed 20 August 2025).

3.2.5.3. Consumables

(143) For a number of factors of production, the actual costs incurred by the complainant 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, the Commission decided to include those costs into consumables as explained in recital 157.

3.2.5.4. Labour

(144) Instituto Brasileiro de Geografia e Estatística ('IBGE') ([85]) publishes detailed information on wages in different economic sectors in Brazil. The Commission used the latest available statistics, namely information on the number of employees, total annual salary cost and social charges, compensations and benefits cost, covering the investigation period to determine average labour cost in industrial sector 20.12 – Manufacturing of intermediates for fertilisers ([86]).

(145) In addition, the Commission used the information on average weekly worked hours per employed person in Brazil in 2024 as published by ILOSTAT ([87]).

3.2.5.5. Electricity

(146) The price of electricity for companies (industrial users) in Brazil is published by the Ministry of Mines and Energy of Brazil ([88]) (Ministério de Minas e Energia).

(147) The rates published in the monthly bulletin included the 'Imposto sobre Circulação de Mercadorias e Serviços' ('ICMS'), a tax levied by the Brazilian states on the circulation of goods and the provision of interstate and inter municipal transportation and communications services. This tax can be claimed back by the industrial users and was therefore deducted from the established benchmark. As ICMS was collected at the rate ranging from 17 % to 18 % depending on the state, during the investigation period, the Commission recalculated the electricity benchmark, deducting an average of 17,5 % ICMS.

3.2.5.6. Steam

(148) The Commission derived the undistorted cost of steam from the undistorted cost of natural gas based on the price paid by industrial users in the investigation period as published in the monthly bulletins by the Ministry of Mines and Energy of Brazil ([89]).

(149) The price of natural gas included taxes ([90]). There was, however, no evidence at this stage that those taxes were similar to a sales tax/VAT, which could normally be claimed back by the company and thus did not become a part of the company's cost.

([85]) IBGE. PIA-Empresa – Annual Survey of Industry – Enterprise. Available at https://www.ibge.gov.br/en/statistics/economic/industry-and-construction/16906-pia-enterprise-pia1.html?lang=en-GB&t=downloads (last viewed 29 August 2025).

([86]) Phosphorous acid is, inter alia, a vital precursor in the manufacturing of phosphate fertilisers. See, for example, https://www.blitchem.com/phosphorous-acid-h3po3-uses-applications-and-benefits-in-various-industries/ (last viewed 29 August 2025).

([87]) ILOSTAT. Country profiles – Brazil. Available at https://ilostat.ilo.org/data/country-profiles/ (last viewed 29 August 2025).

([88]) Ministério de Minas e Energia. Boletins Mensais de Energia. Available at https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english (last viewed 28 August 2025).

([89]) Ministério de Minas e Energia. Boletins Mensais de Energia. Available at https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english (last viewed 28 August 2025).

([90]) Compare the price of natural gas for consumption range of 20 000 m^3/day in December 2024 published in Boletim Mensal de Acompanhamento da Indústria de Gás Natural – December 2024 (Histórico de Preços – Segmento Industrial, p. 13). Available at https://www.gov.br/mme/pt-br/assuntos/secretarias/petroleo-gas-natural-e-biocombustiveis/publicacoes-1/boletim-mensal-de-acompanhamento-da-industria-de-gas-natural/2024 (last viewed 29 August 2025). And the same price published in Boletim Mensal de Energia – December 2024 (p. 6). Available at https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english (last viewed 29 August 2025).

(150) The Commission calculated the price of steam in Brazil using the methodology suggested by the U.S Department for Energy ([91]). This methodology provides a cost for steam based on the heat input required to produce it. The Commission based its calculation on natural gas as the heat input as also suggested in the complaint. Using the information included in the complaint, the Commission determined the undistorted cost of low-pressure steam, corresponding to 150 psig in the calculation methodology.

(151) The Commission further added operational cost amounting to estimated 10 % of total cost of production of steam, and SG & A cost and profit of a Brazilian natural gas producer and distributor, the company Petrobras.

3.2.5.7. Manufacturing overhead costs, SG & A, costs and profits

(152) 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.

(153) To establish an undistorted value of MOH and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. The Commission relied on information on MOH contained in the financial statements of Vitia, S.A. ([92]), one of the Brazilian manufacturers of products in the same general category.

(154) To establish an undistorted value of SG & A cost and profit, the Commission used the financial information of two Brazilian manufacturers of products in the same general category, Nortox S.A. ([93]) and Vittia S.A. The financial information was readily available, audited, consolidated, covered the investigation period and showed a reasonable levels of SG & A cost and profit.

3.2.6. *Calculation*

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

(156) First, the Commission established the undistorted cost of manufacturing. In the absence of cooperation by the exporting producers, the Commission relied on the information provided by the complainant in the complaint on the usage of each factor of production (materials, energy and labour) for the manufacturing of phosphorous acid. The unit consumption of each factor of production was multiplied by the undistorted cost based on data from the representative country, as described in Section 3.2.5. On this basis, the Commission determined undistorted total direct cost.

(157) As explained in Section 3.2.5.3, the Commission treated the cost of certain negligible materials and energy sources as consumables. The Commission expressed the cost of consumables incurred by the complainant as a percentage of the complainant's total direct cost, i.e. cost of materials, energy and labour. This percentage amounting to [4-4,5 %] was then applied on top of the undistorted total direct cost.

(158) The sum of undistorted cost of raw materials, energy, labour and consumables represents the undistorted cost of manufacturing.

(159) Once the undistorted cost of manufacturing established, the Commission added the MOH, SG & A cost and profit as noted in Section 3.2.5.7.

([91]) U.S. Department of Energy. Benchmark the Fuel Cost of Steam Generation. Available at https://www.energy.gov/sites/prod/files/2014/05/f16/steam15_benchmark.pdf (last viewed 28 August 2025).

([92]) Central de Resultados – Resultados 2024. Available at https://ri.vittia.com.br/pt/informacoes-financeiras/central-de-resultados (last viewed 14 August 2025).

([93]) Informações Financeiras Intermediárias Individuais e Consolidadas 31 de Dezembro de 2024. Available at https://solucoes.nortox.com.br/hc/pt-br/articles/39105568452244-Informa%C3%A7%C3%B5es-Financeiras-Intermedi%C3%A1rias-Individuais-e-Consolidadas-31-de-Dezembro-de-2024 (last viewed 14 August 2025).

(160) MOH were determined on the basis of the financial statements of Vittia S.A. They accounted for 6,6 % of the Costs of Goods Sold ('COGS'). In this calculation, COGS are considered an equivalent of cost of production, i.e. cost of manufacturing plus MOH. Therefore, the undistorted cost of manufacturing was increased in such a way that MOH represented 6,6 % of the resulting undistorted cost of production.

(161) By adding the undistorted MOH to the undistorted cost of manufacturing, the Commission established the undistorted cost of production.

(162) SG & A cost and profit were determined on the basis of the financial statements of Nortox S.A. and Vittia S.A. as explained in Section 3.2.5.7. SG & A cost and profit accounted for 31,1 % and 19,2 % of COGS respectively. The respective percentages of undistorted SG & A cost and profit were applied on top of the undistorted cost of production to arrive at the undistorted normal value before a by-product adjustment.

(163) Finally, from the undistorted normal value mentioned in recital 162, the Commission deducted the undistorted value of the by-product hydrochloric acid determined as explained in recital 140 to account for the portion of cost and profit that should be allocated to by-product obtained in the manufacturing of phosphorous acid.

(164) On that basis, the Commission constructed the normal value on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation. The constructed normal value was 28 850,04 CNY/tonne.

3.3. **Export price**

(165) In the absence of cooperation by exporting producers from the PRC, the export price was determined on the basis of import statistics as detailed in recital 182. The CIF Union frontier import price recorded in Surveillance 3 database ([94]) was 13 558,63 CNY/tonne.

3.4. **Comparison**

(166) 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 determined at country-wide level 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 net them back to the ex-works level.

3.4.1. *Adjustments made to the normal value*

(167) As explained in recital 164, the normal value was established at the ex-works level of trade by using costs of production together with amounts for SG & A cost 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.

3.4.2. *Adjustments made to the export price*

(168) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of ocean freight and insurance pursuant to Article 2(10)(e) of the basic Regulation.

(169) The export price at ex-works level amounted to 12 195,27 CNY/tonne.

([94]) The Surveillance 3 database is managed by DG TAXUD and provides information on EU export and import transactions (if declared for entry for free circulation), at TARIC level and including the additional TARIC codes (for individual exporting producers subject to ADD, for example) on a daily basis. It is a useful tool to check latest data, as Comext data is only updated with a two-three months delay.

3.5. **Dumping margin**

(170) As noted in recital 33, the Commission concluded that the degree of non-cooperation in this investigation was likely to materially affect the outcome of the investigation within the meaning of Article 17(4) of the basic Regulation, and thus it intended to establish findings of dumping at country-wide level.

(171) The provisional dumping margin, expressed as a percentage of the CIF Union frontier price, duty unpaid, is as follows:

	Provisional dumping margin (%)
All imports originating in the People's Republic of China	122,8

4. **INJURY**

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

(172) The like product was manufactured by two producers in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(173) As the Union industry consists of only two Union producers, the figures for the injury analysis are given in ranges for reasons of confidentiality.

(174) The total Union production during the investigation period was in the range of [8 400 to 9 200] tonnes. The Commission established the figure on the basis of the questionnaire replies of the two Union producers.

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

(175) 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.

(176) Phosphorous acid is used as an intermediate material for the production of phosphonates and other specialty chemicals, which have a wide range of applications across various industries (water treatment, detergents and cleaning agents, agriculture, oil and gas, construction and building materials, textile and leather industry, paper and pulp industry, pharmaceuticals and personal care, food and beverage industry).

(177) The Commission found that the total phosphorous acid production of one of the two Union producers was destined for captive use. The product was often simply transferred (without invoice) and/or delivered at transfer prices within the same group of companies located in third countries, i.e. outside the Union. The distinction between captive and free market is relevant for the injury analysis because products destined for captive use are not exposed to direct competition from imports. By contrast, production destined for free market sale is in direct competition with imports of the product concerned.

(178) The Commission examined certain economic indicators for the macroeconomic analysis from both ICL and Italmatch. In view of the absence of sales on the free market by Italmatch, the microeconomic analysis (sales price, COP, cash flow and return of investments) was based only on ICL data.

4.3. **Union consumption**

(179) The Commission established the Union consumption on the basis of (i) Surveillance 3 import statistics (see Section 4.4.1); and (ii) the verified sales volumes of the Union industry.

(180) Union consumption developed as follows:

Table 2

Union consumption (tonnes)

	2021	2022	2023	IP
Total Union consumption	[10 500–11 700]	[9 200–10 200]	[6 200–6 900]	[8 300–9 300]
Index	*100*	*87*	*59*	*79*

Source: Union producers' questionnaire replies, Surveillance 3.

(181) The Union consumption peaked in 2021 due to the post-COVID economic recovery. Subsequently, consumption declined progressively in 2022 and 2023, after which it strongly recovered in the investigation period (however, still 21 % below 2021 level). The most significant decline occurred between 2022 and 2023, with a drop between 3 000 and 3 300 tonnes (– 32 percentage points).

4.4. Imports from the country concerned

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

(182) In Eurostat, imports of phosphorous acid are classified under a broad TARIC code (2811 19 80 90), that includes many other products. The complainant had therefore used, in the complaint, a market intelligence report. However, these data were protected by copyright and not publicly available. Moreover, they were based on reported export quantities from China rather than import quantities into the EU and a description of the goods concerned was missing.

(183) The Commission found that using statistical data from Surveillance 3 imports database would allow for a more accurate calculation of imports of the product concerned. These data generally provide a clear description of the goods described, allowing the Commission to identify and isolate only phosphorous acid import transactions. Although specific product details were not available for all transactions, especially during periods prior to the investigation period, the Commission could apply some reasonable estimations to complete the picture.

(184) The Commission provided full disclosure of the methodology applied to establish phosphorous acid imports in a Note to the file ([95]).

(185) The market share of the imports was established by comparing the import volumes to the Union free market consumption as determined in Section 4.2.

(186) On the basis of the methodology described above, as set out in the mentioned Note to the File, imports into the Union from the country concerned developed as follows:

Table 3

Import quantity and market share

	2021	2022	2023	IP
Volume of imports from the PRC (tonnes)	6 393	6 434	3 959	5 468
Index	*100*	*101*	*62*	*86*
Market share (%) on the free market	[52–58]	[61–67]	[55–61]	[57–63]
Index	*100*	*115*	*105*	*108*

Source: Surveillance 3.

([95]) t25.009782.

(187) Table 3 shows that during the period considered imports from the PRC decreased in absolute terms by 14 %. In terms of market share, imports from the PRC increased from [52–58] % to [57–63] % during the period considered, or by around five percentage points.

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

(188) The Commission established the prices of imports on the basis of Surveillance 3 data, as explained in Section 4.4.1 above. Price undercutting of the imports was established on the basis of the resulting average import price from the PRC, adjusted to EU landed level, and the average sales price of all crystal product types sold by the complainant.

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

Table 4

Import prices (EUR/tonne)

	2021	2022	2023	IP
Price of imports from the PRC	2 141	4 711	1 823	1 763
Index	*100*	*220*	*85*	*82*

Source: Surveillance 3.

(190) The average price of imports into the Union from the country concerned decreased by 18 % overall over the period considered.

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

(1) the weighted average prices of the imports of phosphorous acid sourced from the statistics on the Union market (all phosphorous acid in crystal form), established on a Cost, insurance, freight (CIF) basis, with appropriate adjustments for customs duties and post-importation costs; and

(2) the corresponding weighted average sales prices of the phosphorous acid sold in crystal form sold by the Union producer to unrelated customers on the Union market, adjusted to an ex-works level.

(192) The price comparison was made at the same level of trade, duly adjusted where necessary, and after deduction of commissions fees. The result of the comparison was expressed as a percentage of the Union producer's theoretical turnover during the investigation period. It showed a weighted average undercutting margin of between 23 % and 27 % by the imports from the country concerned on the Union market. Undercutting was found for all of the imported phosphorous acid originating from China.

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

4.5.1. *General remarks*

(193) 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.

(194) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic and microeconomic injury indicators on the basis of data contained in the questionnaire reply of the Union producers. The macroeconomic data fully related to both Union producers, but absent of free market sales by Italmatch, for certain microeconomic data the Commission had to rely on the questionnaire reply of the complainant only. Both sets of data were found to be representative of the economic situation of the Union industry.

(195) 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.

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

(197) The Commission analysis of the statistical data revealed that, during the investigation period, phosphorous acid was only imported in solid/crystal form from China, whereas the Union industry sold the product under investigation in both solid and liquid form. To ensure comparability, the Commission converted the volumes of various indicators into the solid form, when needed.

4.5.2. *Macroeconomic indicators*

4.5.2.1. Production, production capacity and capacity utilisation

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

Table 5

Production, production capacity and capacity utilisation

	2021	2022	2023	IP
Production quantity (tonnes)	[9 600–10 700]	[9 100–10 100]	[5 300–5 900]	[8 000-8 900]
Index	*100*	*95*	*55*	*83*
Production capacity (tonnes)	[11 900–13 200]	[11 900–13 200]	[11 900–13 200]	[11 900–13 200]
Index	*100*	*100*	*100*	*100*
Capacity utilisation (%)	[75–83]	[71–79]	[42–46]	[63–69]
Index	*100*	*95*	*55*	*83*

Source: Union producers' questionnaire replies.

(199) The production volume trend showed a decrease from 9 600–10 700 tonnes in 2021 to 5 300–5 900 tonnes in 2023 (– 45 %), followed by an increase to 8 000–8 900 tonnes in 2024. The production capacity remained stable at 11 900–13 200 tonnes during the period considered, while the production capacity utilisation trend decreased from 75 %–83 % in 2021 to 42 %–46 % in 2023 and then increased to 63 %–69 % in 2024.

4.5.2.2. Sales quantity and market share

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

Table 6

Sales quantity and market share

	2021	2022	2023	IP
Total sales quantity on the Union market (tonnes)	[4 500–5 100]	[3 200–3 600]	[2 500–2 800]	[3 100–3 600]
Index	*100*	*70*	*55*	*69*
Market share (%)	[41–45]	[33–36]	[38–42]	[35–39]

Source: ICL questionnaire reply.

(201) The sales by the Union industry on the Union market decreased from 4 500–5 100 tonnes in 2021 to 2 500–2 800 tonnes in 2023 (– 45 %) and then increased to 3 100–3 600 tonnes in 2024. Overall, the sales of the Union industry in its domestic market decreased by 31 % which is stronger than the drop in consumption (– 21 %).

(202) Accordingly, the market share of the Union industry dropped from 41 %–45 % in 2021 to 35 %–39 % in the investigation period.

4.5.2.3. Growth

(203) The Union industry suffered negative growth during the period considered, in particular in 2022 and 2023 as compared with 2021. The Union industry showed a glimmer of resilience in the investigation period, when, at the cost of price decreases, it was able to increase the sales volumes as compared with the previous years.

4.5.2.4. Employment and productivity

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

Table 7

Employment and productivity

	2021	2022	2023	IP
Number of employees (FTE)	[22–25]	[22–25]	[22–25]	[22–25]
Index	*100*	*100*	*100*	*100*
Productivity (tonne/FTE)	[400–450]	[370–430]	[220–250]	[330–380]
Index	*100*	*95*	*55*	*83*

Source: Union producers' questionnaire replies.

(205) During the period considered, employment in the Union remined stable. Despite lower production volumes over the period under consideration, the Union industry maintained the highly trained and qualified staff in the expectation that the market situation would normalise, and higher production volumes could resume.

(206) It follows from the previous recital and recital 204 that productivity dropped significantly during the period considered, as a result of the drop of production volumes.

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

(207) 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.

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

4.5.3. *Microeconomic indicators*

4.5.3.1. Prices and factors affecting prices

(209) The weighted average unit sales prices of the complainant to unrelated customers in the Union developed over the period considered as follows:

Table 8

Sales prices in the Union

	2021	2022	2023	IP
Average unit sales price in the Union on the free market (EUR/tonne)	[1 600–1 900]	[4 000–4 500]	[2 600–2 900]	[2 100–2 500]
Index	*100*	*247*	*161*	*134*
Unit cost of production (EUR/tonne)	[1 600–1 900]	[2 700–3 100]	[2 200–2 500]	[2 100–2 400]
Index	*100*	*167*	*135*	*130*

Source: ICL questionnaire reply.

(210) The complainant's average sales prices on the Union market exceptionally doubled between 2021 and 2022 and then decreased significantly onwards in the following two years, as compared to the 2022 price level. The higher average sales prices partly reflected the increase of cost of production and a particular market situation in 2022 and 2023 where China experienced two problematic years due to disruptions in the domestic raw material supply chain and to soaring of ocean freight costs to the Union.

(211) Unit cost of production increased by 67 % between 2021 and 2022, then decreased by 32 percentage points in 2023. In the investigation period, unit cost of production were 30 % higher in comparison to 2021.

4.5.3.2. Labour costs

(212) The average labour costs of the Union industry developed over the period considered as follows:

Table 9

Average labour costs per employee

	2021	2022	2023	IP
Average labour costs per employee (EUR)	[78 000–88 000]	[81 000–91 000]	[74 000–83 000]	[74 000–83 000]
Index	*100*	*104*	*95*	*95*

Source: Union producers' questionnaire replies.

(213) Average labour cost per employee grew between 2021 and 2022 by 4 %. The increase in salary that occurred in 2022 was due to accrued bonuses paid for certain staff pertinent to financial performance of the year. 2023 and in the investigation period, average labour cost per employee decreased by 5 % in comparison to 2021 due to the reduction of bonuses and replacement of experienced employees with high labour cost with new labour force.

4.5.3.3. Inventories

(214) Stock levels of the Union industry developed over the period considered as follows:

Table 10

Stocks

	2021	2022	2023	IP
Closing stock (tonnes)	[300–400]	[100–300]	[300–400]	[200–400]
Index	*100*	*60*	*105*	*91*
Closing stock as a percentage of production	[3–4]	[1–3]	[5–7]	[3–4]

Source: Union producers' questionnaire replies.

(215) The level of closing stocks followed the downward trend of production in the first two years. Then, it increased in 2023 by coming back to the same level of 2021 for finally decreases in the investigation period.

(216) As a percentage of production volumes, the level of stocks decreased from 3 %–4 % in 2021 to 1 %–3 % in 2022. In 2023 the depleted stocks had to be replenished. In the investigation period the closing stocks expressed as percentage of production returned at the same level of 2021.

(217) Throughout the period considered closing stock levels were negligeable. While this might appear to indicate efficient inventory management, the lack of meaningful stockpiles has, in fact, compromised the Union industry's operational flexibility. Holding adequate inventory is essential to effectively manage fluctuations in demand.

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

(218) Profitability, cash flow, investments and return on investments of the complainant developed over the period considered as follows:

Table 11

Profitability, cash flow, investments and return on investments

	2021	2022	2023	IP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[– 1 to – 2]	[29 to 33]	[13 to 16]	[1 to 2]
Cash flow (EUR 000)	[800–1 000]	[5 600–6 300]	[1 600–1 900]	[1 400–1 700]
Index	*100*	*691*	*200*	*184*

	2021	2022	2023	IP
Investments (EUR 000)	[200–300]	[700–900]	[300–400]	[400–500]
Index	*100*	*360*	*153*	*202*
Return on investments (%)	[– 4 to – 6]	[279 to 310]	[63 to 71]	[9 to 11]
Index	*– 100*	*5 695*	*1 296*	*194*

Source: ICL questionnaire reply.

(219) The Commission established the profitability of the Union industry by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. The union industry was loss making in year 2021, in 2022 the profitability jumped to [29–33] %, decreased in 2023 to [13–16] % and in the investigation period the complainant achieved a meagre profit of [1–2] %.

(220) The profitability over the two-year period 2022-2023 was influenced by the economic circumstances generated by the slowdown of the demand and a temporary decrease of imports from the PRC, caused by soaring ocean freight costs to deliver the product to the Union. In 2022 and 2023, despite the energy crisis that emerged after the start of Russia's war of aggression against Ukraine in 2022 and disruptions in the raw material supply chain in Europe (that also affected Chinese production – see Section 5.2.1), the Union industry managed to pass the increase in costs to users in the Union. The observed markup over production costs was exceptionally high [1 200–1 400] EUR/tonne in 2022 and [300–500] EUR/tonne in 2023.

(221) The Union industry's profitability during the investigation period remained slightly above the break-even point, a consequence of the impact of surged dumped imports. The Union industry lost control over the pricing of the product, caused by the availability of phosphorous acid from the country concerned at very low prices, leading to a situation of price suppression during the investigation period.

(222) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow followed the trend of profitability, it developed positively during the period considered, allowing the Union industry to invest in necessary maintenance and replacement of machinery but mainly in 2022.

(223) During the period considered, the annual flow of investments in the product under investigation made by the Union industry started to increase mainly in 2022, following the increase in profitability levels. Investments reached around EUR 300 000-500 000 in the second part of the period considered, with investments related to maintenance and replacement of machinery on the production plant.

(224) The return on investments is the profit in percentage of the net book value of investments. It was negative in 2021, improved significantly between 2020-2022 in line with the increase of profitability to finally dropping down to [9–11] % during the investigation period.

4.6. **Conclusion on injury**

(225) The Union industry lost significant sales volumes and [4–7] percentage points market share in a shrinking Union market. In terms of pricing, the Union industry was loss-making in 2021 and only slightly profitable in the investigation period, but it was profitable in 2022 and 2023. The profits achieved in those two years were however due to exceptional circumstances and in the investigation period, the Union industry's profitability was only slightly above break-even.

(226) On the basis of the above, the Commission concluded at this stage that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

5. CAUSATION

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

5.1. Effects of the dumped imports

(228) During the period considered, the Union industry lost significant sales volumes on the Union market, as its Union sales volumes decreased by 31 %. As consumption dropped by 21 %, the Union industry's market share decreased from [41 %–45 %] to [35 %–39 %]. As consumption dropped by 21 %, the Union industry's market share decreased from [40,5 %–45 %] to [35,4 %–39,3 %].

The decrease of the Union industry's market share could be fully attributed to a parallel increase of imports from the country concerned, as there were no other sources of imports of significance. Indeed, China increased its market share from [52 %–58 %] to [57 %–63 %]. At the same time, Chinese import prices undercut the Union industry prices by more than 25 % during the investigation period. This resulted in a significant price suppression on the Union market.

(229) Due to the lost sales volumes, the Union industry also experienced a significant decline in production quantities. To remain competitive, the Union industry was forced to lower its sales prices (by 35 % in year 2023 and by 15 % in year 2024), which negatively affected profitability. In the investigation period, its profitability was only slightly above break-even.

(230) It was, therefore, provisionally concluded that dumped imports of phosphorous acid from China caused material injury to the Union industry.

5.2. Effects of other factors

5.2.1. *Increase of costs of raw materials*

(231) Yellow phosphorous is the main raw material, accounting for more than 50 % of the phosphorous acid cost of production. This raw material experienced an extraordinary price surge during the period considered. The Commission thus assessed the possible injurious effect of the yellow phosphorous price increase on the Union industry's economic situation.

Table 12

Yellow phosphorous price evolution (USD/kg)

	2021	2022	2023	IP
China	4,45	5,29	3,74	3,22
Index	*100*	*119*	*84*	*72*
Europe	3,13	5,06	4,95	3,94
Index	*100*	*162*	*158*	*126*

Source: https://businessanalytiq.com/procurementanalytics/index/yellow-phosphorus-price-index/.

(232) The Commission found that globally, the price of yellow phosphorus increased abnormally in the market at the beginning of the period considered. This price increase was global and thus affected also Chinese producers.

(233) The Union industry was able to pass on the cost increase to its customers in 2022, when Chinese imports were at levels comparable with 2021, and still in 2023, when imports from China decreased by 38 % (see Table 3). As the price of yellow phosphorous decreased significantly in the investigation period, whereas the economic situation of the Union industry deteriorated in the same period, the price fluctuations of yellow phosphorous did not attenuate the causal link between the dumped imports and the injury of the Union industry.

5.2.2. *Imports from third countries*

(234) The quantity of imports from third countries, over the period considered, as follows:

Table 13

Imports from third countries

	2021	2022	2023	IP
tonnes	[63-71]	[67-75]	[58-66]	[106-119]
Index	*100*	*107*	*93*	*169*
Market share (%)	[0–1]	[0–1]	[0–1]	[0,5–1,5]
Average price	[1 500-1 800]	[2 000-2 300]	[1 600-1 900]	[1 700-2 000]
Index	*100*	*131*	*108*	*116*

Source: Surveillance 3.

(235) Imports from third countries accounted for [0,5 %–1,5 %] of consumption in the investigation period and less than 1 % for the three other years in the period considered (and it amounted to [106-119] tonnes in the investigation period). With such low level of imports from third countries, the Commission concluded that imports from third countries did not attenuate the causal link between the dumped imports and the material injury suffered by the Union industry.

5.2.3. *Export performance of the Union industry*

(236) The volume of exports of the Union industry developed over the period considered as follows:

Table 14

Export performance of the Union industry

	2021	2022	2023	2024
Export volume (tonnes)	[286–318]	[50–56]	[35–40]	[65–73]
Index	*100*	*18*	*12*	*23*
Average price (EUR/ tonne)	[1 800-2 100]	[4 800-5 400]	[4 400-5 000]	[3 600-4 100]
Index	*100*	*260*	*242*	*198*

Source: ICL questionnaire reply.

(237) On average the export volumes accounted for 3 % of the Union industry's phosphorous acid overall sales during the period considered. In addition, the decline in export sales was far more pronounced than the drop in Union sales, even in relative terms. Moreover, the prices of the Union industry's exports were found consistently higher those on the Union market. The Commission therefore provisionally concluded that the export performance of Union industry did not contribute to the injury suffered by the Union industry.

5.3. **Conclusion on causation**

(238) The investigation showed a correlation between the increase of dumped imports from the country concerned and the material injury suffered by the Union industry. The significant increase in import volumes and at lower prices exerted a strong price pressure on the Union market and led to a strong decline in the Union industry's production and sales volumes and its market share in its home market.

(239) Average Chinese import prices were below the average Union industry's sales prices as of 2023. At the same time, the market share of Chinese imports, which stood already at [52 %–58 %] at the beginning of the period considered, further increased by 8 %. The loss of sales volume and, consequently, production volume led to an increase of fixed costs that translated in a considerable unit cost increases of the Union industry. The Union industry aligned its prices to the increased cost of production, but this led to a price level that was not competitive with the dumped Chinese imports that continued to increase significantly in absolute and relative terms at prices that were below the Union industry's cost and sales prices. This situation created a significant price suppression on the Union market, leading to a decline in sales, market share and profitability.

(240) The Commission established thus a causal link between the dumped imports from China and the injury suffered by the Union industry.

(241) The Commission distinguished and separated the effects of all known factors on the situation of the Union industry from the injurious effects of the dumped imports. The effect of these factors on the Union industry's negative developments were, however, not significant.

(242) 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.

6. **LEVEL OF MEASURES**

(243) In the present case, the complainants claimed the existence of raw material distortions within the meaning of Article 7(2a) of the basic Regulation. Thus, in order to conduct the assessment on the appropriate level of measures, the Commission first established the amount of duty necessary to eliminate the injury suffered by the Union industry in the absence of distortions under Article 7(2a) of the basic Regulation. Then it examined whether the dumping margin calculated at country-wide level (see Section 3.5 above) would be higher than their injury margin, see recitals 244 to 250 below.

6.1. **Injury margin**

(244) 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.

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

(246) As a first step, the Commission established a basic profit covering full costs under normal conditions of competition on the basis of the profitability achieved before the increase of imports from the country under investigation, i.e. in the years 2017 to 2019. Such profit margin was established at 9,96 %.

(247) On this basis, the non-injurious price is [2 400–2 800] EUR/tonne, resulting from applying the above-mentioned profit margin of 10 % to the cost of production during the investigation period of the complainant.

(248) In accordance with article 7(2d) of the basic Regulation, as a final step, the Commission assessed the future costs resulting from Multilateral Environmental Agreements, and protocols thereunder, to which the Union is a party, and of ILO Conventions listed in Annex Ia that the Union industry will incur during the period of the application of the measure pursuant to Article 11(2). There were, however, no such future costs reported by the Union industry.

(249) On this basis, the Commission calculated a non-injurious price of [2 400–2 800] EUR/tonne for the like product of the Union industry by applying the above-mentioned target profit margin (see recital 246) to the cost of production of the complainant during the investigation period.

(250) The Commission then determined the injury margin level on the basis of a comparison of the weighted average import price for the country concerned, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the complainant 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.

	Dumping margin (%)	Underselling margin (%)
All imports originating in the People's Republic of China	122,8	39,7

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

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

6.3. **Raw material distortions**

(252) According to the evidence in the complaint, yellow phosphorus, accounting for [55-60 %] of the cost of production of the product concerned, is subject to an export tax of 20 % in the PRC.

(253) Therefore, as announced in the Notice of initiation, in accordance with Article 7(2a) of the basic Regulation, the Commission examined the alleged distortion and any other distortions covered by Article 7(2a) of the basic Regulation in the PRC, as well as the impact of such distortion(s) on the production of phosphorous acid in the PRC. Considering the lack of cooperation by the GOC and the exporting producers in the PRC, the Commission based its findings on facts available pursuant to Article 18 of the basic Regulation, in particular publicly available information concerning relevant regulatory documents imposing restrictions that amount to raw material distortions covered by Article 7(2a) of the basic Regulation and the information contained in the complaint.

(254) The Commission first identified the main raw materials used in the production of the product concerned. As main raw materials are considered those raw materials which are likely to represent at least 17 % of the cost of production of the product concerned. The Commission established that only yellow phosphorus met that condition.

(255) The Commission then examined whether the Chinese price of yellow phosphorus was distorted by one of the measures listed in Article 7(2a) of the basic Regulation: dual pricing schemes, export taxes, export surtax, export quota, export prohibition, fiscal tax on exports, licensing requirements, minimum export price, value added tax ('VAT') refund reduction or withdrawal, restriction on customs clearance point for exporters, qualified exporters list, domestic market obligation, captive mining.

(256) The complainant referred to the Notice of the State Council Customs Tariff Commission on Adjusting Export Tariffs on Certain Products [2009] No 6 ([96]), which stated that 'a 20 % export tariff will continue to be levied on yellow phosphorus'. The Commission confirmed that the measure was still in place during the investigation period ([97]).

(257) The Commission established that the domestic Chinese price of yellow phosphorus was distorted by a measure listed in Article 7(2a) of the basic Regulation, namely an export tax.

(258) Next the Commission compared the Chinese price of yellow phosphorus to prices in the representative international market(s). The complaint referred to the publicly available price index published by the market intelligence provider Business AnalytIQ. This source provided prices of yellow phosphorus in China, the US, Europe and South-east Asia for the investigation period on monthly basis. In addition, the Commission used the undistorted value of yellow phosphorus established in the representative country, Brazil. The Commission found that the prices in those international markets were by 22 % (Europe) to 67 % (Brazil) higher than in the PRC.

(259) Finally, the Commission examined whether yellow phosphorus affected by the export tax described in recital 256 accounted for at least 17 % of the cost of production of the product concerned. Considering the lack of cooperation by the exporting producers in the PRC, the Commission relied on the complainant's cost of production. For the purpose of this calculation, an undistorted price of the raw material as established in the international markets mentioned in recital 258 was used. The Commission established that yellow phosphorus accounted for more than 50 % of the actual cost of production of the complainant.

(260) Consequently, the Commission concluded that yellow phosphorus was subject to a distortion within the meaning of Article 7(2a) of the basic Regulation.

6.4. **Union interest under Article 7(2b) of the basic Regulation**

(261) In accordance with Article 7(2b) of the basic Regulation, the Commission examined whether it could clearly conclude that it was in the Union interest to determine the amount of provisional duties in accordance with Article 7(2a) of the basic Regulation. The determination of the Union interest was based on an appreciation of all pertinent information to this investigation, including the spare capacities in the exporting country, competition for raw materials and the effect on supply chains for Union companies.

6.4.1. *Spare capacities in the exporting country*

(262) The Commission established that Chinese producers of phosphorous acid possess exceptionally large spare production capacities, which create a serious risk of continued exports to the Union market even after the possible imposition of measures. According to the evidence in the complaint, the total installed capacity in the PRC was found to be more than forty times the size of Union consumption. Approximately 23 % of this capacity remained unused during the investigation period and could therefore be readily redirected towards exports to the Union.

([96]) State Council Customs Tariff Commission. Notice on Adjusting Export Tariffs on Certain Products. Tariff Commission [2009] No 6. Available at https://www.gov.cn/zwgk/2009-06/22/content_1347236.htm (last viewed 10 September 2025).

([97]) Announcement of the State Council Tariff Commission on the Issuance of the 'Customs Tariff of the People's Republic of China for Import and Export (2024)'. Tariff Commission Announcement No 12 of 2023. Available at https://www.gov.cn/zhengce/zhengceku/202312/content_6923614.htm (last viewed 10 September 2025).

6.4.2. *Competition for raw materials*

(263) The Commission analysed the market conditions for the main raw material used in the production of phosphorous acid. Yellow phosphorus, the key input material in the production of phosphorous acid, is subject in China to a 20 % export tax. This measure restricts international supply and keeps Chinese domestic prices artificially low, giving Chinese producers a cost advantage. Yellow phosphorus represents [55-60 %] of the cost of production of phosphorous acid. This significant cost gap distorts competition and puts Union producers at a structural disadvantage.

6.4.3. *Effect on supply chains for Union companies*

(264) The Commission analysed the potential impact of the imposition of measures on the Union supply chains, including effects on the downstream market and the availability of the product concerned within the Union. This assessment was based on the information provided by cooperating interested parties. Only one user submitted a complete questionnaire reply, and the Commission therefore relied primarily on the data provided by that user. The analysis showed that the imposition of measures would not have a material adverse impact on the profitability of that user, which would remain at a sustainable level, allowing it to continue its operations without significant disruption. Furthermore, the Commission established that the Union industry retains sufficient unused capacity to increase production and thereby meet a greater share of Union demand.

6.4.4. *Conclusion on Union interest under Article 7(2b) of the basic Regulation*

(265) Having assessed all pertinent information to this investigation, the Commission concluded that it is in the Union interest to determine the amount of provisional duties in accordance with Article 7(2a) of the basic Regulation.

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

(266) Following the above assessment, provisional anti-dumping duties should be set, in accordance with Article 7(2a) of the basic Regulation, at the following level:

	Anti-dumping duty rate (%)
All imports originating in the People's Republic of China	122,8

7. **UNION INTEREST**

(267) Having decided to apply Article 7(2a) of the basic Regulation, the Commission also 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**

(268) The Union producer that lodged the complaint, accounting for the entire Union production available on the free market, cooperated fully in the investigation and expressed its interest to the imposition of measures. The other Union producer, Italmatch, also cooperated fully by providing dedicated questionnaire responses.

(269) The imposition of duties is expected to restore fair trade conditions on the Union market and enable the Union industry to recover from the material injury suffered during the investigation period. In particular, the measures would allow the Union producer to regain lost sales volumes and market share, improve profitability, and ensure the sustainable operation of production facilities. The imposition of measures is therefore likely to have a positive impact on the viability and long-term competitiveness of the Union industry.

(270) In the absence of measures, Chinese exporting producers would continue to export the product concerned to the Union at dumped prices, thereby further depressing prices on the Union market and eroding the Union industry's profitability. This would undermine its capacity to invest, innovate, and maintain production, ultimately threatening its viability.

(271) It was therefore concluded that imposing measures on imports originating in the PRC would be in the interest of the Union industry.

7.2. **Interest of unrelated importers**

(272) The Commission did not receive questionnaire responses from Union importers or traders. One importer (S. Goldmann GmbH & Co. KG, Germany) provided a written submission, expressing its opposition to measures.

(273) Goldmann claimed that the measures would give the complainant a monopolistic position which would likely increase their own costs and would also endanger the supply chain in the Union, as ICL cannot cover the entire demand. Regarding the supply chain security, the Commission concluded that the only sources of phosphorous acid are the complainant and the Chinese producers. The loss of the Union industry would make the PRC the sole source of phosphorous acid. Regarding the monopolistic position of the Union industry, the Commission concluded measures would reinstate fair trade conditions for all parties; the downstream industry could still source material from the PRC, but at fair non-dumped prices.

(274) The Commission therefore concluded that no sufficient evidence was submitted demonstrating that the imposition of anti-dumping duties on imports of phosphorous acid originating in the PRC would have a lasting adverse effect on the profitability of importers or traders.

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

(275) One user, Giovanni Bozzetto Spa, came forward during the investigation and provided a questionnaire reply and a written submission, expressing its opposition to measures. Phosphorous acid is one of the raw materials for Bozzetto in the production of detergent and water treatment formulations.

(276) The Commission established, based on the data reported in the company's questionnaire reply and the total imports from the PRC shown in Table 3, that Bozzetto accounted for 15 % to 25 % of all imports of the product concerned from the PRC into the Union.

(277) Bozzetto claimed that the measures would give the complainant a monopolistic position which would likely increase their own costs and would also endanger the supply chain in the Union, as the complainant cannot cover the entire demand.

(278) Regarding the effects on supply chain security, the Commission noted that anti-dumping measures are not meant to block imports, but rather to reinstate fair trade conditions for all parties; the downstream industry could still source material from China, thus the Union industry would not enjoy a monopolistic position. Conversely, the loss of the Union industry would make China the sole source of phosphorous acid.

(279) Bozzetto expressed its concerns over the ability of vertically integrated Chinese producers to avoid the measures, by further processing phosphorous acid into phosphonates and exporting the downstream product into Union distorting competition in the Union phosphonates market. Third-country chemical producers for downstream products would gain a competitive advantage over Union producers as they would continue to purchase Chinese phosphorous acid without AD duties and thus sell the final product at a lower price in the Union. Also, third-country phosphorous acid importers could perform targeted assembly activities for the product originating in China and circumvent the measures by exporting the product into the Union market.

(280) Regarding the potential circumvention and surge of imports in the downstream product markets, the Commission has tools to address these issues should they arise.

7.4. **Conclusion on Union interest**

(281) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to impose measures on imports of phosphorous acid originating in in the PRC at this stage of the investigation.

8. **PROVISIONAL ANTI-DUMPING MEASURES**

(282) 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.

(283) Provisional anti-dumping measures should be imposed on imports of phosphorous acid originating in the PRC, in accordance Article 7(2a) of the basic Regulation. The Commission concluded in recital 266 that the appropriate level to remove injury should be the dumping margin.

(284) On the basis of the above, the provisional anti-dumping duty rate, expressed on the CIF Union border price, customs duty unpaid, should be set at the level of 122,8 %.

(285) This duty rate is exclusively applicable to imports of the product concerned originating in the country concerned.

9. **REGISTRATION**

(286) 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.

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

(288) 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**

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

(290) Three cooperating Chinese companies submitted comments within the deadline. They however did not concern the accuracy of the calculations. Those comments will be therefore duly addressed at the definitive stage of the investigation.

11. **FINAL PROVISIONS**

(291) 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.

(292) 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 phosphorous acid, in solid or liquid (aqueous) forms, also denominated phosphonic acid, usually falling under Chemical Abstracts Service ('CAS') numbers 13598-36-2 and 10294-56-1, with the Customs and Statistics ('CUS') numbers 0021895-1 and 0043878-8 usually corresponding to it, currently falling under CN code ex 2811 19 80 (TARIC code 2811 19 80 60), and originating in the People's Republic of China.

2. The rate of the provisional anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the product described in paragraph 1, shall be 122,8 %.

3. 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.

4. 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) 2025/1334.

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

Article 4

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

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

Done at Brussels, 17 November 2025.

For the Commission
The President
Ursula VON DER LEYEN