



2026/1045

13.5.2026

**COMMISSION IMPLEMENTING REGULATION (EU) 2026/1045**

**of 12 May 2026**

**imposing a provisional anti-dumping duty on imports of certain alkyl phosphonic acids and their sodium salts 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 <sup>(1)</sup> ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

**1. PROCEDURE**

**1.1. Initiation**

- (1) On 18 September 2025, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports of certain alkyl phosphonic acids and their sodium salts originating in the People's Republic of China ('China', 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* <sup>(2)</sup> ('the Notice of Initiation').
- (2) The Commission initiated the investigation following a complaint lodged on 7 August 2025 by LANXESS Deutschland GmbH ('Lanxess' or 'the complainant'). The complaint was made by the Union industry of certain alkyl phosphonic acids and their sodium salts 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) 2025/2385 <sup>(3)</sup> ('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 known exporting producers and Chinese 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.

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 21, ELI: <http://data.europa.eu/eli/reg/2016/1036/oj>.

<sup>(2)</sup> Notice of initiation of an anti-dumping proceeding concerning imports of certain alkyl phosphonic acids and their sodium salts originating in the People's Republic of China (OJ C, C/2025/5021, 18.9.2025, ELI: <http://data.europa.eu/eli/C/2025/5021/oj>).

<sup>(3)</sup> Commission Implementing Regulation (EU) 2025/2385 of 27 November 2025 making imports of certain alkyl phosphonic acids and their sodium salts originating in the People's Republic of China subject to registration (OJ L, 2025/2385, 28.11.2025, ELI: [http://data.europa.eu/eli/reg\\_impl/2025/2385/oj](http://data.europa.eu/eli/reg_impl/2025/2385/oj)).

#### 1.4. **Comments on initiation**

- (6) No comments were received from interested parties on the initiation of the investigation.

#### 1.5. **Sampling**

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

##### *No sampling of Union producers*

- (8) Given that Lanxess is the sole Union producer, no sampling was necessary in this case.

##### *Sampling of unrelated importers*

- (9) 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.
- (10) Three unrelated importers pertaining to the same corporate group provided the requested information and agreed to be included in the sample. In view of the low number of replies, the Commission decided that sampling was not necessary.

##### *Sampling of exporting producers*

- (11) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in China to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (12) Five exporting producers in the country concerned provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of three companies on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned and the authorities of the country concerned were consulted on the selection of the sample.
- (13) Shandong Green Technologies Import and Export Co., Ltd., a non-sampled Chinese exporting producer, objected to its non-inclusion in the sample.
- (14) The Commission analysed the merits of the objection. The Commission confirmed that the export volumes of this exporting producer during the investigation period were significantly lower than the volumes of the sampled exporters. Moreover, the Commission found that the proposed sample constituted the largest representative volume of exports to the Union during the investigation period, which could reasonably be investigated within the time available, as required under Article 17(1) of the basic Regulation. Consequently, the Commission found no reason to amend the sample. The sample was therefore maintained.

#### 1.6. **Individual examination**

- (15) Shandong Green Technologies Import and Export Co., Ltd., also informed Commission that it may request individual examination under Article 17(3) of the basic Regulation. However, this exporting producer did not submit a questionnaire reply and therefore ultimately did not request individual examination.

#### 1.7. **Questionnaire replies and verification visits**

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

- (17) Furthermore, the complainant provided in the complaint sufficient evidence of raw material distortions in China regarding the product concerned. Therefore, as announced in the Notice of Initiation, the investigation covered those raw material distortions to determine whether to apply the provisions of Article 7(2a) and 7(2b) of the basic Regulation with regard to China. For this reason, the Commission sent additional questionnaires in this regard to GOC.
- (18) The Commission sent questionnaires to the sampled companies in China. The same questionnaires were made available online <sup>(4)</sup> on the day of initiation.
- (19) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

Union producers:

- LANXESS Deutschland GmbH, Cologne, Germany;

Unrelated importers:

- Connect Chemicals GmbH, Connect Chemicals Benelux B.V. and Connect Chemicals Italia Srl ('Connect'), Ratingen, Germany;

Users:

- Hypred SAS, Dinard, France ('Hypred');

Exporting producers in China:

- Jiyuan Qingyuan Water Treatment Co., Ltd., Jiyuan, China,
- Nantong Uniphos Chemicals Co., Ltd., Nantong, China,
- Shandong Taihe Technologies Co., Ltd., Zaozhuang, China;

Related importer in the Union:

- Uniphos GmbH, Gross-Gerau, Germany.

## 1.8. Investigation period and period considered

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

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

### 2.1. Product under investigation

- (21) The product under investigation is 2-phosphonobutane-1,2,4-tricarboxylic acid and its sodium salt Tetrasodium hydrogen 2-phosphonatobutane-1,2,4-tricarboxylate, in solid form or in an aqueous solution, currently falling under CN code 2931 49 80 (TARIC code 2931 49 80 60) ('the product under investigation' or 'PBTC').
- (22) The product under investigation usually falls under the Chemicals Abstract Services ('CAS') 37971-36-1 and 66669-53-2, is registered in the European Union under the European Community (EC) reference numbers 253-733-5 and 266-442-3, respectively, and the Customs and Statistics Numbers ('CUS') on the European Customs Inventory of Chemical Substances ('ECICS') database are 0027475-9 and 0087281-1.

<sup>(4)</sup> <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2813>.

- (23) The product under investigation is produced through the following three main steps. First, dimethyl phosphite (DMPI) and maleic acid dimethyl ester ('MDE') react with a base catalyst in a reactor, forming phosphonosuccinic acid tetramethylester (PBS-Ester). The PBS-Ester formed in the first reactor is then transferred without isolation into a second reactor where PBS-Ester reacts with acrylic acid methylester (AM) in another base-catalysed reaction to form 2-phosphonobutane-1,2,4-tricarboxylic acid pentamethylester (PBTC-Ester). The PBTC-Ester is then transferred to a third reactor. To form PBTC the PBTC-Ester is hydrolysed with water. PBTC-Na4 is produced from PBTC by neutralisation with sodium hydroxide.
- (24) The main applications of PBTC include water treatment processes, and industrial and institutional cleaning. This is due to their optimal role as scale and corrosion inhibitors.

## 2.2. Product concerned

- (25) The product concerned is the product under investigation originating in China.

## 2.3. Like product

- (26) The investigation showed that the following products have the same basic physical chemical and technical characteristics as well as the same basic uses:
- the product concerned when exported to the Union,
  - the product under investigation produced and sold on the domestic market of China, and
  - the product under investigation produced and sold in the Union by the Union industry.
- (27) Therefore, the Commission decided at this stage that those products are like products within the meaning of Article 1(4) of the basic Regulation.

## 2.4. Claims regarding product scope

- (28) The Commission did not receive any submission or claim from interested parties regarding the product scope of the investigation.

# 3. DUMPING

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

- (29) In view of the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation with regard to China, the Commission considered it appropriate to initiate the investigation with regard to the exporting producers from this country having regard to Article 2(6a) of the basic Regulation.
- (30) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in China to provide information regarding the inputs used for producing PBTC. Four exporting producers submitted the relevant information.
- (31) In order to obtain information it deemed necessary for its investigation with regard to the alleged significant distortions, the Commission sent a questionnaire to the GOC. In addition, in point 5.3.2 of the Notice of Initiation, the Commission invited all interested parties to make their views known, submit information and provide supporting evidence regarding the application of Article 2(6a) of the basic Regulation within 37 days of the date of publication of the Notice of Initiation in the *Official Journal of the European Union*. No questionnaire

reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received from other parties within the deadline. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in China.

- (32) In the Notice of Initiation, the Commission also specified that, in view of the evidence available, it might need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks.
- (33) On 13 March 2026, the Commission informed interested parties by a note ('the Note') on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of all factors of production such as raw materials, labour and energy used in the production of PBTC. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified Brazil as an appropriate representative country. Two interested parties (Shandong Taihe Technologies Co., Ltd ('Taihe') and Lanxess) submitted comments on the Note. The comments are addressed in Section 3.2.

### 3.2. Normal value

- (34) According to Article 2(1) of the basic Regulation, 'the normal value shall normally be based on the prices paid or payable, in the ordinary course of trade, by independent customers in the exporting country'.
- (35) However, according to Article 2(6a)(a) of the basic Regulation, 'in case it is determined [...] that it is not appropriate to use domestic prices and costs in the exporting country due to the existence in that country of significant distortions within the meaning of point (b), the normal value shall be constructed exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks', and 'shall include an undistorted and reasonable amount of administrative, selling and general costs and for profits' ('administrative, selling and general costs' is referred to hereinafter as 'SG & A').
- (36) As further explained below, the Commission concluded in the present investigation that, based on the evidence available, and in view of the lack of cooperation of the GOC, the application of Article 2(6a) of the basic Regulation was appropriate.

#### 3.2.1. Existence of significant distortions

- (37) Article 2(6a)(b) of the basic Regulation states that 'significant distortions are those distortions which occur when reported prices or costs, including the costs of raw materials and energy, are not the result of free market forces as they are affected by substantial government intervention. In assessing the existence of significant distortions regard shall be had, inter alia, to the potential impact of one or more of the following elements:
- the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country,
  - state presence in firms allowing the state to interfere with respect to prices or costs,
  - public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces,
  - the lack, discriminatory application or inadequate enforcement of bankruptcy, corporate or property laws,
  - wage costs being distorted,
  - access to finance granted by institutions which implement public policy objectives or otherwise not acting independently of the state'.

- (38) As the list in Article 2(6a)(b) of the basic Regulation is non-cumulative, not all the elements need to be given for a finding of significant distortions. Moreover, the same factual circumstances may be used to demonstrate the existence of one or more of the elements of the list.
- (39) However, any conclusion on significant distortions within the meaning of Article 2(6a)(a) of the basic Regulation must be made on the basis of all the evidence at hand. The overall assessment on the existence of distortions may also take into account the general context and situation in the exporting country, in particular where the fundamental elements of the exporting country's economic and administrative set-up provide the government with substantial powers to intervene in the economy in such a way that prices and costs are not the result of the free development of market forces.
- (40) Article 2(6a)(c) of the basic Regulation provides that '[w]here the Commission has well-founded indications of the possible existence of significant distortions as referred to in point (b) in a certain country or a certain sector in that country, and where appropriate for the effective application of this Regulation, the Commission shall produce, make public and regularly update a report describing the market circumstances referred to in point (b) in that country or sector'.
- (41) Pursuant to this provision, the Commission issued a country report concerning China <sup>(5)</sup> ('the Report'), which contains evidence of the existence of substantial government intervention at many levels of the economy, including specific distortions in many key factors of production (such as land, energy, capital, raw materials and labour) as well as selected sectors (such as chemical, ...). Interested parties were invited to rebut, comment or supplement the evidence contained in the investigation file at the time of initiation. The Report concerning China was placed in the investigation file at the initiation stage. The complainant relied on the evidence contained in the Report, in particular the specific chapter of the Report addressing the distortions in the chemical sector in China <sup>(6)</sup>.
- (42) The complainant pointed out that the Chinese State is a socialist market economy developed under the leadership of the Chinese Communist Party ('CCP') which covers all essential aspects of the State, including the economy and the judicial system, as the Chinese institutions are not governed by the principle of separation of powers. It argued that the CCP exercises a particularly tight control at economic level which translated into the high importance of the State-Owned Enterprises ('SOEs') in the Chinese economy. The CCP is involved in the governmental institutions as well as in the corporate structures of both private companies and SOEs to the extent that it can exercise dominance and absolute control over the entire Chinese economy. The complainant pointed to three main channels of intervention by the GOC in the Chinese economy: administrative, financial and regulatory <sup>(7)</sup>.
- (43) The complaint also contained some relevant evidence complementing the Report. The complainant also referred to Commission findings in several recent investigations, which confirmed the existence of significant distortions with regard to Chinese chemical sector, including in the investigation concerning certain alkyl phosphate esters <sup>(8)</sup>, acesulfam <sup>(9)</sup>, citric acid <sup>(10)</sup> and monosodium glutamate <sup>(11)</sup>.
- (44) Moreover, the complaint recalled the following elements resulting in significant distortions.

<sup>(5)</sup> 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).

<sup>(6)</sup> Complaint (open version), paragraph 74.

<sup>(7)</sup> Complaint (open version), paragraphs 64-66.

<sup>(8)</sup> Commission Implementing Regulation (EU) 2024/1064 of 9 April 2024 imposing a provisional anti-dumping duty on imports of certain alkyl phosphate esters originating in the People's Republic of China (OJ L, 2024/1064, 10.4.2024, ELI: [http://data.europa.eu/eli/reg\\_impl/2024/1064/oj](http://data.europa.eu/eli/reg_impl/2024/1064/oj)).

<sup>(9)</sup> Commission Implementing Regulation (EU) 2022/116 of 27 January 2022 imposing a definitive anti-dumping duty on imports of acesulfame potassium 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 19, 28.1.2022, p. 22, ELI: [http://data.europa.eu/eli/reg\\_impl/2022/116/oj](http://data.europa.eu/eli/reg_impl/2022/116/oj)).

<sup>(10)</sup> 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](http://data.europa.eu/eli/reg_impl/2023/2180/oj)).

<sup>(11)</sup> Commission Implementing Regulation (EU) 2021/633 of 14 April 2021 imposing a definitive anti-dumping duty on imports of monosodium glutamate originating in the People's Republic of China and in Indonesia following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 132, 19.4.2021, p. 63, ELI: [http://data.europa.eu/eli/reg\\_impl/2021/633/oj](http://data.europa.eu/eli/reg_impl/2021/633/oj)).

- (45) First, the PBTC sector is being served to a significant extent by enterprises that operate under the ownership, control or policy supervision or guidance of State authorities. The GOC ensures a strong influence over both SOEs and private companies, especially in industries considered as strategic or encouraged such as the chemical sector (encompassing PBTC and its sodium salt). The GOC appoints and controls key executives through the CCP as well as provides SOEs with preferential access to important inputs (such as land and capital) and other competitive advantages. At both national and local level, the GOC established the State-Owned Assets Supervision and Administration Commissions ('SASAC') to represent the State's shareholder interests in SOEs. The complainant also referred to the 'Social Credit System' as a new tool endorsed by the CCP that the GOC will be using to monitor, rate and condition the conduct of all domestic and foreign companies in China<sup>(12)</sup>. Finally, in 2021 the GOC released the 14th Five-Year Plan that aims to uphold socialist policies and bolster the economic growth of China through a socialist market economy.
- (46) Specifically relating to the PBTC industry, a substantial degree of GOC ownership persists and according to publicly available information several key producers of PBTC and PBTC-Na4 are SOEs. For example, the China National Chemical Corporation (ChemChina), of which Sinochem Holding Company Limited is the shareholder<sup>(13)</sup>. Similarly, privately owned companies also appear under close control of the GOC<sup>(14)</sup>. According to the complainant, the GOC also intends to further invest and strengthen SOEs active in the PBTC and PBTC-Na4 industry<sup>(15)</sup>.
- (47) Second, the State presence in PBTC companies also allows the authorities to interfere with prices and/or costs. Through regulatory and policy measures, the GOC also influences the production, as well as costs and prices of products like PBTC and PBTC-Na4 through its presence and intervention in the upstream sectors of raw materials and inputs necessary for its production<sup>(16)</sup>. For example, the GOC set up strategic investment projects in the Shandong province relating to maleic anhydride, a key raw material for producing PBTC, which demonstrates the GOC's aim to increase its production and underscores maleic anhydride's importance in the Chinese chemical industry<sup>(17)</sup>. Another example is yellow phosphorus, a key raw material used in the production of PBTC and PBTC-Na4. The complainant referred to the recent anti-dumping investigation concerning imports of certain alkyl phosphate esters from China in which the Commission recognised that the GOC has put in place a strategy to control and intervene in the production of yellow phosphorus<sup>(18)</sup>. The GOC also maintains an export tax on yellow phosphorus set at 20 % which prevents this raw material from being exported and creates immense overcapacity in China. The complainant further argued that such export tax constitutes a market distortion within the meaning of Article 7(2a) of the basic Regulation, which artificially lowers the cost of production of phosphorus derivatives such as PBTC and its salts. Moreover, the GOC's export tax policy has also created international distortions concerning yellow phosphorus affecting Vietnamese and Kazakh suppliers of the raw material<sup>(19)</sup>.
- (48) Third, the GOC pursues public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces. The complainant explained that the development of the Chinese economy is determined by an elaborate system of planning which sets out priorities and prescribes the goals that the central and local governments must focus on and strive to implement. The GOC has consistently given a strong focus to the chemical industry in its different policy documents and has clearly shaped its measures to favour domestic chemical producers. See in particular in this regard the Decision of the State Council Regarding Promulgating the Implementation of Interim Provisions on the Promotion of Industrial Restructuring ('Decision No 40') which clearly indicates that the GOC supports the development of the fine chemicals industry. The complainant referred to various other implementing plans and policies of the GOC that all demonstrate the GOC's strong support for the Chinese chemicals industry, but also in particular the development and focus on the production of yellow phosphorus, which is a key raw material for the production of PBTC and its salts (for example, the Implementation Plan for Promoting the Efficient and High-value Utilization of Phosphorus Resources ('Implementation Plan for Phosphorus Resources')<sup>(20)</sup>.

<sup>(12)</sup> Complaint (open version), Section 4.1.3.

<sup>(13)</sup> Complaint (open version), paragraph 91.

<sup>(14)</sup> Complaint (open version), paragraphs 92-94.

<sup>(15)</sup> Complaint (open version), paragraph 95.

<sup>(16)</sup> Complaint (open version), paragraph 103.

<sup>(17)</sup> Complaint (open version), paragraph 104.

<sup>(18)</sup> Complaint (open version), paragraph 105; see also footnote 4.

<sup>(19)</sup> Complaint (open version), paragraphs 106-109.

<sup>(20)</sup> Complaint (open version), paragraphs 111-120.

- (49) Fourth, much like in any other sector in the Chinese economy, the chemical sector is subject to the distortions resulting from the discriminatory application or inadequate enforcement of Chinese bankruptcy, corporate and property rules. The complainant argued that the Chinese bankruptcy system delivers inadequately on its main objectives such as to fairly settle claims and debts, and to protect the rights of creditors and debtors, which in turn affects the Chinese financial and borrowing market. Moreover, the deficiencies of the system of property rights are particularly clear with regard to ownership of land and land-use rights in China, i.e. that all land is owned by the Chinese State. Therefore, according to the complainant, producers of PBTC and its salts are subject to the Chinese bankruptcy, corporate and property rules, and are therefore also subject to the distortions resulting from the discriminatory application or inadequate enforcement of these laws <sup>(21)</sup>.
- (50) Fifth, wage costs are distorted in the PBTC and PBTC-Na4 sector as well. Wage costs do not result from normal market forces or free collective bargaining but are subject to significant distortions in China. Wage cost distortions are further enhanced by labour subsidies provided by the Chinese State, in particular, to PBTC producers. For example, according to the complainant, Shandong Taihe Water Treatment Technologies Co., Ltd., and Henan Qingshuiyuan Technology Co. Ltd. reported several such subsidies including, training subsidies, employee trainee subsidies, enterprise job stabilization subsidies, introducing talent funds, and skills upgrading subsidies. As such, the heavy influence of the GOC on the wage cost in the PBTC industries considerably impacts costs and free market forces, inevitably creating significant distortions on the market <sup>(22)</sup>.
- (51) Sixth, the complainant argued that PBTC producers have access to finance granted by institutions which implement public policy objectives or otherwise are not acting independently from the State. Since the State maintains an influence over all major aspects of the Chinese financial system, access to capital for corporate actors in China is subject to important distortions. These various distortions include a strong government presence in the financial institutions, and artificially low borrowing costs, in order to stimulate investment growth, which reveals a situation incomparable to other market-based economies. The complainant also referred to a number of policy documents and legal provisions laying down preferential lending principles, including the Implementation Plan for Phosphorus Resources, to demonstrate that the industry of PBTC and PBTC-Na4 is affected by significant distortions created by GOC interference in the financial system. Moreover, the complainant alleged that Chinese producers of PBTC and PBTC-Na4 directly benefitted from preferential loans both from State-owned and private banks. For example, Henan Qingshuiyuan Technology Co. Ltd. obtained loans from several Chinese banks, like the Agricultural Bank of China, Bank of China, China Construction Bank, China Merchants Bank and the CITIC Bank <sup>(23)</sup>.
- (52) The complainant submitted that the above-mentioned distortions are systemic. In conclusion, the complainant argued that significant distortions pursuant to Article 2(6a) of the basic Regulation are present in the Chinese PBTC and PBTC-Na4 sector and that, as a result, it is not appropriate to use domestic costs to establish the normal value. It requested that the Commission construct the normal value on the basis of corresponding costs of production and sale in an appropriate representative country <sup>(24)</sup>.
- (53) The Commission examined whether it was appropriate or not to use domestic prices and costs in China, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file. The evidence on the file included the evidence contained in the Report, which relies on publicly available sources.
- (54) That analysis covered the examination of the substantial government interventions in China's economy in general, but also the specific market situation in the relevant sector including the product concerned. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in China.

<sup>(21)</sup> Complaint (open version), paragraphs 121-124.

<sup>(22)</sup> Complaint (open version), paragraphs 125-128.

<sup>(23)</sup> Complaint (open version), paragraphs 129-141.

<sup>(24)</sup> Complaint (open version), paragraphs 142-143.

### 3.2.1.1. Significant distortions affecting the domestic prices and costs in China

- (55) The Chinese economic system is based on the concept of a 'socialist market economy'. That concept is enshrined in the Chinese Constitution and determines the economic governance of China. The core principle is the 'socialist public ownership of the means of production, namely, ownership by the whole people and collective ownership by the working people' <sup>(25)</sup>.
- (56) The State-owned economy is the 'leading force in the national economy' and the State has the mandate to ensure its 'consolidation and growth' <sup>(26)</sup>. Indeed, compared to the 13th FYP, SASAC confirmed that total assets of central enterprises grew by 44,6 % during the 14th FYP, 'effectively driving the integrated development of upstream and downstream enterprises in the industrial chain and providing strong support for the successful achievement of the main goals and tasks of my country's economic and social development' <sup>(27)</sup>.
- (57) Consequently, the overall setup of the Chinese economy not only allows for substantial government interventions into the economy, but such interventions are expressly mandated. The notion of supremacy of public ownership over the private one permeates the entire legal system and is emphasized as a general principle in all central pieces of legislation.
- (58) The Chinese property law is a prime example: it refers to the primary stage of socialism and entrusts the State with upholding the basic economic system under which the public ownership plays a dominant role. Other forms of ownership are tolerated, with the law permitting them to develop side by side with the State ownership <sup>(28)</sup>.
- (59) In addition, under Chinese law, the socialist market economy is developed under the leadership of the CCP. The structures of the Chinese State and of the CCP are intertwined at every level (legal, institutional, personal), forming a superstructure in which the roles of CCP and the State are indistinguishable.
- (60) Following an amendment of the Chinese Constitution in March 2018, the leading role of the CCP was given an even greater prominence by being reaffirmed in the text of Article 1 of the Constitution.
- (61) Following the already existing first sentence of the provision: '[t]he socialist system is the basic system of the People's Republic of China' a new second sentence was inserted which reads: '[t]he defining feature of socialism with Chinese characteristics is the leadership of the Communist Party of China' <sup>(29)</sup>. This illustrates the unquestioned and ever-growing control of the CCP over the economic system of China.
- (62) This leadership and control are inherent to the Chinese system and go well beyond the situation customary in other countries where the governments exercise general macroeconomic control within the boundaries of which free market forces are at play.
- (63) The Chinese State engages in an interventionist economic policy in pursuance of goals, which coincide with the political agenda set by the CCP rather than reflecting the prevailing economic conditions in a free market <sup>(30)</sup>. The interventionist economic tools deployed by the Chinese authorities are manifold, including the system of industrial planning, the financial system, as well as the level of the regulatory environment.
- (64) First, on the level of overall administrative control, the direction of the Chinese economy is governed by a complex system of industrial planning which affects all economic activities within the country. The totality of these plans covers a comprehensive and complex matrix of sectors and crosscutting policies and is present on all levels of government.
- (65) Plans at provincial level are detailed while national plans set broader targets. Plans also specify the means in order to support the relevant industries/sectors as well as the timeframes in which the objectives need to be achieved. Some plans still contain explicit output targets.

<sup>(25)</sup> Report – Chapter 2, p. 7.

<sup>(26)</sup> Report – Chapter 2, p. 7-8.

<sup>(27)</sup> See at: <http://finance.people.com.cn/n1/2026/0128/c1004-40654753.html> (accessed on 5 March 2026).

<sup>(28)</sup> Report – Chapter 2, p. 10, 18.

<sup>(29)</sup> Available at: [http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node\\_2825.htm](http://www.npc.gov.cn/zgrdw/englishnpc/Constitution/node_2825.htm) (accessed on 8 April 2024).

<sup>(30)</sup> Report – Chapter 2, p. 29-30.

- (66) Under the plans, individual industrial sectors and/or projects are being singled out as (positive or negative) priorities in line with the government priorities and specific development goals are attributed to them (industrial upgrade, international expansion etc.).
- (67) The economic operators, private and State-owned alike, must effectively adjust their business activities according to the realities imposed by the planning system. This is not only because of the binding nature of the plans, but also because the relevant Chinese authorities at all levels of government adhere to the system of plans and use their vested powers accordingly, thereby inducing the economic operators to comply with the priorities set out in the plans <sup>(31)</sup>.
- (68) Second, on the level of allocation of financial resources, the financial system of China is dominated by the State-owned commercial and policy banks. Those banks, when setting up and implementing their lending policy need to align themselves with the government's industrial policy objectives rather than primarily assessing the economic merits of a given project <sup>(32)</sup>.
- (69) The same applies to the other components of the Chinese financial system, such as the stock markets, bond markets, private equity markets etc. Also, these parts of the financial sector are institutionally and operationally set up in a manner not geared towards maximizing the efficient functioning of the financial markets but towards ensuring control and allowing intervention by the State and the CCP <sup>(33)</sup>.
- (70) Third, on the level of regulatory environment, the interventions by the State into the economy take a number of forms. For instance, the public procurement rules are regularly used in pursuit of policy goals other than economic efficiency, thereby undermining market-based principles in the area. The applicable legislation specifically provides that public procurement shall be conducted to facilitate the achievement of goals designed by State policies. However, the nature of these goals remains undefined, thereby leaving broad margin of appreciation to the decision-making bodies <sup>(34)</sup>.
- (71) Similarly, in the area of investment, the GOC maintains significant control and influence over destination and magnitude of both State and private investment. Investment screening as well as various incentives, restrictions, and prohibitions related to investment are used by authorities as an important tool for supporting industrial policy goals, such as maintaining State control over key sectors or bolstering domestic industry <sup>(35)</sup>.
- (72) In sum, the Chinese economic model is based on certain basic axioms, which provide for and encourage manifold government interventions. Such substantial government interventions are at odds with the free play of market forces, resulting in distorting the effective allocation of resources in line with market principles <sup>(36)</sup>.
- 3.2.1.2. Significant distortions according to Article 2(6a)(b), first indent of the basic Regulation: the market in question being served to a significant extent by enterprises which operate under the ownership, control or policy supervision or guidance of the authorities of the exporting country
- (73) In China, enterprises operating under the ownership, control and/or policy supervision or guidance by the State represent an essential part of the economy.

---

<sup>(31)</sup> Report – Chapter 4, p. 57, 92.

<sup>(32)</sup> Report – Chapter 6, p. 149-150.

<sup>(33)</sup> Report – Chapter 6, p. 153-171.

<sup>(34)</sup> Report – Chapter 7, p. 204-205.

<sup>(35)</sup> Report – Chapter 8, p. 207-208, 242-243.

<sup>(36)</sup> Report – Chapter 2, p. 19-24, Chapter 4, p. 69, 99-100, Chapter 5, p. 130-131.

- (74) The sector of the product concerned is mainly served by private companies, such as Shandong Taihe Technologies Co. Ltd. <sup>(37)</sup> or Jiyuan Qingyuan Water Treatment Co. Ltd. <sup>(38)</sup> but also by companies partially State-owned like Nantong Uniphos Chemicals Co. Ltd. <sup>(39)</sup> which is 67 % held by Nantong Jiangshan Agrochemicals and Chemicals Co. Ltd. <sup>(40)</sup>, which in turn is 27 % State-owned <sup>(41)</sup>. Moreover, in the upstream sector of yellow phosphorus, a primary raw material used to produce PBTC, the degree of State ownership remains significant, with a number of producers being partially owned or controlled by the State <sup>(42)</sup>, such as Hubei Xingfa Chemicals Group Co. Ltd. <sup>(43)</sup> <sup>(44)</sup> of which 20 % are held by Yichang Xingfa Group Co. Ltd., an SOE controlled by the Yichang Municipality People's Government or Yunnan Phosphorus Group Co., Ltd. <sup>(45)</sup> a wholly owned subsidiary <sup>(46)</sup> of Yunnan Yuntianhua, an SOE ultimately controlled by the Yunnan State-owned Asset Supervision and Administration Commission <sup>(47)</sup>.
- (75) Still, CCP interventions into operational decision making have become the norm not only in SOEs, but also in private companies <sup>(48)</sup>, with CCP claiming leadership over virtually every aspect of the country's economy. Indeed, the State's influence by means of CCP structures within companies effectively results in economic operators being under the government's control and policy supervision, given how far the State and Party structures have grown together in China. Moreover, the whole sector of the product concerned is subject to several government policies: to start with, low polluting 'phosphorus mud treatment processes for yellow phosphorus production' are listed amongst the industries to be encouraged as under the chemical and petrochemical industry category in the 2024 Edition of the Guiding Catalogue for industry structural adjustment <sup>(49)</sup>, which signals the authorities' intentions to create a regulatory environment conducive to the sector's development and which also potentially paves the way to the industry's access to finance. At the same time, yellow phosphorus producers with smaller production capacities are also listed amongst the industries to be eliminated, showing the Chinese authorities' intention to influence the phosphorus industry layout: 'yellow phosphorus production units with a single unit capacity of less than 5 000 tons/year' <sup>(50)</sup>. Other inputs such as methanol and methyl methacrylate produced by smaller producers are also listed under the restricted industries category <sup>(51)</sup>.
- (76) Moreover, the 14th FYP on raw materials <sup>(52)</sup> directly addresses the petrochemical and chemical sectors by stating that '[i]n sectors including petrochemicals and chemicals, steel, non-ferrous metals, and building materials, we shall foster a number of industry chain pioneer enterprises exerting leadership on the ecosystem and characterized by core competitiveness, [...]. The guiding role of leading enterprises in chemical and building materials sectors shall be leveraged to promote corporate reform and restructuring'. Also, the plan seeks to 'strictly control new capacities in industries such as [...] yellow phosphorus'.
- (77) Additionally, the 'Implementation Plan for Phosphorus Resources' <sup>(53)</sup> is formulated in order 'to implement 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'. More specifically, the plan seeks to 'accelerate the

<sup>(37)</sup> See at: <https://www.thwater.com/rongyu.html> (accessed on 20 March 2026).

<sup>(38)</sup> See at: <http://www.qyscl.com.cn/index.php/about/31#31> (accessed on 20 March 2026).

<sup>(39)</sup> See at: <https://www.uniphos.com.cn/> (accessed on 20 March 2026).

<sup>(40)</sup> See at: <https://en.jsac.com.cn/> (accessed on 20 March 2026).

<sup>(41)</sup> See Nantong Jiangshan Agrochemicals and Chemicals Co. Ltd's annual report 2024, p.83, available at: <https://www.jsac.com.cn/uploadfile/202504/cd9fba280fea622.pdf> (accessed on 20 March 2026).

<sup>(42)</sup> See at: <https://chemicalresearchinsight.com/2025/11/01/top-10-companies-in-the-yellow-phosphorus-industry-2025-market-leaders-powering-global-chemicals/> (accessed on 20 March 2026).

<sup>(43)</sup> See at: <https://www.xingfagroup.com/> (accessed on 20 March 2026).

<sup>(44)</sup> See Hubei Xingfa Chemicals Group's annual report 2024, p.74, available at: [https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH\\_STOCK/2025/2025-4/2025-04-01/10835918.PDF](https://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-4/2025-04-01/10835918.PDF) (accessed on 20 March 2026).

<sup>(45)</sup> See at: <http://en.yunphos.com/> (accessed on 20 March 2026).

<sup>(46)</sup> See at: <https://ypc123456.en.made-in-china.com/> (accessed on 20 March 2026).

<sup>(47)</sup> See Yunnan Yuntianhua Co. Ltd's annual report 2024, p. 115, available at: [http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH\\_STOCK/2025/2025-3/2025-03-25/10802990.PDF](http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-3/2025-03-25/10802990.PDF) (accessed on 20 March 2026).

<sup>(48)</sup> Article 33 of the CCP Constitution, Article 19 of the Chinese Company Law. See Report – Chapter 3, p. 47-50.

<sup>(49)</sup> See, p. 23 of the 2024 Guiding Catalogue for industry structural adjustment available at: [https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202312/t20231229\\_1362999.html](https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202312/t20231229_1362999.html) (accessed on 20 March 2026).

<sup>(50)</sup> *Ibid*, p. 110.

<sup>(51)</sup> *Ibid*, p. 87.

<sup>(52)</sup> 14th FYP on raw materials, Sections IV.3 and IV.1, available at: [https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art\\_2960538d19e34c66a5eb8d01b74cbb20.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2021/art_2960538d19e34c66a5eb8d01b74cbb20.html) (accessed on 20 March 2026).

<sup>(53)</sup> See at: [https://www.gov.cn/zhengce/zhengceku/202401/content\\_6923991.htm](https://www.gov.cn/zhengce/zhengceku/202401/content_6923991.htm) (accessed on 20 March 2026).

transformation and upgrading of traditional industries such as [...] yellow phosphorus, vigorously develop emerging industries such as high-end phosphorus chemicals, accelerate the cultivation of advanced manufacturing clusters, and build a high-end, intelligent, green, integrated and concentrated phosphorus chemical industry systems’.

- (78) Government control and policy supervision can be also observed at the level of the relevant industry associations <sup>(54)</sup>.
- (79) For instance, the China Petrochemical and Chemical Industry Federation (‘CPCIF’) the sectoral industry association. According to Article 3 of CPCIF’s Articles of Association, the organisation ‘accepts the professional guidance, supervision and management by the entities in charge of registration and management, by entities in charge of Party building, as well as by the relevant administrative departments in charge of industry management’ <sup>(55)</sup>.
- (80) Furthermore, the CPCIF has set up a High-End Chemicals Special Committee explicitly covering ‘water treatment agents’ <sup>(56)</sup>.
- (81) Hubei Xingfa Chemicals Group Co. Ltd. and Yunnan Yuntianhua are members of CPCIF <sup>(57)</sup> <sup>(58)</sup>.
- (82) Consequently, privately owned producers in the sector of the product concerned are prevented from operating under market conditions. Indeed, both public and privately owned enterprises in the sector are subject to policy supervision and guidance.

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

- (83) The GOC is in position to interfere with prices and costs through State presence in firms. Indeed, CCP cells in enterprises, State-owned and private alike, represent an important channel through which the State can interfere with business decisions.
- (84) According to China’s company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution <sup>(59)</sup>) and the company shall provide the necessary conditions for the activities of the Party organisation.
- (85) In the past, this requirement appeared not to have always been followed or strictly enforced. However, since at least 2016 the CCP has been reinforcing its claims to control business decisions in companies as a matter of political principle <sup>(60)</sup>, including exercising pressure on private companies to put ‘patriotism’ first and to follow Party discipline <sup>(61)</sup>.
- (86) Already in 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies <sup>(62)</sup>. These rules are of general application throughout the Chinese economy, across all sectors, including to the producers of the product concerned and the suppliers of their inputs.

<sup>(54)</sup> Report – Chapter 2, p. 24-27.

<sup>(55)</sup> See at: <http://www.cpcif.org.cn/detail/40288043661e27fb01661e386a3f0001?e=1> (accessed on 20 March 2026).

<sup>(56)</sup> See at: <http://www.cpcif.org.cn/detail/39747711-f959-4eb8-8a59-0f3f776ae8e0> (accessed on 20 March 2026).

<sup>(57)</sup> See at: <http://www.cpcif.org.cn/list/40288043661dc14701661ddb0980010> (accessed on 20 March 2026).

<sup>(58)</sup> See at: <http://www.cpcif.org.cn/detail/78f4fdd0-52c0-429d-b47b-a34ee66ff54f> (accessed on 20 March 2026).

<sup>(59)</sup> Report – Chapter 3, p. 40.

<sup>(60)</sup> See for example: Blanchette, J. – Xi’s Gamble: *The Race to Consolidate Power and Stave off Disaster*; Foreign Affairs, Vol. 100, No 4, July/August 2021, p. 10-19.

<sup>(61)</sup> Report – Chapter 3, p. 41.

<sup>(62)</sup> Available at: <https://www.reuters.com/article/us-china-congress-companies-idUSKCN1B40JU> (accessed on 24 March 2026).

- (87) In addition, on 15 September 2020 a document titled General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era <sup>(63)</sup> ('the Guidelines') was released, which further expanded the role of the Party committees in private enterprises.
- (88) Section II.4 of the Guidelines states: '[w]e must raise the Party's overall capacity to lead private-sector United Front work and effectively step up the work in this area'; and Section III.6 states: '[w]e must further step up Party building in private enterprises and enable the Party cells to play their role effectively as a fortress and enable Party members to play their parts as vanguards and pioneers'. The Guidelines thus emphasise and seek to increase the role of the CCP in companies and other private sector entities <sup>(64)</sup>.
- (89) The investigation confirmed that overlaps between managerial positions and CCP membership / Party functions exist also in the PBTC and PBTC-Na4 sector.
- (90) To provide an example, the President of Henan Qingshuiyuan Technology <sup>(65)</sup>, the Group holding Jiyuan Qingyuan Water Treatment Co. Ltd., is also the head of the Group's General Party Branch <sup>(66)</sup>.
- (91) Similarly, the Chairman and Deputy Chairman of Nantong Jiangshan Agrochemicals and Chemicals Co. Ltd. respectively occupy the positions of Deputy Secretary and Secretary of the Party Committee <sup>(67)</sup>.
- (92) Furthermore, Article 13 of Shandong Taihe Technologies Co. Ltd.'s Articles of Association <sup>(68)</sup> stipulates: 'In accordance with the provisions of the Constitution of the Communist Party of China, the Company shall establish a Communist Party organization and carry out Party activities. The Company shall provide the necessary conditions for the activities of the Party organization'.
- (93) The CCP's interference in the upstream industry transpires from the available corporate filings. The 2024 annual report of Hubei Xingfa Chemicals Group Co. Ltd. indicates that the company's Chairman, General Manager and several Directors are respectively Secretary and Deputy Secretaries of the Party Committee of the holding company Yichang Xingfa Group Co. Ltd. <sup>(69)</sup>. During its investigation, the Commission established that Yichang Xingfa Group Co. Ltd. actively participates in industry coordination actions <sup>(70)</sup> organized and supervised by the CCP.
- (94) The State's presence and intervention in the financial markets as well as in the provision of raw materials and inputs further have an additional distorting effect on the market <sup>(71)</sup>. Thus, the State presence in firms, in the PBTC sector and other sectors (such as the financial and input sectors) allows the GOC to interfere with respect to prices and costs.

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

- (95) The direction of the Chinese economy is to a significant degree determined by an elaborate system of planning which sets out priorities and prescribes the goals the central, provincial and local governments must focus on.

<sup>(63)</sup> General Office of CCP Central Committee's Guidelines on stepping up the United Front work in the private sector for the new era, [www.gov.cn/zhengce/2020-09/15/content\\_5543685.htm](http://www.gov.cn/zhengce/2020-09/15/content_5543685.htm) (accessed on 23 March 2026).

<sup>(64)</sup> Financial Times (2020) – Chinese Communist Party asserts greater control over private enterprise, <https://on.ft.com/3mYxP4j> (accessed on 23 March 2026).

<sup>(65)</sup> See at: <http://www.qyscl.com.cn/> (accessed on 23 March 2026).

<sup>(66)</sup> See at: <http://www.qyscl.com.cn/index.php/content/231> (accessed on 23 March 2026).

<sup>(67)</sup> See Nantong Jiangshan Agrochemicals and Chemicals Co. Ltd's annual report 2024, p. 45, available at: <https://www.jsac.com.cn/uploadfile/202504/cd9fba280fea622.pdf> (accessed on 23 March 2026).

<sup>(68)</sup> See at: [https://money.finance.sina.com.cn/corp/view/vCB\\_AllBulletinDetail.php?stockid=300801&id=11086997](https://money.finance.sina.com.cn/corp/view/vCB_AllBulletinDetail.php?stockid=300801&id=11086997) (accessed on 23 March 2026).

<sup>(69)</sup> See Hubei Xingfa Chemicals Group Co. Ltd's annual report 2024, p. 35, available at: [http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH\\_STOCK/2025/2025-4/2025-04-01/10835918.PDF](http://file.finance.sina.com.cn/211.154.219.97:9494/MRGG/CNSESH_STOCK/2025/2025-4/2025-04-01/10835918.PDF) (accessed on 23 March 2026).

<sup>(70)</sup> See at: [https://news.hubeidaily.net/mobile/c\\_5118226.html](https://news.hubeidaily.net/mobile/c_5118226.html) (accessed on 23 March 2026).

<sup>(71)</sup> Report – Chapter 14, Sections 14.1 to 14.3.

Relevant plans exist at all levels of government and cover virtually all economic sectors. The objectives set by the planning instruments are of a binding nature and the authorities at each administrative level monitor the implementation of the plans by the corresponding lower level of government.

- (96) Overall, the system of planning in China results in resources being driven to sectors designated as strategic or otherwise politically important by the government, rather than being allocated in line with market forces <sup>(72)</sup>.
- (97) The Chinese authorities have enacted a number of policies guiding the functioning of the sector of the product concerned.
- (98) The 14th FYP on economic and social development and 2035 perspectives <sup>(73)</sup> aims to ‘upgrade traditional industries, promote the optimization and structural adjustment of raw material industries such as petrochemicals, steel, nonferrous metals, and building materials, expand the supply of high-quality products in sectors such as light industry and textiles, speed up the transformation and upgrading of enterprises in key industries such as the chemical industry and papermaking, and improve the green manufacturing system’ <sup>(74)</sup>.
- (99) According to the 14th FYP on the raw materials industry <sup>(75)</sup>, China ‘will focus on the subfields or key products with solid industrial foundations, prominent comparative advantages, and leading technologies, with a view to giving full play to the guiding role of leading enterprises in the industrial chain, [...] and developing a batch of industrial clusters in petrochemicals. [...] In sectors including petrochemicals and chemicals, steel, non-ferrous metals, and building materials, we will foster a number of pioneering enterprises that could lead the ecosystem of the industrial chain with core competitiveness’ <sup>(76)</sup>.
- (100) More specifically, the 14th FYP on the green development of industry <sup>(77)</sup> mandates that ‘new capacity should be brought under strict control in industries such as [...] yellow phosphorus’ <sup>(78)</sup>.
- (101) Additionally, the Guiding Opinion on promoting the high quality development of the petrochemical and chemical industry <sup>(79)</sup> requires to ‘strengthen sectoral policies and scientifically regulate the scale of the industry: [...] enhance the supply capacity of high-end polymers, specialty chemicals and other products; as well as to [i]mprove supporting policies: strengthen the coordination of fiscal, financial, regional, investment, import and export, energy, ecological, environmental, price and other policies with industrial policies. Give full play to the role of the national industry-finance cooperation platform [...]’.
- (102) Also, the ‘Implementation Plan for Phosphorus Resources’ <sup>(80)</sup> aims at ‘enhancing the competitive advantage of the entire [phosphorus] industry chain’ and mandates to ‘accelerate the transformation and upgrading of traditional industries such as phosphate fertilizers and yellow phosphorus, vigorously develop emerging industries such as high-end phosphorus chemicals, accelerate the cultivation of advanced manufacturing clusters, and build a high-end, intelligent, green, integrated and concentrated phosphorus chemical industry system to provide strong support for promoting new industrialization and accelerating the construction of a manufacturing power’.

<sup>(72)</sup> Report – Chapter 4, p. 56-57, 99-100.

<sup>(73)</sup> See at: [https://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](https://www.gov.cn/xinwen/2021-03/13/content_5592681.htm) (accessed on 23 March 2026).

<sup>(74)</sup> Ibid Section III.8.

<sup>(75)</sup> See at: [https://www.gov.cn/zhengce/zhengceku/2021-12/29/content\\_5665166.htm](https://www.gov.cn/zhengce/zhengceku/2021-12/29/content_5665166.htm) (accessed on 12 March 2026).

<sup>(76)</sup> Ibid, see Sections IV.2 and IV.3.

<sup>(77)</sup> See at: [https://www.gov.cn/zhengce/zhengceku/2021-12/03/content\\_5655701.htm](https://www.gov.cn/zhengce/zhengceku/2021-12/03/content_5655701.htm) (accessed on 23 March 2026).

<sup>(78)</sup> Ibid.

<sup>(79)</sup> See at: [https://www.miit.gov.cn/zwgk/zcwj/wjfb/yj/art/2022/art\\_4ef438217a4548cb98c2d7f4f091d72e.html](https://www.miit.gov.cn/zwgk/zcwj/wjfb/yj/art/2022/art_4ef438217a4548cb98c2d7f4f091d72e.html) (accessed on 23 March 2026).

<sup>(80)</sup> See at: [https://www.gov.cn/zhengce/zhengceku/202401/content\\_6923991.htm](https://www.gov.cn/zhengce/zhengceku/202401/content_6923991.htm) (accessed on 23 March 2026).

- (103) On the provincial level, the Henan 14th FYP on the high-quality development of the manufacturing industry requires to 'build a national salt industry base [and to] accelerate the transformation of the chemical industry towards fine chemicals and new chemical materials' <sup>(81)</sup>. More specifically, Henan released in 2017 an Implementation Plan for technological innovation <sup>(82)</sup> seeking to 'promote and upgrade traditional industries [and to focus on] developing key technologies and efficient complete sets of equipment of advanced industrial wastewater treatment'.
- (104) Jiyuan Qingyuan Water Treatment Co. Ltd. is located in Henan.
- (105) Furthermore, the Shandong 14th FYP on the development of chemical industry <sup>(83)</sup> calls on the local authorities to '[i]ncrease the technological transformation of existing enterprises, improve energy and resource utilization efficiency, and enhance the core competitiveness of enterprises [and to] establish a mechanism for enterprises to withdraw from parks, resolutely eliminate obsolete production capacity, strictly control restricted production capacity, and implement differentiated policies and measures for the allocation of resource factors such as land, electricity, and water to force enterprises to transform and develop'. It also calls to '[i]ncrease financial support. Strengthen fiscal policy incentives, coordinate and involve special funds, support chemical companies in accelerating technological transformation, intelligent transformation, industrial transfers, relocation into parks, elimination of obsolete equipment, etc., and implement tax exemptions applicable to imports of major technical equipment, VAT refunds, research and development policies such as additional deduction of expenses and insurance compensation for the first set of technical equipment. Actively guide various financial institutions and social capital to invest in the chemical industry, leverage the advantages of policy finance, development finance and commercial finance, and increase financial support for key areas of chemical technology'. More specifically, the plan seeks to 'guide and develop the salt chemical industry towards strategic emerging industries such as new materials, new environmental protection, and new energy'.
- (106) Additionally, the Shandong Three-year Action Plan for the high-quality development of ecological and environmental protection industry 2023-2025 <sup>(84)</sup> mandates that the Zaozhuang Municipality 'expands and strengthens the chemical new materials industry, primarily focused on high-end water treatment agents, adjust the industrial structure and energy supply structure of water treatment agents, optimize the industrial layout, build a high-end environmental protection new materials industrial chain, and strive to create a major domestic industrial base for environmental protection new materials (water treatment agents)'. The Action Plan also mandates that 'on the basis of existing projects and industrial chain foundations such as Shandong Taihe Technologies Co. Ltd. and Xintai Water Treatment, [the Zaozhuang Municipality] constructs more than ten key projects, including the expansion of the water treatment agent industrial chain, develop new varieties of water treatment agents, and increase the proportion of environmentally friendly and green process water treatment agent products. By 2025, the production capacity of various environmental protection new materials (water treatment agents) will reach 1 million tons'.
- (107) Through these and other means, the GOC therefore directs and controls virtually every aspect in the development and functioning of the sector, as well as the upstream inputs.
- (108) In sum, the GOC has measures in place to induce operators to comply with the public policy objectives concerning the sector. Such measures impede market forces from operating freely.

<sup>(81)</sup> See Henan 14th FYP on the high-quality development of the manufacturing industry and modernization of the service industry 2021/49, Section III.1.

<sup>(82)</sup> See at: <https://www.jiyuan.gov.cn/zwgk/zfxxgk/zc/xzgfxwj/t829785.html> (accessed on 24 March 2026).

<sup>(83)</sup> See at: <http://gxt.shandong.gov.cn/module/download/downloadfile.jsp?classid=0&filename=17e54531cb74483596b5cca1a40ec8d8.pdf> (accessed on 23 March 2026).

<sup>(84)</sup> See at: <https://www.h2o-china.com/news/346173.html> (accessed on 24 March 2026).

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

- (109) According to the information on file, the Chinese bankruptcy system delivers inadequately on its own main objectives such as to fairly settle claims and debts and to safeguard the lawful rights and interests of creditors and debtors. This appears to be rooted in the fact that while the Chinese bankruptcy law formally rests on principles that are similar to those applied in corresponding laws in countries other than China, the Chinese system is characterised by systematic under-enforcement.
- (110) The number of bankruptcies remains notoriously low in relation to the size of the country's economy, not least because the insolvency proceedings suffer from a number of shortcomings which effectively function as a disincentive for bankruptcy filings. Moreover, the role of the State in the insolvency proceedings remains strong and active, often having direct influence on the outcome of the proceedings <sup>(85)</sup>.
- (111) In addition, the shortcomings of the system of property rights are particularly obvious in relation to ownership of land and land-use rights in China <sup>(86)</sup>. All land is owned by the State (collectively owned rural land and State-owned urban land) and its allocation remains solely dependent on the State. There are legal provisions that aim at allocating land use rights in a transparent manner and at market prices, for instance by introducing bidding procedures. However, these provisions are regularly not respected, with certain buyers obtaining their land for free or below market rates <sup>(87)</sup>. Moreover, authorities often pursue specific political goals including the implementation of the economic plans when allocating land <sup>(88)</sup>.
- (112) Much like other sectors in the Chinese economy, the producers of the product concerned are subject to the ordinary rules on Chinese bankruptcy, corporate, and property laws. That has the effect that these companies, too, are subject to the top-down distortions arising from the discriminatory application or inadequate enforcement of bankruptcy and property laws. Those considerations, on the basis of the evidence available, appear to be fully applicable also in the PBTC and PBTC-Na4 sector. The present investigation revealed nothing that would call those findings into question.
- (113) In light of the above, the Commission concluded that there was discriminatory application or inadequate enforcement of bankruptcy and property laws in the sector of the product concerned.

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

- (114) A system of market-based wages cannot fully develop in China as workers and employers are impeded in their rights to collective organisation. China has not ratified a number of essential conventions of the International Labour Organisation, in particular those on freedom of association and on collective bargaining <sup>(89)</sup>.
- (115) Under national law, only one trade union organisation is active. However, this organisation lacks independence from the State authorities and its engagement in collective bargaining and protection of workers' rights remains rudimentary <sup>(90)</sup>. Moreover, the mobility of the Chinese workforce is restricted by the household registration system, which limits access to the full range of social security and other benefits to local residents of a given administrative area.
- (116) This typically results in workers who are not in possession of the local residence registration finding themselves in a vulnerable employment position and receiving lower income than the holders of the residence registration <sup>(91)</sup>. Those findings lead to the distortion of wage costs in China.

<sup>(85)</sup> Report – Chapter 6, p. 171-179.

<sup>(86)</sup> Report – Chapter 9, p. 260-261.

<sup>(87)</sup> Report – Chapter 9, p. 257-260.

<sup>(88)</sup> Report – Chapter 9, p. 252-254.

<sup>(89)</sup> Report – Chapter 13, p. 360-361, 364-370.

<sup>(90)</sup> Report – Chapter 13, p. 366.

<sup>(91)</sup> Report – Chapter 13, p. 370-373.

(117) No evidence was submitted to the effect that the PBTC and PBTC-Na4 sector would not be subject to the Chinese labour law system described. The sector is thus affected by the distortions of wage costs both directly (when making the product concerned or the main raw material for its production) as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in China).

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

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

(119) First, the Chinese financial system is characterised by the strong position of State-owned banks <sup>(92)</sup>, which, when granting access to finance, take into consideration criteria other than the economic viability of a project. Similar to non-financial SOEs, the banks remain connected to the State not only through ownership but also via personal relations (the top executives of large State-owned financial institutions are ultimately appointed by the CCP) <sup>(93)</sup> and they regularly implement public policies designed by the GOC.

(120) In doing so, the banks comply with an explicit legal obligation to conduct their business in accordance with the needs of the national economic and social development and under the guidance of the industrial policies of the State <sup>(94)</sup>. While it is acknowledged that various legal provisions refer to the need to respect normal banking behaviour and prudential rules such as the need to examine the creditworthiness of the borrower, the overwhelming evidence, including findings made in trade defence investigations, suggests that these provisions play only a secondary role in the application of the various legal instruments.

(121) Recent developments further illustrate the extent of government influence over financial institutions in China. In March 2025, the GOC announced an issuance of RMB 500 billion in treasury bonds to provide substantial financial support to major banks, including the Bank of China, China Construction Bank, Bank of Communications, and Postal Savings Bank of China. This intervention was aimed at stabilising these institutions amidst declining profitability and record low net interest margins, highlighting the proactive measures taken by the State to maintain economic stability <sup>(95)</sup>.

(122) Also, the GOC has clarified that even private commercial banking decisions must be overseen by the CCP and remain in line with national policies. One of the State's three overarching goals in relation to banking governance is now to strengthen the Party's leadership in the banking and insurance sector, including in relation to operational and management issues <sup>(96)</sup>. Also, the performance evaluation criteria of commercial banks have now to, notably, take into account how entities 'serve the national development objectives and the real economy', and in particular how they 'serve strategic and emerging industries' <sup>(97)</sup>.

<sup>(92)</sup> Report – Chapter 6, p. 137-140.

<sup>(93)</sup> Report – Chapter 6, p. 146-149.

<sup>(94)</sup> Report – Chapter 6, p. 149.

<sup>(95)</sup> GOC Ad hoc Support to Banks, Official announcement, Ministry of Finance, China, 29 March 2025, [https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202503/t20250329\\_3961036.htm](https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202503/t20250329_3961036.htm) (accessed on 12 March 2026).

<sup>(96)</sup> See official policy document of the China Banking and Insurance Regulatory Commission of 28 August 2020: 'Three-year action plan for improving corporate governance of the banking and insurance sectors (2020-2022)', [http://www.hunan.gov.cn/zqt/zcsd/202009/t20200914\\_13727273.html](http://www.hunan.gov.cn/zqt/zcsd/202009/t20200914_13727273.html) (accessed on 24 March 2026). The Plan instructs to 'further implement the spirit embodied in General Secretary Xi Jinping's keynote speech on advancing the reform of corporate governance of the financial sector'. Moreover, the Plan's Section II aims at promoting the organic integration of the Party's leadership into corporate governance: 'we shall make the integration of the Party's leadership into corporate governance more systematic, standardised and procedure-based [...] Major operational and management issues must have been discussed by the Party Committee before being decided upon by the Board of Directors or the senior management'.

<sup>(97)</sup> See CBIRC's Notice on the Commercial banks performance evaluation method, issued on 15 December 2020, [https://www.beijing.gov.cn/zhengce/zhengcefagui/qtwj/202204/t20220407\\_2656358.html](https://www.beijing.gov.cn/zhengce/zhengcefagui/qtwj/202204/t20220407_2656358.html) (accessed on 24 March 2026).

- (123) Furthermore, on the level of allocation of financial resources, with Several Measures to Further Promote the Development of Private Investment <sup>(98)</sup>, the GOC seeks to ‘increase central budget resources to support qualified private investment projects and to actively play a guiding and leading role’. The GOC also intends to ‘make good use of new policy financial instruments [and] support a number of qualified private investment projects in important industries and key areas’ <sup>(99)</sup>.
- (124) Additionally, bond and credit ratings are often distorted for a variety of reasons including the fact that the risk assessment is influenced by the firm's strategic importance to the GOC and the strength of any implicit guarantee by the government <sup>(100)</sup>. This is compounded by additional existing rules, which direct finances into sectors designated by the government as encouraged or otherwise important <sup>(101)</sup>. This results in a bias in favour of lending to SOEs, large well-connected private firms and firms in key industrial sectors, which implies that the availability and cost of capital is not equal for all players on the market.
- (125) Second, borrowing costs have been kept artificially low to stimulate investment growth. This has led to the excessive use of capital investment with ever lower returns on investment. This is illustrated by the growth in corporate leverage in the State sector despite a sharp fall in profitability, which suggests that the mechanisms at work in the banking system do not follow normal commercial responses.
- (126) Thirdly, although nominal interest rate liberalization was achieved in October 2015, price signals are still not the result of free market forces but are influenced by government-induced distortions. The share of lending at or below the benchmark rate still represented at least one-third of all lending as of the end of 2018 <sup>(102)</sup>. Official media in China have recently reported that the CCP called for ‘guiding the loan market interest rate downwards’ <sup>(103)</sup>. Artificially low interest rates result in under-pricing, and consequently, the excessive utilization of capital.
- (127) Overall credit growth in the China indicates a worsening efficiency of capital allocation without any signs of credit tightening that would be expected in an undistorted market environment. As a result, non-performing loans have increased rapidly, with the GOC a number of times opting to either avoid defaults, thus creating so called ‘zombie’ companies, or to transfer the ownership of the debt (e.g. via mergers or debt-to-equity swaps), without necessarily removing the overall debt problem or addressing its root causes.
- (128) In essence, despite the steps that have been taken to liberalize the market, the corporate credit system in China is affected by significant distortions resulting from the continuing pervasive role of the State in the capital markets. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.
- (129) No evidence was submitted in the present investigation demonstrating that the sector of the product concerned is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation. Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

<sup>(98)</sup> See at: [https://www.gov.cn/zhengce/content/202511/content\\_7047643.htm](https://www.gov.cn/zhengce/content/202511/content_7047643.htm) (accessed on 24 March 2026).

<sup>(99)</sup> Ibid, Section 11.

<sup>(100)</sup> Report – Chapter 6, p. 157-158.

<sup>(101)</sup> Report – Chapter 6, p. 150-152, 156-160, 165-171.

<sup>(102)</sup> OECD (2019), *OECD Economic Surveys: China 2019*, OECD Publishing, Paris, p. 29, available at: [https://doi.org/10.1787/eco\\_surveys-chn-2019-en](https://doi.org/10.1787/eco_surveys-chn-2019-en) (accessed on 27 March 2026).

<sup>(103)</sup> [http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202006/t20200618\\_3534446.htm](http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202006/t20200618_3534446.htm) (accessed on 13 March 2026).

### 3.2.1.8. Systemic nature of the distortions described

- (130) The Commission noted that the distortions described in the updated Report are characteristic for the Chinese economy. The evidence available shows that the facts and features of the Chinese system as described above as well as in Part I of the updated Report apply throughout the country and across the sectors of the economy. The same holds true for the description of the factors of production as set out above and in Part II of the updated Report.
- (131) The Commission recalls that in order to produce the product concerned, certain inputs are needed. When the producers of the product concerned purchase/contract these inputs, the prices they pay (and which are recorded as their costs) are clearly exposed to the same systemic distortions mentioned before. For instance, suppliers of inputs employ labour that is subject to the distortions. They may borrow money that is subject to the distortions on the financial sector/capital allocation. In addition, they are subject to the planning system that applies across all levels of government and sectors. These distortions were described in detail above. The Commission pointed out that the regulatory setup underpinning those distortions is generally applicable, PBTC and PBTC-Na4 producers being subject to those rules as any other economic operator in China. The distortions have therefore a direct bearing on the cost structure of the product concerned.
- (132) As a consequence, not only the domestic sales prices of the product concerned are not appropriate for use within the meaning of Article 2(6a)(a) of the basic Regulation, but all the input costs (including raw materials, energy, land, financing, labour, etc.) are also affected because their price formation is affected by substantial government intervention, as described in Parts I and II of the updated Report.
- (133) Indeed, the government interventions described in relation to the allocation of capital, land, labour, energy and raw materials are present throughout China. This means, for instance, that an input that in itself was produced in China by combining a range of factors of production is exposed to significant distortions. The same applies for the input to the input and so forth.
- (134) No evidence or argument to the contrary has been adduced by the GOC or the exporting producers in the present investigation.

### 3.2.2. Representative country

#### 3.2.2.1. General remarks

- (135) The choice of the representative country was based on the following criteria pursuant to Article 2(6a)(a) of the basic Regulation:
- A level of economic development similar to China. For this purpose, the Commission used countries with a gross national income per capita similar to China on the basis of the database of the World Bank <sup>(104)</sup>,
  - 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.

<sup>(104)</sup> World Bank Open Data – Upper Middle Income, <https://data.worldbank.org/income-level/upper-middle-income>.

- (136) As explained in recital (33), on 13 March 2026 the Commission issued a Note for the file on the sources for the determination of the normal value. The Note described the facts and evidence underlying the relevant criteria, and informed interested parties of the Commission's intention to consider Brazil as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a)(a) of the basic Regulation would be confirmed.

3.2.3. *A level of economic development similar to China*

- (137) In the Note on production factors, the Commission explained that, outside of China, the product under investigation appears to be produced only in the European Union (Germany) and India none of which is a country with a level of economic development similar to China in accordance with the criteria mentioned in recital (135).
- (138) As all countries where there is production of PBTC (Germany and India) have a different level of economic development than China, the Commission considered the production of a product in the same general category and/or sector of the product under investigation. The Commission therefore indicated it would use 'other organo-inorganic compounds' as the general category of products to which PBTC belongs to establish an appropriate representative country for the application of Article 2(6a) of the basic Regulation.
- (139) In the Note on production factors, the Commission identified Brazil, Colombia, Indonesia and Malaysia as countries with a similar level of economic development as China according to the World Bank, i.e. they are all classified by the World Bank as 'upper-middle income' countries on a gross national income basis where production of a product in the same general category and/or sector of the product under investigation is considered.
- (140) No comments were received with respect to the level of economic development of the identified countries.
- (141) In their comments to the Note, Taihe agreed with the Commission that the product under investigation was only produced in the EU, India and China and that 'other organo-inorganic compounds' should be the general category of products to which PBTC belongs.

3.2.4. *Existence of relevant readily available data in the representative country*

- (142) In the Note, the Commission identified countries where there was production of 'other organo-inorganic compounds', i.e. Brazil, Colombia, Indonesia and Malaysia. Furthermore, Commission found that that all four potential representative countries had sufficient number of profitable companies producing 'other organo-inorganic compounds' which would allow the Commission to establish an undistorted and reasonable amount for SG & A costs and profits.
- (143) The Commission also analysed the imports of the main factors of production into Brazil, Colombia, Indonesia and Malaysia.
- (144) The Commission found that none of these countries imported DMPI, the main raw material to produce PBTC. The Commission checked other potential countries but concluded that there were almost no imports of DMPI into upper-middle income countries. Therefore, the Commission decided to use Global Trade Atlas ('GTA') import data from all countries into all countries to establish an undistorted international benchmark for DMPI. Having found that the prices of DMPI imports from China were much lower than the prices of imports from other sources (and therefore likely affected by the distortions found in this case), the Commission removed from the calculation of the benchmark imports of DMPI originating in China.
- (145) Next, the Commission looked at imports of methyl acrylate (AM), maleic anhydride (MA), methanol (MeOH), IBC barrels and plastic buckets into Brazil, Colombia, Indonesia and Malaysia. The analysis of import data showed that the imports from sources other than China into Colombia, Indonesia and Malaysia of some of the major factors of production were not sufficient, and therefore neither Colombia, Indonesia nor Malaysia could be considered as a suitable representative country. Notably, the analysis showed that for Colombia the share of imports from China

of Methyl acrylate represented 77 % of total imports. These imports were on average 20 % lower priced than from sources other than China (and therefore likely affected by the distortions found in China). Additionally, 62 % of imports of IBC barrels were from China with 44 % lower prices than from other sources. For Indonesia, imports from China of Maleic anhydride represented 91 % of total imports and were in average 22 % lower price than from sources other than China and imports from China of IBC barrels and of plastic buckets represented respectively 84 % and 61 % of total imports which were in average respectively 44 % and 26 % lower price than from sources other than China. For Malaysia the share of imports from China of Methyl Acrylate represented 87 % of total imports and were in average 36 % lower price than from sources other than China. Also, imports from China of Maleic anhydride and of plastic buckets represented both 73 % of total imports which were in average respectively 73 % and 18 % lower price than from other sources than China. In contrast, for Brazil the only main raw material where the imports from China were an important source (58 %) was Maleic anhydride. The average import price from China was comparable (indeed 3,6 % higher) to the prices from the other sources and therefore unlikely to be affected by distortions.

- (146) Therefore, the analysis showed that Brazil could be used as an appropriate representative country as the imports of the main factors of production were sufficient in quantities and not materially affected by imports from China or any of the countries listed in Annex I to Regulation (EU) 2015/755 of the European Parliament and of the Council<sup>(105)</sup>. Notably, the imports to Brazil from other sources than China represented for Methyl acrylate 71 %, Methanol 100 %, IBC barrels 85 % and plastic buckets 57 %.
- (147) In light of the above considerations, the Commission informed the interested parties that it intended to use Brazil as an appropriate representative country and the companies Unipar Carbocloro S.A, Videolar-Innova S/A, Sika S A, Braskem Green S.A, Basequimica S.A. and Birla Carbon Brasil LTDA, in accordance with Article 2(6a)(a), first indent of the basic Regulation in order to source undistorted prices or benchmarks for the calculation of normal value. Interested parties were invited to comment.
- (148) Taihe argued that Türkiye, instead of Brazil, should be used as a representative country. Taihe claimed that for some of the factors of production, namely maleic anhydride, plastic bucket and IBC barrels (the two latter ones are used as packing material), Türkiye imported less from China than Brazil.
- (149) However, while for some FoPs Türkiye imported less from China than Brazil, the Commission found that publicly available data (Orbis) for the Turkish producers of 'other organo-inorganic compounds' showed unreasonably high rate for SG & A costs (59 %). Therefore, Türkiye was not considered as a suitable representative country.
- (150) Taihe also claimed that the Commission should not have used GTA import data from all countries to all countries to establish the international market price of DMPI, but instead it should have applied solely the export price from Malaysia.
- (151) The Commission disagreed with the claim. Having found that no upper-middle income countries imported DMPI, the Commission decided that an undistorted international benchmark was more appropriate in this case than exports from Malaysia, which was found not to be a suitable representative country in this case. In addition, the Commission noted that the quantities exported from Malaysia were small (50 400 tonnes out of 867 115 tonnes of total world export excluding China), fact which reinforced that an international benchmark was more appropriate in the present case. Therefore, this claim was rejected.

<sup>(105)</sup> 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>) as amended by Commission Delegated Regulation (EU) 2017/749 of 24 February 2017 amending Regulation (EU) 2015/755 of the European Parliament and of the Council as regards the removal of Kazakhstan from the list of countries in Annex I thereto (OJ L 113, 29.4.2017, p. 11, ELI: [http://data.europa.eu/eli/reg\\_del/2017/749/oj](http://data.europa.eu/eli/reg_del/2017/749/oj)).

- (152) Finally, Taihe claimed that three of the six Brazilian companies selected for calculating the undistorted benchmark for SG & A and profit should not be used because their main business activity was other than 'other organo-inorganic compounds'. These companies were: UNIPAR CARBOCLORO S.A, SIKA S A, and BIRLA CARBON BRASIL LTDA. The Commission analysed this claim and confirmed that two of the companies (SIKA S A, and BIRLA CARBON BRASIL LTDA) had core business activities other than 'other organo-inorganic compounds'. However, for the third company, UNIPAR CARBOCLORO S.A, no such evidence was found.
- (153) The Commission took this information into account for the determination of the list of companies whose financial data were used to establish undistorted benchmarks for SG & A and profit, and revised list of companies in Brazil with financial data for 2024 showing positive profitability:
- UNIPAR CARBOCLORO S.A,
  - VIDEOLAR-INNOVA S/A,
  - BRASKEM GREEN S.A,
  - BASEQUIMICA S.A.

### 3.2.5. Level of social and environmental protection

- (154) Having established that Brazil was the 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.

#### 3.2.5.1. Conclusion

- (155) 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.

#### 3.2.5.2. Factors of production

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

Table 1

### Factors of production of PBTC

Factor of Production	Commodity Code	Undistorted value (CNY)	Unit of measurement
RAW MATERIALS			
<i>Source of data:</i> HIS Markit Global Trade Atlas (GTA) <sup>(1)</sup> for imports and Market Access Map, International Trade Centre (Mac-Map) <sup>(2)</sup> for customs duties.			
Dimethyl phosphite (DMPI)	2920 21 00	42 099,04	MT
Methyl acrylate (Acrylic Acid Methyl esters) (AM)	2916 12 10	14 023,20	MT
Maleic anhydride (MA)	2917 14 00	8 672,81	MT
Methanol (Methyl alcohol) MeOH	2905 11 00	3 300,10	MT
Intermediate bulk container (IBC) barrels	— in polymers: 3925 10 00 — in steel, or stainless steel: 7309 00 7310 10	42 455,19	MT

Factor of Production	Commodity Code	Undistorted value (CNY)	Unit of measurement
Plastic buckets	3923 90 90 3926 90	67 003,64	MT
LABOUR			
n/a	n/a	23,01	Manhour
ENERGY			
<i>Sources of data:</i> Electricity: Ministério de Minas e Energia in Brazil <sup>(1)</sup> , Water: Sanel Brazil <sup>(2)</sup> , Gas: Ministério de Minas e Energia in Brazil <sup>(3)</sup> , methodology suggested by the U.S. Department for Energy <sup>(6)</sup> based on the cost of gas required to produce it.			
Electricity	n/a	1,08	kWh
Water	n/a	13,36	m <sup>3</sup>
Steam	n/a	206–252	MT
BY-PRODUCTS			
Methanol (Methyl alcohol) MeOH	2905 11 00	3 300,10	Kg

<sup>(1)</sup> <https://connect.spglobal.com/>.

<sup>(2)</sup> [www.macmap.org](http://www.macmap.org).

<sup>(3)</sup> <https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english>.

<sup>(4)</sup> <https://www.sanel.eco.br/legislacao-e-tarifas/>.

<sup>(5)</sup> <https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english>.

<sup>(6)</sup> [https://www1.eere.energy.gov/manufacturing/tech\\_assistance/pdfs/steam15\\_benchmark.pdf](https://www1.eere.energy.gov/manufacturing/tech_assistance/pdfs/steam15_benchmark.pdf). The methodology refers to the cost of saturated steam for typical values of operating pressure and feedwater temperature. In the application of the methodology, a calculation was applied on basis of each company's use of pressure and temperature.

- (157) 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 expressed the manufacturing overhead cost incurred by the sampled exporting producers for the production of the product under investigation as a percentage of the actual cost of the used raw materials and then applied the same percentage to the undistorted cost of the same raw materials in order to obtain the undistorted manufacturing overhead cost. The Commission considered that, in the context of this investigation, the ratio between the exporting producer's raw material and the reported overhead costs could be reasonably used as an indication to estimate the undistorted manufacturing overhead costs.

### 3.2.5.3. Raw materials

- (158) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties and transport costs were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding China and countries which are not members of the WTO, listed in Annex I to Regulation (EU) 2015/755 <sup>(106)</sup>. The Commission decided to exclude imports from China into the representative country as it concluded in recitals

<sup>(106)</sup> Article 2(7) of the basic Regulation considers that domestic prices in those countries cannot be used for the purpose of determining normal value.

(132) and (133) that it is not appropriate to use domestic prices and costs in China 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.

- (159) For a number of factors of production, the actual costs incurred by the cooperating exporting producers represented a negligible share (less than 2 %) of total raw material costs in the review investigation period. As the value used for these had no appreciable impact on the dumping margin calculations, regardless of the source used, the Commission decided to include those costs into consumables.
- (160) In order to establish the undistorted price of raw materials, as provided by Article 2(6a)(a), first indent of the basic Regulation, the Commission used the CIF value recorded in the import statistics of the representative country, as available in GTA. The relevant import duties, available in MacMap, were added to the CIF values.
- (161) The Commission expressed the transport cost incurred by the cooperating exporting producers for the supply of raw materials as a percentage of the actual cost of such raw materials and then applied the same percentage to the undistorted cost of the same raw materials in order to obtain the undistorted transport cost. The Commission considered that, in the context of this investigation, the ratio between the exporting producer's raw material and the reported transport costs could be reasonably used as an indication to estimate the undistorted transport costs of raw materials when delivered to the company's factory.

#### 3.2.5.4. Labour

- (162) International Labor Organization ('ILO') publishes detailed information on wages in different economic sectors in Brazil. The Commission used the latest available statistics covering year 2024 for average labour cost from ILOSTAT in Sector of manufacturing in Brazil, corresponding to the Statistical Classification of Economic Activities, commonly referred to as NACE, which includes costs for labour in the manufacture of other organic basic chemicals <sup>(107)</sup>.
- (163) Following the Note, Lanxess submitted that for the labour benchmark in Brazil, the official national statistics of Brazil published by the Instituto Brasileiro de Geografia e Estatística (IBGE), should be used instead of ILOSTAT data. The Commission examined the data submitted by Lanxess and found that the available IBGE statistical information did not overlap with the investigation period and therefore it was considered less suitable than ILOSTAT data from 2024 which covers at least half of the investigation period. Therefore, this claim was rejected.

#### 3.2.5.5. Electricity

- (164) The price of electricity for companies (industrial users) in Brazil is published by Ministério de Minas e Energia in Brazil. The Commission used the data on the industrial electricity prices in the corresponding consumption band in BRL/kWh as published on 14 July 2025, covering 2024 <sup>(108)</sup>.

#### 3.2.5.6. Water

- (165) The Commission used the average cost of water in Brazil as charged by the Sanel Brazil <sup>(109)</sup> for 2025, i.e. 13,36 CNY/m<sup>3</sup>.

<sup>(107)</sup> [https://rshiny.ilo.org/dataexplorer96/?lang=en&segment=indicator&id=SDG\\_0851\\_SEX\\_OCU\\_NB\\_A](https://rshiny.ilo.org/dataexplorer96/?lang=en&segment=indicator&id=SDG_0851_SEX_OCU_NB_A).

<sup>(108)</sup> <https://www.gov.br/mme/pt-br/assuntos/secretarias/sntep/publicacoes/boletins-mensais-de-energia/boletins%20anos%20anteriores/2024/english>.

<sup>(109)</sup> <https://www.sanel.eco.br/legislacao-e-tarifas/>.

#### 3.2.5.7. Steam

- (166) The Commission calculated the price of steam in Brazil for the investigation period using the methodology suggested by the U.S. Department for Energy <sup>(110)</sup> based on the cost of gas required to produce it. The resulting average price for IP ranged between 206–252 CNY/tonne.

#### 3.2.5.8. By-products

- (167) To establish the benchmark for by-products, the Commission used the ratio between the value of the by-products and the value of the original raw material, as recorded in the exporting producers' accounting system and applied this ratio to the benchmark obtained from GTA.

#### 3.2.5.9. Manufacturing overhead costs, SG & A costs and profits

- (168) 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.
- (169) The manufacturing overheads incurred by the cooperating exporting producers were expressed as a share of the costs of manufacturing actually incurred by the exporting producers. This percentage was applied to the undistorted costs of manufacturing.
- (170) For establishing an undistorted and reasonable amount for SG & A costs and profit, the Commission relied on the financial data for 2024 for companies referred to in recital (153) as extracted from Orbis.

#### *Calculation*

- (171) On the basis of the above, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.
- (172) The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the cooperating exporting producer. These consumption rates were verified during the verification. The Commission multiplied the usage factors by the undistorted costs per unit observed in the representative country, as described in Section 3.2.5.3.
- (173) Once the undistorted manufacturing cost established, the Commission applied the manufacturing overheads, SG & A costs, profit and depreciation as noted in recitals (169) to (170).
- (174) SG & A costs expressed as a percentage of the Costs of Goods Sold ('COGS') and applied to the undistorted costs of production, amounted to 21,0 %. The profit expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 20,0 %.
- (175) On that basis, the Commission constructed the normal value per product type on an ex-works basis in accordance with Article 2(6a)(a) of the basic Regulation.

### 3.3. **Export price**

- (176) The sampled exporting producers exported to the Union either directly to independent customers or through related companies acting as an importer.

<sup>(110)</sup> [https://www1.eere.energy.gov/manufacturing/tech\\_assistance/pdfs/steam15\\_benchmark.pdf](https://www1.eere.energy.gov/manufacturing/tech_assistance/pdfs/steam15_benchmark.pdf). The methodology refers to the cost of saturated steam for typical values of operating pressure and feedwater temperature. In the application of the methodology, a calculation was applied on basis of each company's use of pressure and temperature.

- (177) For the exporting producers that exported the product concerned directly to independent customers in the Union, the export price was the price actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.
- (178) For the exporting producer that exported the product concerned to the Union through a related company acting as an importer, the export price was established on the basis of the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. In this case, adjustments to the price were made for all costs incurred between importation and resale, including SG & A expenses, and for profits accruing (4,6 %), representing the profit of the cooperating unrelated importer.

### 3.4. Comparison

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

#### 3.4.1. Adjustments made to the normal value

- (180) As explained in recital (171), the normal value was established at the ex-works level of trade by using costs of production together with amounts for SG & A expenses 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

- (181) In order to net the export price back to the ex-works level of trade, adjustments were made on the account of: freight, insurance, handling and loading expenses.
- (182) Allowances were made for the following factors affecting prices and price comparability: credit cost and bank charges.

### 3.5. Dumping margins

- (183) For the sampled cooperating exporting producers, the Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (184) On this basis, the provisional weighted average dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Provisional dumping margin (%)
Jiyuan Qingyuan Water Treatment Co., Ltd.	210,4
Nantong Uniphos Chemicals Co., Ltd.	219,4
Shandong Taihe Technologies Co., Ltd.	182,9

- (185) For the non-sampled cooperating exporting producers, the Commission calculated the weighted average dumping margin of the sampled exporting producers, in accordance with Article 9(6) of the basic Regulation.
- (186) On this basis, the provisional dumping margin of the non-sampled cooperating exporting producers is 210,4 %.
- (187) For all other exporting producers in China, the Commission established the dumping margin on the basis of the facts available, in accordance with Article 18 of the basic Regulation. To this end, the Commission determined the level of cooperation of the exporting producers. The level of cooperation is the volume of exports of the cooperating exporting producers to the Union expressed as proportion of the total imports from the country concerned to the Union in the IP, that were established on the basis of information provided by the complainant.
- (188) The level of cooperation in this case is high because the exports of the cooperating exporting producers constituted more than 80 % of the total imports during the IP. On this basis, the Commission decided to establish the dumping margin for non-cooperating exporting producers at the level of the cooperating sampled company with the highest dumping margin; 219,4 %.
- (189) The provisional dumping margins, expressed as a percentage of the CIF Union frontier price, duty unpaid, are as follows:

Company	Provisional dumping margin (%)
Jiyuan Qingyuan Water Treatment Co., Ltd.	210,4
Nantong Uniphos Chemicals Co., Ltd.	219,4
Shandong Taihe Technologies Co., Ltd.	182,9
Cooperating non-sampled exporting producers	200,4
All other Chinese exporting producers	219,4

#### 4. INJURY

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

- (190) The like product was manufactured by a single producer in the Union during the investigation period, Lanxess. The company hence constituted the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (191) The total Union production during the investigation period was established at around [7 200–9 600] tonnes. The Commission based this figure on the complainant's verified questionnaire response.

##### 4.2. Union consumption

- (192) The Commission based this figure on the complainant's verified questionnaire response and the sampling replies provided by the cooperating Chinese producers, accounting for totality of the Chinese imports over the period considered.

(193) Union consumption <sup>(111)</sup> developed as follows:

Table 2

**Union consumption (tonnes)**

	2022	2023	2024	Investigation period
Total Union consumption	[12 100–16 200]	[11 500–15 300]	[12 200–16 300]	[11 300–15 000]
<i>Index</i>	100	95	100	93

Source: Lanxess, cooperating Chinese exporting producers.

- (194) The union consumption decreased by 5 % from 2022 to 2023, returning to levels nearly identical to those of 2022 by 2024. The consumption then dropped in the IP to the levels seen in 2023. The fluctuation in 2022 and 2023 reflects the impact of post Covid-19 trade disruptions. In 2022, the Union users of PBTC built stocks to anticipate supply shortages, leading to an artificial and temporary rise in consumption
- (195) While the PBTC Union consumption dropped 7 % below 2022 levels in the IP, such evolution in the IP points rather to return to normality, given that 2022 consumption levels are a result of elevated, COVID-19-induced stocking.
- (196) In any event, the overall picture for the period considered shows that the Union consumption has remained relatively stable with variations from one year to the other largely linked to the increase or destocking of the material.

### 4.3. Imports from China

#### 4.3.1. Volume and market share of the imports from China

- (197) Imports of the product concerned are classified under CN code 2931 49 80. However, this is a residual code for 'other organo-inorganic compounds', which includes a broad variety of chemical compounds largely exceeding the product concerned by this investigation. In the absence of granular statistics or other reliable benchmark for estimating the volume of Chinese imports, the Commission used as a basis for the import volumes the export sales data for the period considered, provided by the Chinese exporting producers cooperating with the investigation in their sampling replies. The Commission concluded that the level of cooperation was high in this case, because the reported volumes were higher than the import volumes estimated by the complainant.
- (198) The market share of the Chinese imports was established on the same basis as the import volumes.
- (199) Imports into the Union from China developed as follows:

Table 3

**Import quantity and market share**

	2022	2023	2024	Investigation period
Quantity of imports from China (tonnes)	6 742	9 318	9 703	9 290
<i>Index</i>	100	138	144	138
Market share (%)	[38–51]	[56–75]	[55–74]	[57–76]
<i>Index</i>	100	146	143	148

Source: Sampling replies of the cooperating Chinese exporting producers.

<sup>(111)</sup> There was an immaterial captive use of PBTC, which was considered for consumption and other economic indicators.

- (200) In absolute terms the imports from China increased during the period considered by over 2 500 tonnes, which is [18–20] % of the total Union consumption in the investigation period. The total market share of the Chinese imports increased from already high [38–51] % in 2022 to a striking [57–76] % in the investigation period. Overall, the imports from China were up by 38 % in the investigation period compared to 2022.

#### 4.4. Prices of the imports from China, price undercutting and price depression

- (201) The Commission established the prices of imports on the basis of the sampling replies of the Chinese exporting producers cooperating with the investigation. Price undercutting of the imports during the investigation period was established on the basis of the questionnaire replies provided by the sampled exporting producers and the Union producer as well as replies from unrelated importers (for post-importation costs).
- (202) The weighted average price of imports into the Union from China developed as follows:

Table 4

#### Import prices (EUR/tonne)

	2022	2023	2024	Investigation period
Imports from China	2 134	1 229	1 011	976
Index	100	58	47	46

Source: Sampling replies of the cooperating Chinese exporting producers.

- (203) The average price of the Chinese imports dramatically decreased from 2 134 EUR/tonne in 2022 to 1 229 EUR/tonne in 2023, to drop even further in 2024 and the IP, namely to 1 011 EUR/tonne and 976 EUR/tonne respectively.
- (204) During the period considered, the average unit price of the dumped imports from China decreased by 54 %. Already at the beginning of the period considered, the imports from China were priced below the observed Union sales prices as shown in Table 4 and Table 8. However, starting from 2023 and uninterrupted until the end of the period considered, the price gap became even more prominent (for example, in the investigation period, Chinese prices were [35–45] % below the Union sales prices).
- (205) The Commission determined the price undercutting during the investigation period by comparing:
- the weighted average sales prices per product type of the Union producer charged to unrelated customers on the Union market, adjusted to an ex-works level; and
  - the corresponding weighted average prices per product type of the imports from the sampled cooperating Chinese producers to the first independent customer on the Union market, established on a cost, insurance, freight (CIF) basis, with appropriate adjustments for customs duties and post-importation costs.
- (206) The price comparison was made on a type-by-type basis for transactions at the same level of trade. 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 20 % and 40 % by the imports from China on the Union market.
- (207) In addition, the Commission observed that the dumped imports also led to significant price depression (as reflected by the loss of profitability) during the investigation period, when the Union industry sold PBTC below its cost of production.

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

##### 4.5.1. General remarks

- (208) 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.
- (209) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the verified response submitted by the sole Union producer. The Commission evaluated also the microeconomic indicators on the basis of data contained in the questionnaire reply from the sole Union producer.
- (210) 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.
- (211) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

##### 4.5.2. Macroeconomic indicators

###### 4.5.2.1. Production, production capacity and capacity utilisation

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

Table 5

#### Production, production capacity and capacity utilisation

	2022	2023	2024	Investigation period
Production quantity (tonnes)	[10 600–14 200]	[5 900–7 800]	[7 600–10 100]	[7 200–9 600]
<i>Index</i>	100	55	71	68
Production capacity (tonnes)	[15 700–21 100]	[15 400–20 600]	[15 500–20 800]	[15 500–20 700]
<i>Index</i>	100	98	99	98
Capacity utilisation (%)	[60–70]	[32–42]	[40–50]	[38–48]
<i>Index</i>	100	57	72	69

Source: Lanxess.

- (213) The production of the like product in the Union showed a clear downward trend when comparing 2022 with the rest of the period considered, with production decreasing by around 30 %–45 % in 2023-IP. While production levels improved in 2024-IP as compared to 2023, this can be attributed to the fact that consumption picked up after the users consumed in 2023 a large portion of the stocks they had built in 2022. In any event, in 2024-IP, the production levels of the Union industry only reached around 70 % of the production volumes observed at the beginning of the period considered.
- (214) Production capacity remained stable over the period considered, with only a minor 1–2 % decrease in 2023-IP, pointing to the fact that there were no shutdowns nor installation of additional capacities by the sole Union producer.

- (215) Capacity utilisation, in line with the production evolution (see recital (213)), showed a significant fall following 2022 and remained consistently low until the investigation period. The capacity utilisation dropped well below 50 % in 2023 and stayed at a mere [38–48] % in the IP.

#### 4.5.2.2. Sales quantity and market share

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

Table 6

#### Sales quantity and market share

	2022	2023	2024	Investigation period
Total sales quantity on the Union market (tonnes)	[6 500–8 700]	[3 700–5 000]	[4 100–5 500]	[3 500–4 700]
Index	100	57	63	54
Market share (%)	[45–60]	[27–36]	[28–37]	[26–35]

Source: Lanxess.

- (217) The sales volume of the Union producer shows a significant decrease between the beginning of the period considered (2022) and the rest of the period considered (2023-IP). While the sales volume was at [6 500–8 700] tonnes in 2022, it declined sharply in the years after, with the sales quantities in the IP being only around half of the quantities sold by the Union producer in 2022.
- (218) With respect to the evolution of the market share of the Union industry, the overall adverse trend was clearly visible over the entirety of the period considered, while the loss of market share was most striking on the annualised basis between 2022 and the remainder of the period considered, when the Union industry's market share decreased from [45–60] % (2022) to [27–35] % in the period 2023-IP.
- (219) The loss of the market share, accompanied by declining production levels and operating rates resulted from the dumped imports of PBTC from China, that gained market share (see recital (200)) at the expense of the sole Union producer.

#### 4.5.2.3. Growth

- (220) While the Union consumption decreased by 7 % during the period considered, the sales volume of the Union industry in the Union market decreased at a much higher rate, by 46 %. Consequently, the Union industry lost market share to now dominating Chinese imports.

#### 4.5.2.4. Employment and productivity

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

Table 7

#### Employment and productivity

	2022	2023	2024	Investigation period
Number of employees	[45–50]	[30–35]	[30–35]	[30–35]
Index	100	69	71	70
Productivity (unit/employee)	[200–300]	[150–250]	[200–300]	[200–300]
Index	100	80	101	97

Source: Lanxess.

- (222) During the period considered, employment in the Union decreased by 30 %, while the productivity only dropped by 3 % over the period considered, given that drop in the employment levels essentially corresponded to the decreasing production over the period (with the exception of 2023, when the sharp drop in production was not yet accompanied by the workforce downsizing).

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

- (223) 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 China.
- (224) 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

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

Table 8

#### Sales prices in the Union

	2022	2023	2024	Investigation period
Average unit sales price in the Union (EUR/ tonne)	[2 300–3 000]	[1 800–2 300]	[1 400–1 900]	[1 400–1 900]
<i>Index</i>	100	78	61	62
Unit cost of production (EUR/ tonne)	[2 300–3 100]	[2 400–3 200]	[1 900–2 600]	[2 000–2 700]
<i>Index</i>	100	102	83	88

Source: Lanxess.

- (226) The table above shows the evolution of the unit sales price on the Union market as compared to the corresponding cost of production.
- (227) Average sales prices were lower than the average unit cost of production already in 2022. Following the destocking of the inventories by the user industry and further pressure exerted by the dumped imports, the situation at the Union producer deteriorated even further. Such deterioration resulted in depressed sales prices of the Union producer, with the prices well below the cost of production, notably between 2023-IP.
- (228) This price depression occurred in circumstances where, although the cost of production saw a correction following 2023 once the energy crisis subsided, the sales price decreased even more sharply as shown in Table 8. Overall, in the investigation period and compared to 2022, the cost of production went down by 12 % while the average sales price decreased by a larger margin, namely by 38 %. As a result, the Union producer was operating at a significant loss during period 2023-the investigation period.

## 4.5.3.2. Labour costs

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

Table 9

**Average labour costs per employee**

	2022	2023	2024	Investigation period
Average labour costs per employee (EUR)	[64 000–85 500]	[61 000–81 600]	[62 500–83 600]	[63 600–85 100]
<i>Index</i>	100	95	98	99

Source: Lanxess.

(230) Average labour cost per employee was relatively stable throughout the period considered, decreasing by 5 % and 2 % respectively in 2023-2024 compared to 2022 to then essentially return to the 2022 levels in the investigation period.

## 4.5.3.3. Inventories

(231) Stock levels of the Union producer developed over the period considered as follows:

Table 10

**Stocks**

	2022	2023	2024	Investigation period
Closing stock (tonnes)	[600–700]	[700–1 000]	[800–1 000]	[1 000–1 300]
<i>Index</i>	100	134	140	177
Closing stock as a percentage of production (%)	5	13	10	14

Source: Lanxess.

(232) Year-end closing stocks as a percentage of production increased from 5 % in 2022 to 13 % in 2023 and even 14 % in the investigation period, when the impact of the dumped imports from China was felt the most over the period considered

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

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

Table 11

**Profitability, cash flow, investments and return on investments**

	2022	2023	2024	Investigation period
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[0–4]	[– 24]–[– 32]	[– 27]–[– 36]	[– 32]–[– 42]
Cash flow (EUR)	[450 000–550 000]	[– 3 500 000]–[– 4 500 000]	[– 4 000 000]–[– 5 000 000]	[– 5 000 000]–[– 6 000 000]

	2022	2023	2024	Investigation period
Investments (EUR)	[300 000– 400 000]	[240 000– 340 000]	[90 000– 130 000]	[40 000– 80 000]
Index	100	81	30	16
Return on investments (%)	[- 7]–[- 10]	[- 138]–[- 184]	[- 154]–[- 206]	[- 200]–[- 267]

Source: Lanxess.

- (234) The Commission established the profitability of the sole Union producer by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. In 2022, the disruption in supply chains affected Chinese exports and tightened the supply of PBTC. In 2022, already being faced with significant import volumes from China, Lanxess posted only a slim profit. Subsequently, starting from 2023, the situation became unsustainable for the Union producer as it experienced declines in sales volumes and prices well below its cost of production, leading to a highly loss-making situation in the period 2023-the investigation period.
- (235) The net cash flow is the ability of the Union producer to self-finance their activities. The net cash flow analysis showed a significant slump in 2023 which persisted until the end of the period considered, in line with the trend observed across other main injury indicators.
- (236) Equally investments showed a declining trend from 2023 onwards. Overall, throughout the period considered, Lanxess' investments decreased sharply (by 84 %) and were mainly related to maintenance of the machinery. The dramatic decline in investments in 2023-IP mirrored the loss-making development of the Union sales of PBTC.
- (237) The return on investments is the profit in percentage of the net book value of investments. In light of the developments described above, it was continuously decreasing from 2022 until the end of the period considered.
- (238) In terms of ability to raise capital, due to the deteriorating business environment, raising capital has become significantly more expensive and difficult for the Union industry. In any event, the Commission does not consider that the ability to raise capital would in any way affect the injury assessment in this case.

#### 4.6. Conclusion on injury

- (239) The main macro-indicators showed a negative trend during the period considered: Union production volume dropped by 32 %, capacity utilisation by 31 %, Union sales volume by 46 % and employment by 30 %. The said indicators declined dramatically mainly from 2023 onwards and such negative trend persisted for the remainder of the period considered.
- (240) A similar picture can be drawn for the micro-indicators. Profitability of sales in the Union was (slightly) positive only in 2022 but declined thereafter and the Union industry became loss-making from 2023. Similarly, cash flow that was positive at the beginning of the period considered, became negative from 2023 onwards. Year-end closing stocks as a percentage of production climbed over 10 % from 2023 onwards, when the impact of the increasing imports from China was becoming unsustainable for the Union industry.
- (241) The import volumes from China increased by 38 % over the period considered. In a context of a decrease in annual consumption by over 1 000 tonnes in the period considered, annual imports from China increased by over 2 500 tonnes over the same period, which resulted in the exports from China increasing their share in the market (comprising Lanxess and Chinese exporters) correspondingly, as the Chinese prices significantly undercut the Union industry's prices over the period considered. During the investigation period, the undercutting margins of the exporters from the country concerned were significant and ranged between 20–40 % (as outlined in recital (206)).

- (242) The low-priced dumped imports from China also caused significant price depression to the Union industry. As a result, the Union industry was unable to sell even at prices covering their cost of production (despite the cost's decreasing tendency after 2023) and became loss-making from 2023.
- (243) Throughout the period considered net investments decreased by staggering 84 % and the return on investment as well as the cash flow became negative starting from 2023, while the number of employees dropped by 30 % during the period considered. It follows that the Union industry is faced with an existential threat due to the increased flow of dumped imports, with Lanxess already having cut down significantly on its workforce.
- (244) Negative developments of the financial indicators such as profit, cash flow and return on investment affected the ability of the Union industry to make any significant investments, thus impeding its growth.
- (245) 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

- (246) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from China 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 China was not attributed to the dumped imports. These factors were imports from other third countries, export performance of the Union producer, effects of the variations in the raw material costs and the demand in the Union market.

### 5.1. Effects of the dumped imports

- (247) The import quantities from China during the period considered increased by 38 %, from 6 742 tonnes in 2022 to 9 290 tonnes in the investigation period. This material increase, as explained in recital (200), coincided with a 7 % drop in the domestic consumption while the Union producer's domestic sales fell by 46 % over the same period.
- (248) As a result, in the period considered, Chinese market share increased from [38–51] % to [57–76] %. Meanwhile, the market share of the Union industry decreased by the same proportion (given that the Union market is essentially served only by Lanxess and Chinese exporting producers), going from [45–60] % to a mere [26–35] % in the investigation period.
- (249) Already at the beginning of the period considered, despite the disruptions in supply chains and extraordinary levels of stocking by the buyers, the Union producer had to face significant Chinese imports. The effects of the dumped imports became even more acute from 2023 onwards as those imports kept increasing their market share and increasingly exerting price pressure on the suffering Union industry. While in 2022 the Union producer still managed to achieve modest profits, the pressure from increasing import volumes at dumped prices significantly below the production cost of the Union producer in the subsequent period became unsustainable for the Union industry. The Union industry was unable to increase its sales price to cover the cost of production because it faced unfair competition from Chinese imports of PBTC. To mitigate losses in production volumes and market share, the Union producer was forced to reduce prices at the expense of its profitability. The Union industry became highly loss-making from 2023. Therefore, the dumped imports from China caused the prices of the Union industry to be depressed within the meaning of Article 3(3) of the basic Regulation.
- (250) In view of the above considerations, the Commission provisionally established that the material injury suffered by the Union industry was caused by the dumped imports from China within the meaning of Article 3(6) of the basic Regulation. Such injury had both volume and price effects.

## 5.2. Effects of other factors

### 5.2.1. Imports from third countries

- (251) Based on the complaint, apart from China, there were immaterial imports (around 0,1 % of the Union consumption) from India in the investigation period. Therefore, the Chinese imports essentially constitute the only alternative source of supply of the product under investigation in the Union. In conclusion, given that the import volumes from third countries are essentially non-existent they could not plausibly affect the causal link between dumped imports and the material injury to the Union industry:

### 5.2.2. Export performance of the Union industry

- (252) The volume of exports of the Union producer developed over the period considered as follows:

Table 12

#### Export performance of the Union producer

	2022	2023	2024	Investigation period
Export volume (tonnes)	[500–700]	[300–400]	[350–450]	[350–450]
Index	100	63	59	61
Average price (EUR/tonne)	[2 400–3 200]	[2 100–2 800]	[1 400–1 900]	[1 400–1 900]
Index	100	88	59	58

Source: Lanxess.

- (253) Similarly to production volumes and domestic sales, export volumes of the Union industry significantly decreased over the period considered and mainly from 2023 onwards. Furthermore, export prices followed the same trend as prices on the Union market.
- (254) However, exports to unrelated customers were only about [7–10] % of the Union industry's overall Union sales, accounting for around 5 % of its production in the period considered. Therefore, the Commission provisionally concluded that while the export performance of the Union industry contributed to the material injury, it did not attenuate the causal link between the dumped imports from China and the injury found.

### 5.2.3. Demand in the Union

- (255) The Union market indeed contracted by 7 % during the period considered, although remaining largely stable in the years prior to the investigation period. Under normal conditions of competition, in a shrinking market, sales volumes of all the market participants would have gone down more or less equally. However, in the present case, Chinese imports gained an additional [20–25] percentage point market share of the Union market over the period considered to the detriment of the Union industry whose market share decreased to the same extent over the same period. Therefore, the contraction in demand was not found to cause material injury to the Union industry in this case.

### 5.2.4. Variations in the raw material costs

- (256) Raw material prices inevitably influence the pricing of any product. In this case, the Union producer was able to increase the sales prices to absorb the rising cost of production and achieve certain levels of profit at the beginning of the period considered. However, starting from 2023 and despite gradual downward movement of raw material

prices, Lanxess has been forced to sell PBTC below cost due to increased inflow of aggressively priced Chinese PBTC. The inability to pass on the cost increases and the plummeting profitability was merely a manifestation of the injury caused by dumped imports, rather than by a self-inflicted decline in performance. Fluctuation in raw material costs over the period considered cannot therefore be regarded as a factor attenuating the causal link between the dumped imports and the injury suffered by the Union industry.

### 5.3. Conclusion on causation

- (257) A causal link was established between the dumped imports from China on one hand and the injury suffered by the Union industry on the other hand. There was a coincidence in time between the significant increase in volume and market share of the dumped imports and the worsening of the Union industry's performance, visible in particular from 2023 onwards. In a market with demand contraction, the increased volumes of dumped imports eroded the operating rates of the Union industry and its ability to set prices at the level that could absorb the cost of production, thereby clearly demonstrating the existence of price depression. This situation resulted in a loss-making situation of the Union producer from 2023 onwards.
- (258) The Commission examined other possible factors that may have had an impact on the situation of the Union industry. The Commission distinguished and separated the effects of these factors on the situation of the Union industry from the injurious effects of the dumped imports.
- (259) Regarding the effects of imports from other third countries, the Commission concluded that, except for immaterial Indian imports, imports from third countries were non-existent (see recital (251)). Therefore, this factor could not have plausibly caused any injury to the Union industry. Similarly, exports to unrelated customers were only limited part of the Union industry's overall sales (see recital (254)) and while the export performance of the Union industry might have contributed to the material injury, it did not attenuate the causal link between the dumped imports from China and the injury found.
- (260) Finally, neither the fluctuation in raw material prices nor a slight contraction in the Union consumption over the period considered had caused the material injury to occur. The pressure exercised by dumped imports on selling prices reflected in the inability of the Union industry to pass on even the decreasing cost of production. Furthermore, Union Industry's significant loss of market share in the Union market despite a only moderately declining in demand is rather a demonstration of price depression caused by increasing volumes of low-priced Chinese imports and of the injury suffered as a result of these dumped imports.
- (261) On the basis of the above, the Commission concluded that the dumped imports from China caused material injury to the Union industry and that the other factors (imports from other countries, export performance of the Union industry, fluctuation of raw material costs and contraction in demand), considered individually or collectively, did not attenuate or break the causal link between the dumped imports and the material injury. The injury consists of reduced market share, production, production capacity utilisation, employment levels, profitability, closing stocks, cash flow and return on investments. Furthermore, as explained above in recital (249), the Union industry suffered price depression caused by dumped imports from China.

## 6. LEVEL OF MEASURES

### 6.1. Underselling margin

- (262) 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.
- (263) In accordance with Article 7(2c) of the basic Regulation, for establishing the target profit, the Commission considered 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 %.

- (264) The profit of the sole Union producer throughout the period considered was below 6 % and no substantiated profitability was provided for the period prior to that. None of these years would therefore qualify for providing a target profit in accordance with Article 7(2c) of the basic Regulation. Furthermore, the Union producer made no substantiated claim for investments foregone or R & D and innovation costs. In view of those facts, the Commission resorted to the use of the minimum 6 % target profit which was added to the Union industry's actual cost of production to establish the non-injurious price
- (265) Furthermore, as no substantiated claims were made pursuant to Article 7(2d) concerning current or future costs which result from multilateral environmental agreements and protocols thereunder or from the listed ILO Conventions, no further costs were added to the non-injurious price thus established.
- (266) The Commission then determined the underselling margin level on the basis of a comparison of the weighted average import price of the sampled cooperating exporting producers in China, as established for the price undercutting calculations, with the weighted average non-injurious price of the like product sold by the Union producer 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.
- (267) The underselling margin for 'other cooperating companies' and for 'all other imports originating in country concerned' is defined in the same manner as the dumping margin for these companies and imports in Section 3.5.

Company	Underselling margin (%)
Jiyuan Qingyuan Water Treatment Co., Ltd.	105,6
Nantong Uniphos Chemicals Co., Ltd.	119,0
Shandong Taihe Technologies Co., Ltd.	104,9
Cooperating non-sampled exporting producers	109,7
All other Chinese exporting producers	119,0

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

## 6.2. Raw material distortions

- (269) The complainant has provided sufficient evidence in the complaint that there are raw material distortions within the meaning of Article 7(2a) of the basic Regulation in China with regard to the product concerned. According to the evidence in the complaint, phosphorus trichloride ('PCl<sub>3</sub>'), accounting for more than 17 % of the cost of production of the product concerned, is subject to 0 % VAT refund in China.
- (270) 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 China.
- (271) The Commission first identified the main raw materials used in the production of the product concerned by each of the sampled exporting producers. The three sampled exporting producers do not use PCl<sub>3</sub> as raw material to produce PBTC. Instead, they buy DMPI, which is a chemical produced from PCl<sub>3</sub> and methanol. PCl<sub>3</sub> is thus an upstream raw material for PBTC, as it is a raw material embedded in DMPI, which is the main raw material of PBTC. Therefore, even if the sampled exporting producers do not buy PCl<sub>3</sub>, they benefit from any potential raw material distortion affecting PCl<sub>3</sub>.

- (272) The raw materials concerned by the distortions in Article 7(2a) were defined as those accounting for at least 17 % of the cost of production of the product concerned. The Commission first identified for each sampled exporting producer their factors of production. First the Commission established how much PCl3 is needed to produce one tonne of DMPI by using data provided by the complainant on its own production process of DMPI including raw materials, energy, labour and overhead. Then, the Commission determined, on the basis of the consumption ratios provided by the sampled exporting producers and using undistorted prices in Brazil for each production factor, what share DMPI represented in the cost of production of PBTC for each of the sampled exporting producers. Finally, the Commission applied the percentage of PCl3 in the cost of production of DMPI to the percentage of DMPI in the cost of production of PBTC. As a result, the Commission found that PCl3 represented more than 17 % of the cost of production of PBTC for each of the three sampled exporting producers.
- (273) The Commission then examined whether the price of PCl3 is 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. For this purpose the Commission used a website on Chinese VAT rates <sup>(112)</sup> which confirmed that PCl3 was subject to 13 % VAT and export VAT refund was 0 % during the IP.
- (274) Next, the Commission compared the price of PCl3 to prices in the representative international market. As none of the sampled exporting producers purchased PCl3, the Commission used publicly available data on Chinese chemical prices <sup>(113)</sup> which showed that Chinese prices for PCl3 during the IP were on average 5 714 CNY. The Commission compared this price to the GTA import statistics of imports of PCl3 from all countries to all countries in the IP which showed a weighted average price of 11 136 CNY. As Chinese prices for PCl3 were 51 % of international import prices, the Commission concluded that the prices in China were significantly lower than prices in representative international market.
- (275) The Commission concluded that PCl3 was subject to a distortion within the meaning of Article 7(2a) of the basic Regulation.

#### 6.2.1. Union interest under Article 7(2b) of the basic Regulation

- (276) 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.
- (277) The Commission actively sought information from interested parties, that would enable to determine, whether paragraph 2 or 2a of the basic Regulation shall apply. All interested parties were invited to provide the pertinent information in the Notice of Initiation. A specific questionnaire was addressed to the Chinese government, and information was also requested via the questionnaires available to all interested parties upon initiation of the case.

##### 6.2.1.1. Spare capacities in the exporting country

- (278) Exporting producers have a spare capacity on PBTC in excess of 25 kt, which was almost double the Union consumption in the IP. Therefore, there is a potential and incentive for the dumped imports of PBTC from China to continue entering the Union market in significant quantities even if the level of duties is set pursuant to Article 7(2a) of the basic Regulation.

<sup>(112)</sup> <https://cess.tax360.com.cn> (last accessed on 27 March 2026).

<sup>(113)</sup> <https://www.chemall.com.cn/news/search.php?kw=%E4%B8%89%E6%B0%AF%E5%8C%96%E7%A3%B7&page=4> (last accessed on 27 March 2026).

6.2.1.2. Competition for raw materials

- (279) The assessment of raw material competition focused on phosphorus trichloride (PCl<sub>3</sub>). The raw materials needed to produce PCl<sub>3</sub> are yellow phosphorus (P<sub>4</sub>) and chlorine (Cl<sub>2</sub>). The key input used in the production of PCl<sub>3</sub> is yellow phosphorus, which is an upstream input in the production of PBTC both in the Union and in China. It is, in fact, on the level of the yellow phosphorus that a strong competition for raw materials exists. Yellow phosphorus is produced only in a few regions worldwide where there are available phosphate reserves i.e. in China, Kazakhstan and the United States.
- (280) While phosphorus is available domestically in China, Union producers have no domestic source and must import it from third countries, principally from Kazakhstan or China and purchase it on the open market, where prices are subject to global supply and demand dynamics, energy costs and geopolitical factors. Unlike their Chinese counterparts, Union producers do not benefit from export restrictions that can protect them from price volatility. This structural supply disadvantage places downstream users of phosphorus in the Union, including the complainant, in a significantly less favourable position than Chinese exporting producers. This holds true even where those Chinese producers do not purchase yellow phosphorus directly, but instead source it indirectly – already embedded first in PCl<sub>3</sub> and then in dimethyl phosphite, which is the immediate upstream input for PBTC production.

6.2.1.3. Effect on supply chains for Union companies

- (281) In the absence of information on phosphorus-related supply chain for the Union companies, potential impact of measures at the level of the dumping margin was analysed solely for the downstream supply chain – the PBTC user industry.
- (282) All 25 known users were invited to provide information, including the assessment of the effect on supply chains in the event that measures were imposed. The very limited cooperation from the user industry (less than 10 % of the Union PBTC market), suggests that they do not anticipate substantial disruptions resulting from the imposition of duties, despite the fact the two cooperating users would expect lower PBTC availability, increased price and a potential need to switch to an alternative chemical in their production process.
- (283) The sufficient spare capacity of the Union industry, which can cover the totality of the Union consumption, is considered to guarantee the security of PBTC supplies in the long term.
- (284) In the absence of dumped imports, the Union industry would be expected to increase production and improve capacity utilisation, thereby reducing unit costs and enabling the industry to maintain profitability at lower selling prices. This would enhance the availability of locally sourced material to downstream users, reducing their dependence on third-country supply chains and strengthening their supply resilience.

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

- (285) 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.

6.3. Conclusion on the level of measures

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

Company	Provisional dumping margin (%)
Jiyuan Qingyuan Water Treatment Co., Ltd.	210,4
Nantong Uniphos Chemicals Co., Ltd.	219,4

Company	Provisional dumping margin (%)
Shandong Taihe Technologies Co., Ltd.	182,9
Cooperating non-sampled exporting producers	200,4
All other Chinese exporting producers	219,4

## 7. UNION INTEREST

(287) 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

(288) As set out in recital (190), PBTC was manufactured by a single producer in the Union during the investigation period, Lanxess.

(289) In a situation, where production volumes and Union sales dropped significantly during the period considered and where the Union industry incurred heavy losses, while being confronted with influx of dumped Chinese PBTC imports, imposition of anti-dumping duties is expected to restore the fair-trade conditions in the Union market for PBTC. The restoration of a level playing field would put an end to the price suppression and enable the Union industry to recover and improve its profitability and sustain its workforce.

(290) In the absence of measures, it is very likely that there will be a further deterioration of the Union industry's economic situation. In fact, without effective remedial action, the sole Union producer faces a serious risk of ceasing production entirely. This, in turn would leave the Union users of PBTC with no other option than to entirely depend on Chinese imports.

(291) Furthermore, any potential negative impact of measures on importers or users would be limited (see the Sections 7.2 and 7.3 below) and outweighed by the interest of the Union industry in this case.

(292) The Commission thus concluded that it would be in the interest of the Union industry to impose anti-dumping duties.

### 7.2. Interest of unrelated importers

(293) With respect to unrelated importers, one group of companies (Connect Chemicals) comprising three importers cooperated in this investigation by providing a reply to the Commission questionnaire. Connect Chemicals expressed its opposition against potential anti-dumping measures. For the importer, PBTC resales only account for [0–10] % of their total turnover. Hence, even if the measures are imposed on PBTC, the extent to which the importer's business would be affected will be negligible. It is recalled that the measures aim at restoration of fair-trading conditions between PBTC produced in the Union and the Chinese PBTC and that importers will not be prevented from continuing to import Chinese PBTC.

### 7.3. Interest of users

(294) The main use applications of PBTC are (i) industrial and institutional cleaning; and (ii) industrial and wastewater treatment. In the present case, users active in both segments came forward.

- (295) However, only two users (Hypred and Kurita) with more specialised PBTC use applications (predominantly active in the agricultural/food cleaning and industrial water treatment respectively) replied to the user questionnaire made available at the beginning of the investigation. Other users participated in the investigation without completing the dedicated user questionnaire.
- (296) For Hypred and Kurita, their financial performance showed that they enjoyed healthy profit margins of [2–10] %. Moreover, the submissions made by these users indicated that the proportion of the PBTC cost in their cost of production is limited and accounted generally for no more than 10 % of the cost of production. Furthermore, their revenues derived from the products incorporating PBTC was no higher than 10–25 % on total company revenues. Furthermore, a proportion of the PBTC purchased by the users who came forward also originated from the Union industry (15–35 %). Should the proposed measures be imposed, the impact on total profitability of the users is expected to be limited (and in any event no higher than 1 percentage point).
- (297) Moreover, in the context of the users' interest analysis, it is notable that Kurita acknowledged that the primary cause of the injury appears to be the Chinese imports of PBTC.
- (298) Kurita as well as Hypred argued that in terms of switching to other sources of supply than Chinese imports, the Union industry could not meet the demand for PBTC.
- (299) The parties did not provide any substantiated evidence that the sole Union producer would not be able to satisfy the demand coming from the Union users. While the Union producer may have reduced their operating rates in a declining market, as set out in recital (215), their production capacity remained at stable and sufficient levels throughout the period considered. Notably, the production capacity of Lanxess exceeded the Union consumption by over 5 000 tonnes. Hence the Union producer has the ability to cover the supply needs of the user industries, irrespective of the Chinese import flows.
- (300) In light of the above elements, demonstrating limited impact of any measures on the users of PBTC, it is concluded that any potential benefits for users in the absence of measures against the Chinese PBTC imports are not capable of outweighing the negative consequences (leading in an extreme case to eradication of the PBTC industry) that the current situation would have on the Union industry.

#### 7.4. Conclusion on Union interest

- (301) 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 PBTC originating in China at this stage of the investigation.

### 8. PROVISIONAL ANTI-DUMPING MEASURES

- (302) 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.
- (303) Provisional anti-dumping measures should be imposed on imports of PBTC originating in China, in accordance Article 7(2a) of the basic Regulation. The Commission concluded in recital (285) that the appropriate level to remove injury should be the dumping margin.
- (304) On the basis of the above, the provisional anti-dumping duty rates, expressed on the CIF Union border price, customs duty unpaid, should be as follows:

Company	Provisional dumping margin (%)
Jiyuan Qingyuan Water Treatment Co., Ltd.	210,4
Nantong Uniphos Chemicals Co., Ltd.	219,4

Company	Provisional dumping margin (%)
Shandong Taihe Technologies Co., Ltd.	182,9
Cooperating non-sampled exporting producers listed in Annex	200,4
All other Chinese exporting producers	219,4

- (305) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of this investigation. Therefore, they reflect the situation found during this investigation with respect to these companies. These duty rates are exclusively applicable to imports of the product concerned originating in the country concerned and produced by the named legal entities. Imports of the product concerned produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other imports originating in country concerned'. They should not be subject to any of the individual anti-dumping duty rates.
- (306) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The application of individual anti-dumping duties is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1 of this regulation. Until such invoice is presented, imports should be subject to the anti-dumping duty applicable to 'all other imports originating in country concerned'.
- (307) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1 of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.
- (308) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rate(s) and the consequent imposition of a country-wide duty.

## 9. REGISTRATION

- (309) 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.
- (310) In view of the findings at provisional stage, the registration of imports should be discontinued.
- (311) 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

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

(313) No comments on the accuracy of the calculations were received.

## 11. FINAL PROVISIONS

(314) 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.

(315) 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 2-phosphonobutane-1,2,4-tricarboxylic acid and its sodium salt Tetrasodium hydrogen 2-phosphonatobutane-1,2,4-tricarboxylate, in solid form or in an aqueous solution, currently falling under CN code 2931 49 80 (TARIC code 2931 49 80 60), CAS RN 37971-36-1 and 66669-53-2, CUS 0027475-9 and 0087281-1, is registered in the European Union under the European Community (EC) reference numbers 253-733-5 and 266-442-3 and originating in the People's Republic of China.

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

Country of origin	Company	Provisional anti-dumping duty (%)	TARIC additional code
China	Jiyuan Qingyuan Water Treatment Co., Ltd.	210,4	88CI
China	Nantong Uniphos Chemicals Co., Ltd.	219,4	88CJ
China	Shandong Taihe Technologies Co., Ltd.	182,9	88CK
China	Other cooperating companies listed in Annex	200,4	See Annex
China	All other imports originating in country concerned	219,4	8999

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

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

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

### Article 2

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

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

#### *Article 3*

1. Customs authorities are hereby directed to discontinue the registration of imports established in accordance with Article 1 of Implementing Regulation (EU) 2025/2385.
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, 12 May 2026.

*For the Commission*  
*The President*  
Ursula VON DER LEYEN

## ANNEX

**Chinese cooperating exporting producers not sampled**

Name	TARIC additional code
SHANDONG GREEN TECHNOLOGIES IMPORT AND EXPORT CO., LTD	88CL
HEBEI LONGKE WATER TREATMENT CO., LTD	88CM