



COMMISSION IMPLEMENTING REGULATION (EU) 2026/274

of 5 February 2026

amending Implementing Regulation (EU) 2025/1981 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council, following a partial interim review pursuant to Article 11(3) of Regulation (EU) 2016/1036

THE EUROPEAN COMMISSION,

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

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

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

- (1) By Commission Regulation (EU) No 1072/2012 ⁽²⁾, the European Commission ('the Commission') imposed a provisional anti-dumping duty on imports of ceramic tableware and kitchenware, originating in the People's Republic of China ('China' or 'the PRC').
- (2) By Council Implementing Regulation (EU) No 412/2013 ⁽³⁾, the Council imposed anti-dumping duties on imports of ceramic tableware and kitchenware, originating in the PRC ('the original measures'). The investigation that led to the imposition of the original measures will hereinafter be referred to as 'the original investigation'.
- (3) By Commission Implementing Regulation (EU) 2017/1932 ⁽⁴⁾, the Commission amended the product scope as defined in the original measures, leading to the exclusion of imports of ceramic condiment or spice mills and their ceramic grinding parts, ceramic coffee mills, ceramic knife sharpeners, ceramic sharpeners, ceramic kitchen tools to be used for cutting, grinding, grating, slicing, scraping and peeling, and cordierite ceramic pizza-stones of a kind used for baking pizza or bread following a partial interim review of the product scope.

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

⁽²⁾ Commission Regulation (EU) No 1072/2012 of 14 November 2012 imposing a provisional anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China (OJ L 318, 15.11.2012, p. 28, ELI: <http://data.europa.eu/eli/reg/2012/1072/oj>).

⁽³⁾ Council Implementing Regulation (EU) No 412/2013 of 13 May 2013 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of ceramic tableware and kitchenware originating in the People's Republic of China (OJ L 131, 15.5.2013, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2013/412/oj).

⁽⁴⁾ Commission Implementing Regulation (EU) 2017/1932 of 23 October 2017 amending Council Implementing Regulation (EU) No 412/2013 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of ceramic tableware and kitchenware originating in the People's Republic of China (OJ L 273, 24.10.2017, p. 4, ELI: http://data.europa.eu/eli/reg_impl/2017/1932/oj).

- (4) By Commission Implementing Regulation (EU) 2019/1198 ⁽⁵⁾, the Commission, re-imposed the definitive anti-dumping measures on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review (the 'first expiry review').
- (5) By Commission Implementing Regulation (EU) 2019/2131 ⁽⁶⁾, the Commission amended the existing measures following an anti-circumvention investigation. Implementing Regulation (EU) 2019/2131 extended the duty of 36,1 % applicable to 'all other companies' imposed by Article 1(2) of Implementing Regulation (EU) 2019/1198 to imports declared by 33 companies previously subject to a lower duty and found to be circumventing by means of channelling practices via certain Chinese exporting producers, and repealed their TARIC additional codes.
- (6) By Commission Implementing Regulation (EU) 2025/1981 ⁽⁷⁾, the Commission, re-imposed the definitive anti-dumping measures on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review.
- (7) The individual anti-dumping duty rates currently in force range from 13,1 % to 18,3 %. All non-sampled cooperating exporting producers in the investigation leading to the original measures ('the original investigation') received a duty rate of 17,9 % and all other companies are subject to the residual duty rate of 36,1 %.

1.2. Initiation

- (8) On 19 December 2024 the Commission initiated a partial interim review limited in scope to the examination of dumping with regard to imports of ceramic tableware and kitchenware originating in the People's Republic of China on the basis of Article 11(3) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽⁸⁾ ('the Notice of Initiation').
- (9) The Commission initiated the investigation following a request for a review limited to dumping lodged on 17 October 2024 by Cerame Unie / The European Federation of Ceramic Table and Ornamentalware (FEFP) ('Cerame Unie' or 'the applicant'). The request was made on behalf of the Union industry of ceramic tableware and kitchenware in the sense of Article 5(4) of the basic Regulation. The request contained evidence of dumping and of lasting nature of the changed circumstances that was sufficient to justify the initiation of the investigation.
- (10) Following the final disclosure, the unrelated importer Holst Porzellan GmbH requested to discontinue the proceeding, considering that the investigation was based on a request dated 17 October 2024 while, according to the company no request with that date was available in the file for inspection by interested parties.
- (11) The Commission clarified that the Notice of Initiation referred to the request that was submitted and received on 16 October 2024 and consequently, as for Commission's practice and Article 5(1) of the basic Regulation, considered as lodged on the following day. The non confidential version of the request was also made available in the file for inspection by interested parties, who were given 37 days to comment on it ⁽⁹⁾.

⁽⁵⁾ Commission Implementing Regulation (EU) 2019/1198 of 12 July 2019 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 (OJ L 189, 15.7.2019, p. 8, ELI: http://data.europa.eu/eli/reg_impl/2019/1198/oj), as last amended by Commission Implementing Regulation (EU) 2020/571 of 24 April 2020 amending Implementing Regulation (EU) 2019/1198 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China, as amended by Implementing Regulation (EU) 2019/2131 and repayment of duties collected (OJ L 132, 27.4.2020, p. 7, ELI: http://data.europa.eu/eli/reg_impl/2020/571/oj).

⁽⁶⁾ Commission Implementing Regulation (EU) 2019/2131 of 28 November 2019 amending Implementing Regulation (EU) 2019/1198 imposing a definitive anti-dumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L 321, 12.12.2019, p. 139, ELI: http://data.europa.eu/eli/reg_impl/2019/2131/oj).

⁽⁷⁾ Commission Implementing Regulation (EU) 2025/1981 of 7 October 2025 imposing a definitive antidumping duty on imports of ceramic tableware and kitchenware originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L, 2025/1981, 8.10.2025, ELI: http://data.europa.eu/eli/reg_impl/2025/1981/oj).

⁽⁸⁾ OJ C, C/2024/7456, 19.12.2024, ELI: <http://data.europa.eu/eli/C/2024/7456/oj>.

⁽⁹⁾ See Note to the File on the open version (Sn t25.002029).

- (12) Holst Porzellan claimed that a significant number of the supporting Union manufacturers listed by Cerame Unie are not involved in the product concerned or not affected by imports from China. Furthermore, the importer requested the full list of manufacturers that were in support of the request.
- (13) Host Porzellan did not produce any evidence as regards this claim. The request was lodged on 17 October 2024 by the applicant on behalf of the Union industry of ceramic tableware and kitchenware. According to Article 5(4) of the basic Regulation, an investigation shall be initiated where Union producers expressly supporting the complaint account for more than 25 % of total production of the like product produced by the Union industry. As Cerame Unie was estimated to represent more than 37 % of the total production of the Union industry, this condition was fulfilled and the claim was therefore rejected.

1.3. Review investigation period

- (14) The investigation of dumping covered the period from 1 July 2023 to 30 June 2024 ('the review investigation period').

1.4. Interested parties

- (15) 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, traders, the Chinese authorities and known importers about the initiation of the investigation and invited them to participate.
- (16) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

1.5. Sampling

1.5.1. Sampling of exporting producers in China

- (17) In the Notice of Initiation, the Commission stated that it might sample the interested parties in accordance with Article 17 of the basic Regulation.
- (18) To decide whether sampling is 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.
- (19) 567 exporting producers in the country concerned provided the requested information and agreed to be included in the sample. These cooperating Chinese exporting producers together represented over 80 % of the total imports from China during the review investigation period.
- (20) After analysing the information supplied by the Chinese exporting producers, the Commission decided to limit its investigation to a reasonable number of exporting producers by selecting a sample in accordance with Article 17(1) of the basic Regulation. On 21 February 2025 the Commission provisionally selected a sample of two groups of exporting producers based on the largest sales volume to the Union during the review investigation period⁽¹⁰⁾. The two sampled groups covered more than 10 % of the estimated total export quantity of ceramic tableware and kitchenware to the Union from China during the review investigation period.
- (21) 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. The Commission received comments from the applicant and from one of the provisionally sampled exporting producers.

⁽¹⁰⁾ Note to the file of 21 February 2025, document numbered t25.002338 (available in the open file).

- (22) Cerame Unie pointed out that it was not possible for them to comment on the choice of Hunan Hualian China Industry and Hunan Hualian Ebillion China Industry ('Hunan Hualian Group') due to omissions in the open version. Cerame Unie also pointed out discrepancies between the response of one exporting producer to the sampling form and their sampling form submission in the last expiry review. Cerame Unie suggested that the company may have voluntarily omitted sales to avoid being sampled and urged the Commission to clarify the situation.
- (23) The Commission reviewed the submissions of Hunan Hualian China Industry and Hunan Hualian Ebillion China Industry and requested the companies to provide an updated open version, which was then added to the open file ⁽¹¹⁾. Regarding the exporting producer with alleged inconsistent submissions, the Commission cross-checked the volume of exports to the EU reported in the sampling form with the volumes registered under the company's additional TARIC code, and found that, although there were indeed discrepancies between the two figures, the corrected volume of exports to the EU would still have been too low for the company to be placed among the largest exporting producers, and thus, included in the sample. Therefore, the correction did not affect the decision not to sample the company.
- (24) One of the groups that had been selected in the provisional sample, Fun Lin Wah Group, submitted comments clarifying that they had included sales to unrelated traders that exported to the EU as their own EU sales, and could not guarantee cooperation from those unrelated traders.
- (25) On 13 May 2025, the Commission issued a note to the file informing interested parties that, following comments received on the provisional sample, in accordance with section 5.3 of the Notice of Initiation, it had amended its previously selected provisional sample of exporting producers to include one additional group under the name of Hunan Huazhi Group. No further comments were received. On 21 May 2025, the Commission confirmed the definitive sample ⁽¹²⁾ of exporting producers, whose exports covered over 12 % of the reported quantity exported to the European Union during the review investigation period, by the cooperating exporting producers. No comments were received.
- (26) After disclosure, one of the sampled exporting producers, Hunan Huazhi Group, argued that despite the high cooperation obtained, representing over 80 % of all imports of ceramic tableware and kitchenware during the IP, the sampled exporting producers represented merely 12 % of the estimated imports into the Union during the review investigation period. Given that, in its view, the sample was not representative, the conclusions reached during the verification of the sampled companies cannot be extended to the rest of the industry.
- (27) The importer Holst Porzellan criticised the selection of the sample and considered it as non-representative compared to the total number of ceramic tableware manufacturers in China and the variation of individual dumping margins that were subject to the groups. Another unrelated importer, Josef Mäser GmbH, objected to the representativity of the sample under the claim that all producers were located within the same region in the PRC, not offering a representative geographical balance.
- (28) The Commission recalled that the sample was selected in accordance with the provisions of the basic Regulation. Given the fragmentation of the market, the Commission considered that extending the sample would have been unduly burdensome and would have not yield any significant improvements in term of representativeness. For perspective, including in the sample the next biggest exporting producer of ceramic tableware would have increased the representativeness of the sample by less than 2 percentage points. On the matter of geographical distribution, the Commission informed Josef Mäser GmbH that the sampled exporting producers were, in fact, located in three different administrative regions. In addition, on 13 May 2025 the Commission issued a note to the file informing the interested parties of the composition of the final sample of exporting producers, no comments were received. Therefore, these claims were dismissed.

1.5.2. *Sampling of importers*

- (29) In order to decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

⁽¹¹⁾ Document numbered t25.008995.

⁽¹²⁾ Note to the file of 21 May 2025, document numbered t25.005523 (available in the open file).

- (30) No importer came forward.
- (31) Upon definitive disclosure, several importers claimed that they had not been informed of the initiation of the investigation. Additionally, some of these importers denounced that the lack of an importer sample had negatively impacted the outcome of the investigation.
- (32) With the Notice of Initiation, the Commission invited unrelated importers to register as interested party and to participate in the sampling exercise. However, as described in recital 30, no importer came forward and therefore sampling was not necessary.

1.5.3. *Individual examination*

- (33) Upon initiation, 19 exporting producers in China expressed an interest in being subject to an individual examination, however none of those 19 companies submitted a reply to the sampling questionnaire. It was therefore considered that no company had formally requested individual examination under Article 17(3) of the basic Regulation.

1.6. **Questionnaire replies and verification visits**

- (34) The Commission sent a questionnaire concerning the existence of significant distortions in the PRC within the meaning of Article 2(6a)(b) of the basic Regulation to the Government of the People's Republic of China ('GOC'). The GOC did not submit any responses to the questionnaire.
- (35) The Commission sent questionnaires to the three groups of companies in the sample. The same questionnaires were made available online ⁽¹³⁾ on the day of initiation.
- (36) The Commission sought and verified all the information deemed necessary for a determination of dumping.
- (37) Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:
- Fun Lin Wah Group:
 - Fun Lin Wah Enterprise Limited, Hong Kong
 - Rong Lin Wah Industrial, Shenzhen, China
 - Red Star Ceramics Limited, Yiyang, China
 - Hunan Hualian Group:
 - Hunan Hualian Ebillion China Industry, Liling, China
 - Hunan Hualian China Industry, Liling, China
 - Hunan Huazhi Group:
 - Hunan Huazhi Ceramic, Liling, China
 - Liling Leyi Home Trade, Liling, China.

⁽¹³⁾ <https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2767>.

2. PRODUCT UNDER INVESTIGATION, PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product under review

- (38) The product under review is the same as defined in Implementing Regulation (EU) 2017/1932 following a product scope review initiated on 12 April 2017 ⁽¹⁴⁾, that is ceramic tableware and kitchenware, excluding ceramic condiment or spice mills and their ceramic grinding parts, ceramic coffee mills, ceramic knife sharpeners, ceramic sharpeners, ceramic kitchen tools to be used for cutting, grinding, grating, slicing, scraping and peeling, and cordierite ceramic pizza-stones of a kind used for baking pizza or bread ('the product under review'), currently falling under CN codes ex 6911 10 00, ex 6912 00 21, ex 6912 00 23, ex 6912 00 25 and ex 6912 00 29 (TARIC codes 6911 10 00 90, 6912 00 21 11, 6912 00 21 91, 6912 00 23 10, 6912 00 25 10 and 6912 00 29 10) and originating in the People's Republic of China ('the product concerned' or 'ceramic tableware and kitchenware').
- (39) Ceramic tableware and kitchenware can be made of porcelain (including bone China), of common pottery, stoneware, earthenware or fine pottery or other materials. The final ceramic product depends on the type and composition of the main raw materials such as clay, kaolin, feldspar and quartz.
- (40) Ceramic tableware and kitchenware products are commercialised in a large variety of forms that have been evolving over time. They are used in a wide range of places, e.g. households, hotels, restaurants or care establishments and are principally intended to come into contact with food.
- (41) After disclosure, several unrelated importers came forward and requested the exclusion of certain products from the measures, including, among others, sublimation-coated ceramics, polyester coated ceramic blanks for sublimation printing, ceramic blanks with one or more paint coatings.
- (42) The Commission recalled that the product concerned by this investigation is the same as defined in the regulation imposing the original measures and the scope of the interim review is limited to the investigation of dumping, as mentioned in section 1 of the Notice of Initiation. Moreover, the importers failed to provide any actual evidence, including with respect to the physical, technical and chemical characteristics of the products, in order to justify their exclusion. The requests were therefore rejected.

2.2. Product concerned

- (43) The product concerned by this investigation is the product under review originating in the People's Republic of China currently falling under CN codes 6911 10 00, ex 6912 00 21, ex 6912 00 23, ex 6912 00 25 and ex 6912 00 29 (TARIC codes 6911 10 00 90, 6912 00 21 11, 6912 00 21 91, 6912 00 23 10, 6912 00 25 10 and 6912 00 29 10) ('the product concerned').

2.3. Like product

- (44) As established in the original investigation, as well as in the previous expiry review investigations, this interim review investigation confirmed that the following products have the same basic physical and chemical characteristics, and the same basic uses:
- the product concerned when exported to the Union;
 - the product under review produced and sold on the domestic market of China; and
 - the product under review produced and sold in the Union by the Union industry.
- (45) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

⁽¹⁴⁾ Notice of initiation of a partial interim review of the anti-dumping measures applicable to imports of ceramic tableware and kitchenware originating in the People's Republic of China (OJ C 117, 12.4.2017, p. 12).

3. DUMPING

- (46) Following the final disclosure, the Commission received comments on the dumping margin calculation from the applicant, the three sampled exporting producers, the China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts ('CCCLA'), and several importers.
- (47) Hearings took place with Hunan Hualian Group, POS Germany, Sayano Deutschland GmbH, Holst Porzellan GmbH, Josef Mäser GmbH, and Ritzenhoff & Breker GmbH.

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

- (48) In view of the sufficient evidence available at the initiation of the investigation pointing to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation with regard to the PRC, the Commission considered it appropriate to initiate the investigation with regard to the exporting producers from this country having regard to Article 2(6a) of the basic Regulation.
- (49) Consequently, in order to collect the necessary data for the eventual application of Article 2(6a) of the basic Regulation, in the Notice of Initiation the Commission invited all exporting producers in the PRC to provide information regarding the inputs used for producing ceramic tableware and kitchenware. 68 exporting producers submitted the relevant information.
- (50) 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 5.2 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*.
- (51) No questionnaire reply was received from the GOC and no submission on the application of Article 2(6a) of the basic Regulation was received within the deadline. Subsequently, the Commission informed the GOC that it would use facts available within the meaning of Article 18 of the basic Regulation for the determination of the existence of the significant distortions in the PRC. No comments were received.
- (52) In point 5.3.2 of the Notice of Initiation the Commission also specified that, in view of the evidence available, Türkiye may be considered as an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks. The Commission further stated that it would examine other possibly appropriate representative countries in accordance with the criteria set out in 2(6a)(a) first indent of the basic Regulation.
- (53) On 6 June 2025, the Commission informed by a note ('the First Note') interested parties on the relevant sources it intended to use for the determination of the normal value. In that note, the Commission provided a list of factors of production such as raw materials, labour and energy used in the production of ceramic tableware and kitchenware. In addition, based on the criteria guiding the choice of undistorted prices or benchmarks, the Commission identified possible representative countries, namely Brazil, Thailand, and Türkiye, and concluded that based on a preliminary assessment of the available data (summarized below in recitals 77 to 101), it intended to use Türkiye as an appropriate representative country. The Commission received comments from the applicant and one sampled exporting producer. All comments are addressed below.
- (54) On 18 August 2025, the Commission confirmed by a second note ('the Second Note') interested parties on the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. The Commission received comments from the applicant and one exporting producer. All comments are addressed below.

3.2. Normal value

- (55) 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'.

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

3.2.1. Existence of significant distortions

- (58) The Commission examined the evidence on the file to decide whether significant distortions within the meaning of Article 2(6a)(b) of the basic Regulation exist in the PRC, rendering the use of domestic prices and costs in that country inappropriate. That analysis covered the following evidentiary elements on the various criteria relevant to establish the existence of significant distortions.
- (59) First, the evidence contained in the request included the following elements pointing to the existence of significant distortions:
- (60) In the request, the applicant underlined the existence of cross-cutting systemic distortions in China and analysed government interventions at various levels of the economy, in particular in the ceramic sector and the market of tableware and kitchenware.
- (61) The request further noted that the Chinese ceramic sector, including the market of the product under review are served by enterprises that operate under the ownership, control or policy supervision or guidance of Chinese authorities. In this regard, the applicant pointed out the interference of the GOC in the economy through tight links between the Chinese Communist Party (‘CCP’) and both public and private entities, and stated that the GOC’ policy goals are achieved through several measures, among which the national economic plans.
- (62) The request in particular mentioned the Light Industry Development Plan of China for the years 2016-2020 and the related 2022 Guiding Opinions on Promoting the High-quality Development of Light Industry, which aim at strengthening and improving fiscal and financial support policies for the sector, and encouraging local governments to pursue the goals set for the sector also at provincial and municipal level⁽¹⁵⁾. The applicant noted that given its importance within the Chinese light industries, the ceramic industry is under ongoing policy oversight and guidance from the GOC to ensure adherence to these plans. The Work Plan for Steady Growth of Light Industry (2023-2024), which includes also the ceramic sector, represents another policy document put in place by the GOC to guide the functioning of the sector, through the adoption of ‘more powerful measures [...] to enhance development momentum, optimize the economics structure, and promote the continued recovery of the economy’⁽¹⁶⁾.
- (63) The request also noted that the presence of the state in firms allows it to interfere with respect to prices and costs of the product under review. The applicant reiterated the Commission’s conclusions in the first expiry review, in particular with regard to the continuous Chinese interference through the establishment CCP cells in both State-owned and private enterprises. The applicant referred to the CCP presence in companies such as Great Wall Group and Guangdong Sitong, with CCP members in managerial positions. Moreover, the request highlighted the inclusion of ceramic raw materials in provincial plans such as in the Jiangxi Comprehensive Plan for Mineral Resources (2016-2020) and the Guangdong Provincial Mineral Resources Master Plan (2021-2025).
- (64) Moreover, the applicant underlined the existence of public policies or measures discriminating in favour of domestic suppliers or otherwise influencing free market forces. It highlighted findings of previous antidumping investigations, in which the Commission established that resources are allocated to sectors designated as strategic, or otherwise economically important, including the ceramic sector, and recalled that the GOC has been implementing an ‘industrial cluster developing strategy’ to provide strategic infrastructure and specialised

⁽¹⁵⁾ China State Council – Guiding Opinions of Five Departments on Promoting High-Quality Development of Light Industry; available at: https://www.gov.cn/zhengce/zhengceku/2022-06/19/content_5696665.htm (accessed on 16 October 2025).

⁽¹⁶⁾ Ministry of Industry and Information Technology – Interpretation of Work Plan for the Steady Growth of Light Industry (2023-2024); available at: https://www.gov.cn/zhengce/zhengceku/202307/content_6895224.htm (accessed on 16 October 2025).

facilities. Therefore, the applicant concluded that the Chinese state allocates resources to the Chinese ceramic sector while requiring companies to adhere to State policies, influencing free market forces in such sector. The request also examined the lack, discriminatory application, or inadequate enforcement of bankruptcy, corporate or property laws within the ceramic sector and in the market of the product under review. The applicant noted the important role of the GOC in insolvency proceedings, including the fact that Chinese courts are subordinated to the government when deciding on whether to accept or reject the applications of listed companies. With regards to property laws in China, the applicant indicated that all land is owned by the state, therefore its allocation is solely dependent on the GOC. It also reiterated the findings of the first expiry review, in which the Commission established that despite the existence of legal provisions for the allocation of land use in a transparent manner, these are regularly not respected.

- (65) Lastly, the request underlined that the wage costs are distorted in China and specifically in the ceramic sector and in the market of the product under review. Such distortions were already established in the first expiry review and the applicant found no evidence that the tableware and kitchenware sector is shielded from the wage costs' distortions.
- (66) Second, in a recent investigation concerning the ceramic sector in the PRC ⁽¹⁷⁾, the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present. In this investigation, the Commission found that there is substantial government intervention in the PRC resulting in a distortion of the effective allocation of resources in line with market principles ⁽¹⁸⁾. In particular, the Commission concluded that in the ceramic sector, not only does a substantial degree of ownership by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation ⁽¹⁹⁾ but the GOC is also in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation ⁽²⁰⁾. The Commission found further that 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. Indeed, overall, the system of planning in the PRC results in resources being driven to sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces ⁽²¹⁾. Moreover, the Commission concluded that the Chinese bankruptcy and property laws do not work properly in the sense of Article 2(6a)(b), fourth indent of the basic Regulation, thus generating distortions in particular when maintaining insolvent firms afloat and when allocating land use rights in the PRC ⁽²²⁾. In the same vein, the Commission found distortions of wage costs in the ceramic sector in the sense of Article 2(6a)(b), fifth indent of the basic Regulation ⁽²³⁾, as well as distortions in the financial markets in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, in particular concerning access to capital for corporate actors in the PRC ⁽²⁴⁾.
- (67) Third, in the latest expiry review concerning the product under review ⁽²⁵⁾ the Commission concluded that significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation were present. No major structural changes in the PRC in general and/or in the relevant sector in particular, capable of affecting that conclusion, are known to the Commission.
- (68) Fourth, additional evidence available in the Report on Significant Distortions in the Economy of China ('Report') ⁽²⁶⁾, prepared by the Commission pursuant to Article 2(6a)(c) of the basic Regulation, pointed to the existence of significant distortions also during the review investigation period.
- (69) Fifth, no evidence or arguments to the contrary have been adduced by the GOC or the exporting producers in the present investigation.

⁽¹⁷⁾ Commission Implementing Regulation (EU) 2024/493 of 12 February 2024 imposing a definitive anti-dumping duty on imports of ceramic tiles originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (OJ L, 2024/493, 13.2.2024, ELI: http://data.europa.eu/eli/reg_impl/2024/493/oj).

⁽¹⁸⁾ Implementing Regulation (EU) 2024/493, recitals 99-137.

⁽¹⁹⁾ Implementing Regulation (EU) 2024/493, recital 104.

⁽²⁰⁾ Implementing Regulation (EU) 2024/493, recital 135.

⁽²¹⁾ Implementing Regulation (EU) 2024/493, recital 108.

⁽²²⁾ Implementing Regulation (EU) 2024/493, recital 127.

⁽²³⁾ Implementing Regulation (EU) 2024/493, recital 128.

⁽²⁴⁾ Implementing Regulation (EU) 2024/493, recital 129.

⁽²⁵⁾ Implementing Regulation (EU) 2025/1981.

⁽²⁶⁾ 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).

- (70) In view of the above, the evidence available showed that prices or costs of the product under review, including the costs of raw materials, energy and labour, are not the result of free market forces because they are affected by substantial government intervention within the meaning of Article 2(6a)(b) of the basic Regulation as shown by the actual or potential impact of one or more of the relevant elements listed therein. On that basis, the Commission concluded that it is not appropriate to use domestic prices and costs to establish normal value in this case. Consequently, the Commission proceeded to construct the normal value exclusively on the basis of costs of production and sale reflecting undistorted prices or benchmarks, that is, in this case, on the basis of corresponding costs of production and sale in an appropriate representative country, in accordance with Article 2(6a)(a) of the basic Regulation.

3.2.2. *Representative country*

- (71) The choice of the representative country was based on the following criteria pursuant to Article 2(6a) of the basic Regulation:
- A level of economic development similar to the PRC. For this purpose, the Commission used countries with a gross national income per capita similar to the PRC on the basis of the database of the World Bank ⁽²⁷⁾;
 - 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.

- (72) As explained in recitals 53 and 54, the Commission issued two notes for the file on the sources for the determination of the normal value: the First Note on production factors of 6 June 2025 and the Second Note on the production factors of 19 August 2025. These notes described the facts and evidence underlying the relevant criteria, and also addressed the comments received by the parties on these elements and on the relevant sources. In both notes on production factors, the Commission informed interested parties of its intention to consider Türkiye as an appropriate representative country in the present case if the existence of significant distortions pursuant to Article 2(6a) of the basic Regulation would be confirmed.

3.2.3. *A level of economic development similar to the PRC*

- (73) In the First Note on production factors, the Commission identified Brazil, Thailand, and Türkiye as countries with a similar level of economic development as the PRC according to the World Bank, i.e. they are all classified by the World Bank as 'upper-middle income' countries on a gross national income basis where production of the product under investigation was known to take place.
- (74) No comments were received concerning the selection of countries identified in that note.

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

- (75) In the First Note, the Commission examined the imports of the most important factors of production ('FoPs') originating in the People's Republic of China into each of the potentially representative countries during the investigation period. Imports from China represented a significant proportion of the imports of Thailand, around 36 % of the overall quantity imported, while Chinese imports in Brazil and in Türkiye were negligible.
- (76) The Commission considered that Thailand, due to its proportion of Chinese imports should not be considered as a representative country compared with Brazil and Türkiye.

⁽²⁷⁾ World Bank Open Data – Upper Middle Income (<https://data.worldbank.org/income-level/upper-middle-income>).

- (77) When analysing imports from the rest of the world, in terms of actual imported quantity, Türkiye imported 11 times more of kaolin (the main raw material in terms of quantity) and 2 times more of pigments from the rest of the world compared with Brazil. For zinc oxide, Brazil imported 7 times more compared with Türkiye.
- (78) Brazil compared with Türkiye imported significantly less of kaolin, the main raw material in terms of quantity, and moreover had for other HS codes a higher proportion of Chinese imports. Therefore, the Commission provisionally concluded that Turkish imports should be considered for establishing the FoPs values.
- (79) Moreover, in the First Note the Commission informed interested parties that it would establish selling, general and administrative costs ('SG & A') and profits based on available information for Kütahya Porselen Sanayi A.S. ('Kütahya Porselen'), a Turkish producer of the product under investigation.
- (80) Hunan Hualian Group submitted comments regarding the choice of the appropriate representative country, as well as the choice of Kütahya Porselen as source of SG & A costs and profit.
- (81) On the Commission's decision not to consider Thailand as a representative country due to its large proportion of Chinese imports, Hunan Hualian Group argued that the high share of raw materials imported from China into Thailand, amounting to 36,3 %, was not enough to prove that the benchmark prices were distorted, and pointed out that import prices into Thailand were, for the most part, higher than those in Türkiye.
- (82) Moreover, Hunan Hualian Group claimed that Türkiye should not have been considered as an appropriate representative country because of its exceptional economic situation and high inflation during the review investigation period. According to these claims, high inflation distorted benchmark prices and affected the accurate representation of financial information under International Accounting Standards for inflationary economies ('IAS 29'⁽²⁸⁾). Additionally, Hunan Hualian Group argued that the raise of the minimum wage in Türkiye before the review investigation period distorted labour costs, making them unrepresentative.
- (83) The Commission noted that import prices into Türkiye were in line with the prices of imports into Brazil and Thailand, rejecting the claim that benchmarks were unrepresentative. The Commission also pointed out that the adjustment of financial information under IAS 29 responds to general economic practice, and that, according to the sources provided by Hunan Hualian Group, the raises of the minimum wage aimed to restore labour costs to the level that would be commensurate with the level of the overall economic development in the country. Therefore, the claims were rejected.
- (84) Hunan Hualian Group also proposed Thailand as the most appropriate representative country, and provided sources of financial information of several producers of ceramic tableware and kitchenware in Thailand.
- (85) The Commission examined the availability and representativity of the information concerning the Thai industry and found that the sources of financial information brought forward by Hunan Hualian Group, as well as all the other sources consulted by the Commission were far less detailed and complete than the available information for Kütahya Porselen. The financial information available for the Thai industry were limited to some basic financial data while, for Kütahya Porselen, the publicly available information included the complete set of financial statements. The Commission found that the same was true for the sources of information on labour costs. Therefore, the Commission concluded that Türkiye was better suited as an appropriate representative country within the meaning of Article 2 (6a)(a) of the basic Regulation and rejected Thailand accordingly.
- (86) Finally, Hunan Hualian Group contested the Commission's choice of basing the calculation of SG & A costs and profit on the disclosed financial records of Kütahya Porselen on the basis that calculations using one single company's records would reflect specificities of the selected company that may not apply to the entirety of the market. To this end, Hunan Hualian Group argued that the selected company manufactures high-end decorative objects that are not included in the scope of the product under investigation, and had incurred in high financial expenses, and suggested that, as a result, its SG & A costs and profit margins were abnormally high. Therefore,

⁽²⁸⁾ IAS 29 – Financial Reporting in Hyperinflationary Economies – provides guidance for companies operating in economies experiencing hyperinflation. The standard requires restatement of financial statements to reflect changes in the general purchasing power of the local currency, as historical data can become misleading in such environments.

Hunan Hualian Group considered it more reasonable to establish the benchmarks for SG & A costs and profit based on public data from the Turkish government for the wider sector (NACE C234). Finally, Hunan Hualian Group requested commission expenses to be deducted from the total SG & A expenses to better approximate the SG & A costs ratio at ex-works level.

- (87) The Commission examined the claim and concluded that there was no evidence suggesting that the decorative objects commercialized by Kütahya Porselen – which made up a minor part of the company’s catalogue- were of a higher end than some of its sales of the product under investigation. Additionally, the Commission noted that the SG & A costs and profit reported in Kütahya Porselen’s audited reports were in line with the levels of the wider sector (NACE C234) reported by the Turkish government, which Hunan Hualian Group suggested as an appropriate alternative source despite of not having any data for 2024 and covering far more products outside of the definition of the product under review than the catalogue of products of Kütahya Porselen ⁽²⁹⁾ ⁽³⁰⁾.
- (88) Moreover, the company failed to show why the SG & A costs and profit margin of the Kütahya Porselen were not reasonable and undistorted. Finally, the Commission found no reason why sales commissions would not be part of the ex-works SG & A, as they are not associated to transport or custom’s expenses. Therefore, the claims were rejected.
- (89) In light of the above considerations, the Commission informed the interested parties with the Second Note that it intends to use Türkiye as an appropriate representative country and Kütahya Porselen, 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.
- (90) Interested parties were invited to comment on the appropriateness of country as a representative country and of company as producers in the representative country. The Commission received comments from the applicant and Hunan Hualian Group. All comments are addressed below.
- (91) In its comments to the second FOP Note, Hunan Hualian Group insisted on its previous claims on the choice of Kütahya Porselen as source for SG & A costs and profit and pointed out that it is for the Commission to substantiate the appropriateness of its benchmarks, and not for the parties to prove their inadequacy. Hunan Hualian Group also remarked the 10percentage points difference between the SG & A margin of Kütahya Porselen and the one of the wider sector and further insisted that the data for the wider sector should be used. In addition, Hunan Hualian Group questioned the correspondence of accounts names and organization between the financial records of the different periods examined and requested that figures under ‘shipping/cargo and postage costs’ should be also deducted from the SG & A costs calculation.
- (92) The Commission reiterated that it considered the evidence laid out in both Notes sufficient to hold Kütahya Porselen’s readily available financial records as an appropriate source of information for the calculation of the reasonable and undistorted SG & A costs and profit margins. In fact, the Hunan Hualian Group’s comments on the adjustments needed to ensure the representativeness of the SG & A calculation are further proof of the completeness and level of detail of Kütahya Porselen’s records, and the importance of data-granularity, which the wider-sector data can’t match.
- (93) Regarding the correspondence of account names and organization across periods, the Commission acknowledged that from 2024 onwards Kütahya Porselen seems to have re-organised the structure of their financial reporting. However, the Commission could not understand how this could have prejudiced the companies, given that it used the most conservative figures to ensure fairness, as it is the case with customs expenses for 2024. Regarding the lack of freight expenses recorded in 2024, the Commission understand that these have been included in regular ‘shipping expenses’ which explains why these are significantly larger than in previous periods.

⁽²⁹⁾ Product Catalogue: <https://kurumsal.kutahyaporselen.com/tr/urunler>.

⁽³⁰⁾ The NACE category C234 includes the following subcategories:
— C-2341 ‘Manufacture of ceramic household and ornamental articles’,
— C-2342 ‘Manufacture of ceramic sanitary fixtures’.

- (94) Regarding postage costs, during verification, it was confirmed with the sampled companies that it was usual practice in the industry to incur in shipping and postage expenses related to the postage of samples and promotional materials, not of the actual product under investigation. As such, the Commission considered that these expenses were rightly considered part of SG & A costs. Therefore, the claims were rejected.
- (95) Hunan Hualian Group also reiterated its claim that Türkiye was not a suitable representative country. Hunan Hualian Group considered that the Commission had contradicted itself when arguing that basing benchmarks on import prices in international currencies (in this case, CNY) minimized the effect of inflation on said benchmarks, while arguing that the relationship between exchange rates and inflation is not linear. Additionally, Hunan Hualian Group pointed out that in the five years between the first expiry review investigation (concluded in 2019) and the current investigation, benchmark prices had increased by more than 50 %. According to Hunan Hualian Group, this increase was striking and unjustified. Finally, Hunan Hualian Group insisted that the minimum wage raise that took place before the review investigation period were political measures instrumental to securing electoral support, and had a direct and immediate impact on salaries nationwide.
- (96) Hunan Hualian Group also insisted on its previous claim that Thailand is a more appropriate representative country on the basis of availability of financial information for 2023 and 2024 for several producers, which Hunan Hualian Group considers more representative than the Commission's choice of Kütahya Porselen. Additionally, Hunan Hualian Group argued that in previous investigations the Commission has constructed Thailand's labour cost benchmarks and considered this sufficiently detailed and reliable.
- (97) Regarding the suitability of Türkiye as representative country, the Commission saw no contradiction between the two arguments and considered that the fact that basing benchmarks on import prices expressed in international currency will minimize the effect of domestic-currency inflation, and the fact that the relationship between exchange rates and inflation is not linear are both economically coherent.
- (98) Moreover, the applicant rightly pointed out on its comments to the note that the increase on the benchmark prices for Brazil between the first expiry review investigation and the current investigation were of a similar magnitude – and in some cases, higher – than that of Türkiye. Notably, inflation in Brazil is significantly lower than in Türkiye (around 4,5 % during the review investigation period⁽³¹⁾), which further reinforces the Commission's conclusion that price changes in import benchmarks are not caused by inflation.
- (99) Furthermore, the Commission reminded Hunan Hualian Group that pursuant to well-established case-law of Union courts, past administrative practice cannot be used to assess the legality of regulations imposing anti-dumping duties⁽³²⁾. Therefore, past practice in other investigations is not considered a sufficient argument. However, while the Commission did not contest the reliability of the labour and financial data for Thailand, it considered that data for Türkiye is more accurate, reliable, detailed, and allowed for a more exact construction of the relevant benchmarks for the product under investigation. To this effect, the Commission reiterated that the existing detailed, sector specific, publicly available information on labour costs in Türkiye is clearly a more appropriate source than the construction of this benchmark for Thailand. Additionally, it considered that detailed audited financial information that could be narrowed down to the exact duration of the review investigation period is undoubtedly a more optimal source of information than more generic information covering a wider time frame outside the review investigation period.

3.2.5. *Level of social and environmental protection*

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

⁽³¹⁾ World Economic Outlook (April 2025) – Inflation rate, average consumer prices.

⁽³²⁾ E.g. Judgment of 2 July 2025, *PT Permata Hijau Palm Oleo and PT Nubika Jaya v European Commission*, Case T-187/23, ECLI:EU:T:2025:663, paragraph 95.

- (101) In view of the above analysis, it was concluded that Türkiye 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.
- (102) Following the final disclosure, the CCCLA, Fun Lin Wah Group, Hunan Hualian Group, Hunan Huazhi Group, and several unrelated importers reiterated the claims made by Hunan Hualian Group after the First and the Second Notes mentioned hereabove. These parties contested the Commission's methodology for calculating dumping margins, arguing that its approach lacks validity. The parties highlighted two key concerns: first, the selection of Türkiye as a representative country, citing its high and persistent inflation and distorted labour costs as factors that undermine representativeness; and second, the reliance on data from Kütahya Porselen, a single company operating under a distinct business model, under the claim that it further compromises the methodology's reliability.
- (103) The Commission noted that the parties reiterated their claim that Türkiye should be disregarded because the country was subject to hyperinflation during the investigation period. However, the Commission determined that the hyperinflation had a limited impact on the establishment of the benchmarks, concluding that Türkiye was still a suitable representative country for the following reasons:
- (104) Raw materials: these were based on import values which were not expressed in Turkish Lira, inherently shielding them from the Turkish Lira's devaluation. Interested parties listed in recital 102 failed to explain how the alleged inflation and devaluation had influenced these values to the point of rendering them inappropriate. As described in recital 83, the Commission noted that import prices into Türkiye were in line with the prices of imports into Brazil and Thailand. Therefore, the Commission rejected the claim that benchmarks were unrepresentative.
- (105) SG & A costs and profit: SG & A costs and profit margins are expressed as percentages. While hyperinflation affects absolute selling prices and costs, it has a limited impact on the relative percentages used for these benchmarks. Moreover, interested parties listed in recital 102 failed to explain how the alleged inflation and devaluation rendered SG & A costs and profit rates used inappropriate.
- (106) Electricity and labour costs: although these were expressed in the local currency, the effect of inflation was minimized through the significant devaluation of the Turkish Lira against the Yuan (a devaluation factor of three between 2021 and the investigation period). Moreover, the Commission pointed that, as can be observed in the referenced source of information for electricity, prices decreased during the IP, compared to the period immediately before.
- (107) As regards the choice of Kütahya Porselen – to determine SG & A costs and profit margins, the Commission noted that no new evidence that would contradict the conclusions of recitals 87 and 92 above was submitted. The claim was therefore dismissed.
- (108) Moreover, Hunan Huazhi Group claimed that while the Commission adjusted Turkish data and provided justifications, it did not sufficiently address critical methodological gaps: (1) it lacked a quantitative analysis of how extreme inflation caused accounting distortions; (2) it failed to explain how its adjustments could effectively counteract or neutralize these systemic distortions; and (3) it offered no adequate evidence or sensitivity analysis to assess the practicality, limitations, or compliance with standards like IAS 29 for accounting adjustments in high-inflation economies.
- (109) The Commission considered that methodology was thoroughly laid out in the First and Second notes on the sources, which were made available to all parties in the open file, and to which Hunan Huazhi did not submit any comments. The Commission pointed out that, prompted by a comment made by Hunan Hualian, it had described in detail the methodology employed to construct the SG & A costs and profit margins for the IP. Moreover, the methodology followed by the Commission was laid out in Annexes III of both notes, where the adjustments introduced to ensure comparability of data and minimize systemic distortions were indicated and explained.
- (110) The Commission determined that the reference to IAS 29 was irrelevant to the case. This is because IAS 29 specifically addresses the analysis of historical financial data in the context of hyperinflation, whereas the establishment of certain benchmarks are based on data derived from a short-term, limited timeframe. As such, the Commission dismissed the claim as it does not align with the scope or purpose of IAS 29.

- (111) The CCCLA, Fun Lin Wah Group, Hunan Huazhi Group, and several unrelated importers claimed that Thailand, even with a high proportion of raw materials from China, has more stable economic conditions and representative market dynamics, and would therefore serve as a more appropriate and credible alternative for benchmarking. Moreover, Hunan Huazhi Group claimed that Thailand's imports should not be dismissed as unrepresentative because Thailand's import prices remain consistent with Türkiye and Brazil import prices. Since no significant price discrepancies exist among these countries, Thailand – offering equivalent or superior representativeness – should be preferred over Türkiye as a benchmark, as it lacks the systemic distortions (e.g., high inflation) that undermine Türkiye's reliability. The core claim is that if import prices are aligned, Thailand broader suitability as a representative country (economically stable, less distorted) logically outweighs Türkiye flaws. Additionally, one importer criticised the exclusion of Thailand solely based on the observation that a significant share of raw materials originates from China.
- (112) As stated in response to recital 81, where Hunan Hualian Group made a similar claim regarding the Commission's decision to reject Thailand based on its volume of imports from China, the Commission accepted this argument. However, as explained in recital 85, the sources of information on cost of manufacturing and financial information were considered less optimal than those of Türkiye, which had more granular data allowing for a more representative analysis. Having addressed the claims on Türkiye 'systemic distortions' in recital 103, and since no new arguments to this respect were brought forward, the claim was rejected.
- (113) One importer suggested that the Commission should have analysed Bangladesh as a potential representative country. Another importer proposed to use combining data from two or more upper-middle income producers, such as Brazil, Thailand, and Türkiye. In the view of the importer, this approach would allow to dilute country-specific distortions and yield a more balanced picture of undistorted costs.
- (114) The Commission recalled parties that, pursuant to Article 2(6a)(a) of the basic Regulation, the representative country needs to be selected among those with a level of economic development similar to that which the product concerned originates in. To this end, the Commission noted that based on World Bank data Bangladesh was not classified as a country with a similar gross national income comparable to China. Regarding the suggestion of combining benchmark prices, the Commission considered that, given the differences in statistical reporting on benchmark prices for energy and labour across countries, combining information from the three countries was not appropriate. The claim was therefore rejected.
- (115) Many importers argued that the normal value based on the benchmark prices found in Türkiye does not accurately represent the economic structure of European producers, actual market conditions, or the prices acceptable to end customers.
- (116) The Commission explained that the normal value constructed from these benchmarks is used to approximate the non-intervened domestic price of the product under investigation in China, and therefore holds no relationship to European market conditions nor end consumers in the EU.

3.2.6. Sources used to establish undistorted costs

- (117) In the First Note, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under investigation by the exporting producers and invited the interested parties to comment and propose publicly available information on undistorted values for each of the factors of production mentioned in that note. Subsequently, in the Second Note, the Commission stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas to establish the undistorted cost of most of the factors of production, notably the raw materials. In addition, the Commission stated that it would use the data published by the Turkish Statistical Institute and the Energy Market Regulatory Authority for establishing undistorted costs of labour and energy and the information published by the Presidency of the Republic of Türkiye Investment Office for water.
- (118) In the Second Note, the Commission also informed the interested parties that due to the large number of factors of production of the sampled exporting producers that provided complete information and the negligible weight of some of the raw materials in the total cost of production, these negligible items were grouped under 'consumables'. Further, the Commission informed that it would calculate the percentage of the consumables on the total cost of raw materials and apply this percentage to the recalculated cost of raw materials when using the established undistorted benchmarks in the appropriate representative country.

3.2.6.1. Factors of production

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

Table

Factors of production of ceramic tableware and kitchenware under investigation

Factor of Production	Commodity Code	Undistorted value	Unit of measurement
Raw materials			
Silica sands and quartz sands, natural	2505 10	0,41 CNY/KG	KG
Kaolin (and other kaolinic clays)	2507 00 20 00 11, 2507 00 20 00 18, 2507 00 80 00 11, 2507 00 80 00 12	1,73 CNY/KG	KG
Bentonite, whether or not calcined	2508 10 00 00 11, 2508 10 00 00 12	2,74 CNY/KG	KG
Ball Clay (clay)	2508 40	1,43 CNY/KG	KG
Other phosphates of calcium	2835 26 (*)	10,08 CNY/KG	KG
Gypsum Materials for Molds	2520 20 00 10, 2520 20 00 90 19	4,62 CNY/KG	KG
Feldspar	2529 10 00 00 11, 2529 10 00 00 12, 2529 10 00 00 19	1,02 CNY/KG	KG
Mineral substances, not elsewhere specified or included	2530 90 30, 2530 90 40, 2530 90 50, 2530 90 70	12,85 CNY/KG	KG
Zinc oxide; zinc peroxide	2817 00 00 10, 2817 00 00 90	22,60 CNY/KG	KG
Silicates; commercial alkali metal silicates, Not of Sodium	2839 90 00 10, 2839 90 00 20, 2839 90 00 90 12, 2839 90 00 90 13, 2839 90 00 90 15	8,82 CNY/KG	KG
Pigments and preparations based on titanium dioxide	3206 19	23,39 CNY/KG	KG
Prepared pigments, prepared opacifiers, prepared colours and similar preparations	3207 10	42,26 CNY/KG	KG
Glaze Materials	3207 20 10, 3207 20 90 00 11, 3207 20 90 00 19	12,98 CNY/KG	KG

Factor of Production	Commodity Code	Undistorted value	Unit of measurement
Glass frit and other glass, in the form of powder, granules or flakes	3207 40 40, 3207 40 85	9,36 CNY/KG	KG
Transfers (decalcomanias), vitrifiable	4908 10	286,24 CNY/KG	KG
Ceramic Tableware And Kitchenware, Of Porcelain Or China	6911 10 00 00 11, 6911 10 00 00 12, 6911 10 00 00 19	41,01 CNY/KG	KG
Aluminium powders of non-lamellar structure	7603 10	29,47 CNY/KG	KG

Consumables

Labour

Labour costs in manufacturing sector		74,92 CNY/hour	hour
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Energy

Electricity		0,62 – 0,88 CNY/ KwH ^(?)	KwH
Natural Gas		2,86 CNY/m ³	m ³
LNG		4,07 CNY/ m ³	m ³
Water		1,66 CNY/m ³	m ³

(¹) In the second FOP Note the Commission identified commodity codes 2510 10 00 90 11 and 2510 10 00 90 12 as appropriate benchmarks for phosphates of calcium. Following the verified information received during the verification visits of the exporting producers, the Commission concluded that the code 2835 26 was more appropriate.

(²) The source used provides a range of benchmark prices dependent on total electricity consumption. See Eurostat: Electricity prices for non-household consumers – bi-annual data. For more detailed explanations, see recitals 130 to 131.

- (120) The Commission included a value for manufacturing overhead costs in order to cover costs not included in the factors of production referred to above. The methodology to establish this amount is duly explained in recital 149.

3.2.6.2. Raw materials

- (121) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in GTA to which import duties and transport costs were added. An import price in the representative country was determined as a weighted average of unit prices of imports from all third countries excluding the PRC and countries which are not members of the WTO, listed in Annex 1 of Regulation (EU) 2015/755 of the European Parliament and the Council ⁽³³⁾. The Commission decided to exclude imports from the PRC into the representative country as it concluded in recitals 58 to 70 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices.

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

- (122) For a number of factors of production, the actual costs incurred by the cooperating exporting producers represented a negligible share of total raw material costs in the 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 as explained in recital 118.
- (123) The Commission invited all interested parties to comment on the sources and methodology employed to establish the undistorted price of the factors of production of the product under investigation.
- (124) Hunan Hualian Group claimed that the Commission had analysed import quantities and prices of the factors of production in Türkiye using HS codes. According to this exporting producer, the Commission should base its analysis on 8-digit custom codes, which include a narrower and more representative set of products than 6-digit HS codes.
- (125) The Commission noted that while Chinese exporting producers provided codes at 8-digit level, these codes correspond in fact to a HS code as the two last digits were '00' and therefore did not provide more information than a HS code. Moreover, comparison between China and Türkiye is only possible at HS code level.
- (126) Following the final disclosure, Hunan Huazhi Group argued that the Commission's use of surrogate prices for raw materials is significantly inflated, often 'several to several dozen times higher than Hunan Huazhi's actual costs'. Notably, clay – a high-volume, low-value input that is rarely imported over long distances for processing – does not reflect the Turkish import price used by the Commission, as it bears little relevance to the material actually used in production. The company urged the Commission to conduct its price analysis at the eight-digit HS code level, which would provide a more accurate and representative assessment of material costs.
- (127) The Commission recalled that, as stated in recital 125, the use of the 6-digit HS code was considered as appropriate during the investigation, taking into account that (1) as stated in recital 125, a large proportion of raw materials were essentially reported at 6-digit level, and (2) as shown in Annex II to the First Note, the 8-digit code for clay in Türkiye, i.e. 2508 40 00, corresponded to the 6-digit HS code 2508 40, as the two last digits were '00'. Therefore, a comparison at a higher level of digits would not result in higher representativity. Moreover, as explained in section 3.2.1 above, the Commission considered the prices and costs in China not representative of market conditions and therefore not comparable to the prices in Türkiye. Considering also that the exporting producer did not provide any additional substantive evidence to support the claim, it was rejected.

3.2.6.3. Labour

- (128) In the First and Second Notes, the Commission informed all parties that it intended to use the data published by the Turkish Statistical Institute for the specific manufacturing sector. No comments were received within the deadline.
- (129) After the deadline, Hunan Hualian Group submitted comments requesting that the Commission calculate the benchmark for labour based on data available International Labour Organization (ILO) database. To this end, the company claimed that ILO data is updated more often than official Turkish data.
- (130) The Commission rejected this claim. In the Commission's view, ILO data is only available on annual basis hence forcing an approximation, whereas Turkish Statistical Institute data is available quarterly, thus allowing for a more precise calculation for the review investigation period. Furthermore, ILO allows for a low level of detail as it only refers to generic 'manufacturing' as a sector, whereas Turkish Statistical Institute data is disaggregated by 'Manufacture of non-metallic mineral products'.
- (131) With regard to labour costs, in the absence of more recent data, the Commission used the data published by the Turkish Statistical Institute, in particular the wages reported in the manufacturing sector for 2022 for the economic activity C.23 (Manufacture of other non-metallic mineral products) according to NACE Rev.2, which are the most recent statistics available. The values were properly adjusted for inflation using the producer price index published by the Turkish Statistical Institute ⁽³⁴⁾.

⁽³⁴⁾ TÜİK – Veri Portalı (tuik.gov.tr) and TÜİK – Veri Portalı (tuik.gov.tr).

- (132) Following the final disclosure, Hunan Huazhi Group reiterated Hunan Hualian Group's claim that the ceramic tableware industry is labour-intensive, with raw materials making up only a small portion of costs, and pointed out that the Commission's benchmark for labour cost (RMB 74,92/hour) is several times higher than Hunan Huazhi Group's actual rate. Hunan Huazhi Group considered that Türkiye's wage data is unreliable due to high inflation, politically driven wage hikes, and currency instability. The company further argued that data used is from 2022 and does not reflect the review period, even after adjusting for inflation. Hunan Huazhi Group urged the Commission to use labour-cost benchmarks from the ILO's 'manufacturing sector' dataset for the review period (as proposed by Hunan Hualian Group), or, alternatively, switching to Thailand labour cost as a benchmark, adopting the Thai wage data submitted by Hunan Hualian Group. In Hunan Huazhi Group's view this approach would ensure a fairer, more accurate assessment of labour costs.
- (133) This claim was seconded by an unrelated importer, LPP S.A., that criticised that the Turkish data required extensive inflation adjustments using producer price indexes ('PPI'), which risk amplifying cost distortions. Another importer, Club House NV, noted that labour costs had increased significantly when compared to the benchmark established during the previous expiry review, whose investigation period partially overlapped with the investigation period of the procedure at hand.
- (134) As indicated in recital 103, the Commission considered that the benchmark for labour obtained from Türkiye was sufficiently reliable to be considered for the calculation of the normal value. Regarding the increase in the benchmark for labour costs, the Commission points out to Annex II of the Second Note, showing that the increase results from the indexation of labour cost, as reported by the Turkish National Institute for Statistics. Moreover, comparison with domestic prices in the PRC does not allow for any meaningful conclusion, given the significant distortions in the Chinese market, as explained in section 3.2.1. The claim was therefore rejected.

3.2.6.4. Electricity

- (135) The Commission used the electricity price statistics published by the Turkish Energy Market Regulatory Authority⁽³⁵⁾ in its regular press releases covering tariff tables based on electricity bills for industrial users, which are published quarterly, allowing for an exact coverage of the IP.
- (136) Following the final disclosure, Hunan Hualian Group claimed that the Commission should use Eurostat data instead of data from the Turkish Energy Market Regulatory Authority. The party asserted that the Turkish authority does not provide energy costs differentiated by electricity consumption levels, whereas Eurostat offers such data on a six-monthly basis.
- (137) The Commission accepted the claim and revised its calculations based on Eurostat's report of electricity prices for non-household consumers for Türkiye⁽³⁶⁾. Consequently, the benchmark price for electricity was set as follows:

Consumption bracket	Undistorted value
Consumption less than 20 MWh – band IA	0,88 CNY/KWH
Consumption from 20 MWh to 499 MWh – band IB	0,8 CNY/KWH
Consumption from 500 MWh to 1 999 MWh – band IC	0,74 CNY/KWH
Consumption from 2 000 MWh to 19 999 MWh – band ID	0,69 CNY/KWH
Consumption from 20 000 MWh to 69 999 MWh – band IE	0,65 CNY/KWH
Consumption from 70 000 MWh to 149 999 MWh – band IF	0,62 CNY/KWH

⁽³⁵⁾ <https://www.epdk.gov.tr/Detay/Icerik/3-0-39/kurul-kararlari->

⁽³⁶⁾ https://doi.org/10.2908/NRG_PC_205.

3.2.6.5. Natural gas

- (138) The Commission used the price of gas for industrial users in Türkiye as published by the Energy Market Regulatory Authority in its 2023 & 2024 Natural Gas Market Sector Report ⁽³⁷⁾. The Commission used the data of the industrial gas prices in the corresponding consumption band in TRY/Sm³ covering the last semester of 2023 and the first semester of 2024.

3.2.6.6. Liquefied natural gas ('LNG')

- (139) In its comments to the Second Note, the applicant claimed that the benchmark established on the basis of the natural gas prices in Türkiye was erroneously based on the generic price of natural gas for industrial use, rather than on the price of LNG, which is the predominant method of importation on natural gas in China and had been used in other investigations. The applicant therefore requested that the Commission use the latter, as it would be more representative of the situation of exporting producers in China.
- (140) Hunan Hualian Group rebutted that the data relating to the prices of natural gas in Türkiye is more detailed and is calculated without considering other costs, such as the special consumption tax. Additionally, it claimed that differentiating between pipeline-imported natural gas and LNG would be against the established Commission practice, and moreover, that it was impossible for companies to know which source of gas their providers sourced from.
- (141) The applicant further stressed its claim that the Commission should use the benchmark for LNG in the investigation, arguing that (1) official data on LNG prices is more detailed than for generic natural gas prices, and would allow the deduction of the special consumption tax, (2) such choice would be consistent with the Commission's practice, and (3) Hunan Hualian Group's claim that producers had no information as to the source of the natural gas purchased was rendered without merit by their own claim that Hunan Hualian Group did, in fact, purchase gas that was not imported as LNG.
- (142) Hunan Hualian Group submitted additional comments reiterating its previous claims and noted that only 0,96 % of the natural gas distributed in Türkiye is LNG, and claimed that LNG prices as reported in Türkiye were thus not representative. Hunan Hualian Group also claimed that the applicant's consideration that the use of a benchmark based on LNG prices was more appropriate than the use of a benchmark based on pipeline natural gas was evidence that Türkiye was not an appropriate representative country.
- (143) The Commission reminded both parties that pursuant to GC case-law, past administrative practice cannot be used to question the legality of legal interpretation and related decisions.
- (144) The Commission examined Ceramie Unie's claim on the sourcing of natural gas in China and found that during the review investigation period LNG imports constituted around 58 % of all natural gas imports into China ⁽³⁸⁾, and that there was an increasing trend on its pipeline gas imports ⁽³⁹⁾. On the other hand, during the verification process, the Commission observed that, for the most part, parties were aware of the method of sourcing their purchased natural gas, and therefore, distinction was possible.
- (145) The Commission considered that the applicant's request to observe LNG prices as a more appropriate benchmark did not stem from a lack of appropriateness of the available data in Türkiye, but rather from a more detailed assessment of the Chinese market.
- (146) Therefore, the Commission decided to apply distinct benchmarks for natural gas and LNG, as reported by the sampled companies and verified in their premises.

⁽³⁷⁾ EPDK | Enerji Piyasası Düzenleme Kurumu.

⁽³⁸⁾ <https://www.eia.gov/todayinenergy/detail.php?id=62804>.

⁽³⁹⁾ <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/lng/022924-china-2024-lng-imports-expected-to-rise-81-on-year-to-77-mil-mt-cnpc-etri>.

- (147) The Commission used the sales price of LNG in Türkiye as published by the Energy Market Regulatory Authority in its periodical Natural Gas Market LNG/CNG Price Reports List⁽⁴⁰⁾. The Commission carried out the appropriate adjustments to construct the benchmark net of taxes.

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

- (148) 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.
- (149) The manufacturing overheads incurred by the sampled exporting producers were expressed as a share of the costs of manufacturing actually incurred by these exporting producers. This percentage was applied to the undistorted costs of manufacturing.
- (150) In the First Note on the sources, the Commission informed all parties that it intended to use the financial data for Kütahya Porselen as extracted from its publicly available financial records for establishing an undistorted and reasonable amount for SG & A costs and profit.
- (151) Clerical errors pointed out by interested parties were examined, resulting in a revised SG & A margin of 36,25 % expressed as a percentage of the Costs of Goods Sold.
- (152) After careful consideration of all comments received, the Commission selected the financial data of Kütahya Porselen as extracted from its readily available financial records for the investigation period for establishing an undistorted and reasonable amount for SG & A costs and profit.
- (153) Following the final disclosure, CCCLA, Fun Lin Wah Group, Hunan Huazhi Group, Hunan Hualian Group and several importers criticised the calculation of sales, general and administrative expenses, and profits solely based on the financial records of Kütahya Porselen, a single company. The producers considered that the data was limited by the company's own particularities and cannot represent the industry.
- (154) Hunan Huazhi Group requested the Commission to substitute more representative and reasonable SG & A costs and profit data as the figures drawn from only one company inevitably reflect company-specific circumstances that may not prevail across the market. It argued that the Commission supplied no evidence that this solitary undertaking would be representative of the Turkish export-oriented, labour-intensive ceramic producers as a whole. Adopting these high cost, high-profit figures inflates the normal value and artificially magnifies the dumping margin, contrary to the fundamental principles of the anti-dumping instrument. In Hunan Huazhi Group's view, should the final determination switch to Thailand, the weighted average SG & A ratios and profit margins derived from multiple Thai producers should be used.
- (155) Furthermore, CCCLA and the exporting producers Fun Lin Wah Group and several unrelated importers, argued that Kütahya Porselen produced mainly high-end decorative ceramic products, which are not in scope of the investigation.
- (156) The Commission noted that the use of the financial data of Kütahya Porselen was communicated in the First Note and it was considered representative for the production of the product concerned, as explained in recitals 79 to 87. Interested parties provided no concrete evidence demonstrating that either the profit or the SG & A costs rates derived from Kütahya Porselen would lead to values that were not 'undistorted and reasonable' within the meaning of Article 2(6a)(a). Therefore, the claim was dismissed.

⁽⁴⁰⁾ EMRA | Energy Market Regulatory Authority.

- (157) Following the final disclosure, one unrelated importer and Hunan Hualian Group argued that Kütahya Porselen is not merely a manufacturer but also operates an extensive retail network. As such, the structure of Kütahya Porselen's SG & A costs differs fundamentally from that of the Chinese producers, which do not engage in direct-to-consumer retail sales. Hunan Hualian further contended that in the Sinopec judgment, the General Court underscored the necessity of establishing normal value and export price at the same level of trade to ensure a fair and comparable analysis. The importer requested to exclude commission expenses, as well as rental and advertising expense not incurred by Chinese exporters selling to importers.
- (158) The Commission assessed the claim and concluded that any reduction in SG & A costs would result in an equivalent increase in profit margins, thereby not affecting the calculation of the dumping margin. Furthermore, the claim was not substantiated, as demonstrated by the analysis of financial statements. The Commission therefore dismissed the claim, as it failed to provide a valid basis for adjusting the SG & A costs.
- (159) Furthermore, the aforementioned unrelated importers and Hunan Hualian Group claimed that the Commission should exclude income from other activities and include monetary losses when calculating Kütahya Porselen's profit value.
- (160) The Commission reviewed the claim and concluded that income from non-core activities should be excluded from the total profit calculations. This exclusion ensures that the profit margin accurately reflects the profitability of the product under investigation. The same principle applies to net monetary losses, which are unrelated to the production and sale for the product in question and therefore cannot be deducted from profit derived from its sales. Monetary losses are explicitly categorized under 'Finance Income and Costs' in the income statement for the relevant reporting period, typically arising from inflationary adjustments. While this account is recorded as a loss in the income statement, its ultimate impact is on the balance sheet through adjustments to retained earnings.
- (161) Importantly, the presentation of the income statement clarifies that monetary losses are excluded from the operating margin calculations. This metric is critical for assessing the efficiency of a company's core operations in generating profit. Monetary losses are excluded from operating profit because they are inherently non-operating items, arising from external factors (e.g., currency fluctuations, inflation) rather than from sales, production, or administrative activities. This distinction ensures the operating margin remains a reliable indicator of operational efficiency, unclouded by one-off or peripheral financial events.
- (162) Moreover, Turkish tax law distinguishes between standard business expenses and accounting adjustments required by IFRS/IAS. The specific 'Gain (Loss) on Net Monetary Position' line item recognized in IFRS financial statements to account for lost purchasing power is treated as not an 'ordinary and necessary expense' in the eyes of the Turkish tax authorities and therefore excluded when establishing the total profit value as it can be calculated based on Kütahya Porselen financial statements.
- (163) Hunan Hualian Group criticised also that the Commission seems to downplay the impact of Turkish hyperinflation on the costs of factors of production, arguing that such an impact is neutralised merely because the benchmarks are expressed in CNY. At the same time, however, the Commission acknowledges that the correlation between exchange rates and inflation is not linear. The exporting producer criticised that the approach used for currency adjustment do not fully reflect the inflation in Türkiye, which rose by 50 %, while the Turkish Lira depreciated only by 18 % against the Chinese Yuan. As concluded above in recital 103, the Commission determined that hyperinflation had a limited impact on the establishment of the benchmarks. The claim was therefore dismissed.
- (164) An imported further claimed that all income and expenses recorded as 'foreign exchange gains/losses' should be disregarded as part of the financial result of Kütahya Porselen, as they reflect exporting operations, beyond the ex-works level. Moreover, the importer argued that, in the reconstruction of the financial information for the IP, the Commission had incoherently compared figures expressed in nominal Turkish lira for the first half of 2023 and inflation-adjusted figures for the full year 2023.

- (165) The Commission noted that while exchange rate gains/losses evidence international transactions, these transactions are not limited to export sales, and could correspond, at least partially, to international procurement practices. Regarding the combination of nominal and inflation adapted figures, the Commission noted that regardless of the level at which financial figures were reported, the comparison between them was done after adjusting them to the inflation levels of June 2024, therefore bringing them to the same level of comparison. Moreover, the Commission notes that the financial report for June 2024 includes the inflation adjusted values for June 2023 'for comparison', proving that comparison between the figures after adjusting for inflation is not only mathematically sound, but also common practice. Therefore, the claims were rejected.
- (166) Based on this reasoning, the Commission adjusted the profit margin, expressing it as a percentage of the cost of goods sold (i.e., 19,8 %).

3.2.7. Calculation

- (167) 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.
- (168) First, the Commission established the undistorted manufacturing costs. The Commission applied the undistorted unit costs to the actual consumption of the individual factors of production of the sampled exporting producers. 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 3.2.3.1.
- (169) Once the undistorted manufacturing cost established, the Commission applied the manufacturing overheads, SG & A costs, profit and depreciation as noted in recital 149. They were determined on the basis of the financial statements of Kütahya Porselen for the investigation period as explained in recital 79.
- (170) SG & A costs expressed as a percentage of the Costs of Goods Sold ('COGS') and applied to the undistorted costs of production, amounted to 36,25 %. The profit expressed as a percentage of the COGS and applied to the undistorted costs of production, amounted to 20,42 %.
- (171) 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

- (172) The sampled exporting producers exported to the Union either directly to independent customers or through related companies acting as traders.
- (173) For the sampled 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.

3.4. Comparison

- (174) 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*

- (175) 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 and for profit, which had been adjusted to that level of trade.

3.4.2. *Adjustments made to the export price*

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

3.5. **Dumping margins**

- (178) 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.
- (179) On this basis, the dumping margins expressed as a percentage of the cost, insurance and freight (CIF) Union frontier price, duty unpaid, are as follows:

Exporting producer(s) Group	Definitive Dumping margin (%)
Fun Lin Wah Group	444,7
Hunan Hualian Group	80,9
Hunan Huazhi Group	226,7
Dumping margin of the single entity	138,28

3.6. **Lasting nature of changed circumstances in the partial interim review**

- (180) In accordance with Article 11(3) of the basic Regulation, the Commission analysed whether the change in circumstances regarding dumping were of a lasting nature.
- (181) Given the non-cooperation of the GOC, as explained above in recital 51 the findings of this section were based on facts available, namely the information provided in the review request and the information collected during the investigation.
- (182) In the request, the applicant identified recent efforts by Chinese local and municipal authorities to foster a major re-consolidation of the ceramic industry through the cluster-based industry development strategies. The Commission examined the reconsolidation of the ceramic industry around key leading large companies, supported by the Chinese authorities. These clusters also denominated 'High Technology Areas' or 'Parks', offer favourable conditions for resource-oriented and energy intensive industries and generous promotion schemes as incentives to potential entrants ⁽⁴¹⁾.
- (183) Recent plans have focused on optimizing the production process and the industry structure by developing a more concentrated industry, centred around larger competitive flagship companies. Key importance has been given to the creation of new patents and the promotion of research and innovation activities within these flagship companies ⁽⁴²⁾.

⁽⁴¹⁾ Think!Desk China Research and Consulting, Report Part II, 'Development and Policy Guidance of the Chinese Daily-use Ceramics Industry', 12 January 2024, p. 10.

⁽⁴²⁾ Fujian Provincial Department of Industry and Information Technology, 'Notice from the Fujian Provincial Department of Industry and Information Technology and seven other departments on several measures to support the high-quality development of the "China White-Dehua Porcelain" industry', 8 November 2022.

- (184) This central strategy is confirmed in numerous planning documents focused on the ‘daily ceramics’⁽⁴³⁾ industry issued at provincial and municipal level.
- (185) The Guandong, Fujian, and Hunan provinces, as well as the Liling municipality provide good examples.
- (186) The *2020 Chaozhou Action Plan for Building a Hundred-billion-yuan Level Ceramic Industry Cluster* (Guangdong Province) not only contains detailed provisions to scale up the region’s ceramic industry, but also lays out investment programs to support the creation of economies of scale:
- ‘Comprehensively sort out the list of key ceramic enterprises, establish an enterprise development echelon, and carry out key support in accordance with the “one enterprise and one policy”, and deepen the cultivation of large-scale backbone enterprises. mergers and acquisitions of enterprises, vigorously develop the headquarters economy, promote the construction of headquarters bases, and strive to enhance comprehensive competitiveness’⁽⁴⁴⁾;
 - ‘Scientifically plan the positioning of the industrial park, and give priority to ensuring the high-end space of the ceramic industry. [...] and promote the formation of a large platform to attract large projects and drive large projects.’⁽⁴⁵⁾;
 - ‘Appropriately adjust the prices of water, electricity and gas for enterprises, and use price policies to help enterprises reduce production costs. Guide financial institutions to optimize and adjust the direction of capital investment, expand the scale effect [...] and provide high-quality financial products and services for enterprise mergers and acquisitions, upstream and downstream resource integration, capital increase and production expansion.’⁽⁴⁶⁾.
- (187) Similarly, the 2022 Plan of the Fujian Provincial department contains concrete measures to strengthen leading and key enterprises and lower fixed costs by scaling up production:
- ‘Explore the creation of Haisi Ceramics Innovation Pilot Zone, promote the scale of the ceramic industry to exceed 100 billion yuan as soon as possible, and become an important ceramic production base in the country and competitive industrial clusters [...] support the construction of public platforms such as ceramic R & D and design centres, rapid proofing centres, printing centres, clay processing centres, and raw material centralized procurement and supply centres to improve platform service levels.’⁽⁴⁷⁾.
- (188) Furthermore, the plan details investment efforts by the local authorities to support key enterprises with over 30 million yuan between 2023 and 2025⁽⁴⁸⁾.
- (189) In Zhuzhou City (Hunan province), an industry cluster was established in 2023 under the name of ‘Liling Ceramic Industry Cluster’⁽⁴⁹⁾ fostering the growth of ad hoc high-tech large ceramic groups⁽⁵⁰⁾ (51).

⁽⁴³⁾ In official Chinese statistics and documents the production of ceramic tableware and kitchenware is often observed under the ‘daily ceramic’ sector, which also comprises other domestic ceramic items.

⁽⁴⁴⁾ Chaozhou Local Government, ‘Chaozhou action plan to build a hundred billion worth ceramic cluster’, 5 August 2020, p. 6.

⁽⁴⁵⁾ Ibidem, p. 9.

⁽⁴⁶⁾ Ibidem, p. 32.

⁽⁴⁷⁾ Fujian Provincial Department of Industry and Information Technology, ‘Notice from the Fujian Provincial Department of Industry and Information Technology and seven other departments on several measures to support the high-quality development of the “China White Dehua Porcelain” industry’, 8 November 2022, p. 1.

⁽⁴⁸⁾ Ibidem, p. 3.

⁽⁴⁹⁾ ST Daily, press release, ‘World Porcelain Capital’ Fujian Dehua: Intelligent manufacturing leads the way, and the entire chain supports industry upgrading’, 22 November 2022, p. 1.

⁽⁵⁰⁾ Hunan’s Government, press release, ‘Millennium Porcelain City’ creates a 100-billion-dollar ceramics industry cluster’, 10 March 2022.

⁽⁵¹⁾ Hunan Government, press release, ‘Hunan Has Five New SME Industrial Clusters’, 19 October 2023.

- (190) Accordingly, the municipal authorities of Hunan province received directives to ‘promote industrial capacity expansion, quality improvement, and efficiency enhancement’ throughout several projects, including support for the construction of new plants and other means of capacity expansion, as outlined in the first and second batches of Key Projects for Industrial Enterprise Capacity Expansion and Upgrading in Hunan Province ⁽⁵²⁾.
- (191) Under this strategy, the Chinese authorities together with the heavy state support have led to a severe re-shape of the Chinese ceramic industry by encouraging mergers and expanded the size and productivity of larger players.
- (192) The verification of the sampled companies allowed for a clear demonstration of this dynamic, as it was observed how regional champions identified in the aforementioned plans and strategies had absorbed the production capacity of several companies in their same industrial park in recent years.
- (193) In the previous expiry review investigation, which partially overlaps with the current interim review investigation period, it was found that China had a production capacity of 87 billion pieces of ceramics in 2023, with a spare capacity of 18,7 % ⁽⁵³⁾, showing a steady increase since the last review.
- (194) The evidence found highlights the efforts by Chinese local and municipal authorities to foster a major re-consolidation of the ceramic industry through cluster-based industry and development strategies around several key large enterprises. The plans listed above identified and endorsed regional champions with strong R & D departments and an established supplier network and crafted the conditions for them to increase their production capacity. Under this strategy, Chinese local authorities with heavy state support have led to a severe re-shape of the Chinese ceramic industry by encouraging mergers and expanded the size and productivity of larger players’.
- (195) Moreover, as evidenced by the governmental strategies as well as the planning documents issued at a provincial and municipal level (see recitals 184 to 190), and information obtained during the verification of the sampled companies, since the original investigation, the Chinese industry of ceramic tableware has been transforming through progressive industry concentration and focus on significant investments into infrastructure and research.
- (196) This consolidation is of a magnitude that proves it structural and irreversible, reflecting a lasting shift in the industry’s configuration and supply chains. As a result, it constitutes a fundamental and enduring change of circumstances that merits the re-examination of dumping margins.
- (197) In addition, Chinese export statistics to the Union, provided in the review request, show decreasing prices of about 15 % since 2019. Given that in the recent expiry review of the measures, Chinese prices were found to undercut the Union industry prices by more than 38 %, further potential price drops enabled by the restructuring of the sector and consequent use of economies of scale would undoubtedly harm the Union industry.
- (198) In view of the above and in view of the level of imports in the review investigation period of the last expiry review, made at very low dumped prices, the Commission concluded that the requirement in Article 11(3) of the basic Regulation, i.e. the ‘existing measure is [...] no longer, sufficient to counteract the dumping’ was met.
- (199) Following disclosure, several importers disagreed with the findings on the structural changes of lasting nature detailed above. They claimed that the price decrease for Chinese imports was due to higher efficiency, economies of scale and that input prices reflect market conditions. Several other importers claimed even an opposite trend, arguing that prices remained stable or increased due to higher production and logistics costs. Importers criticised also the change to a country-wide duty, one importer claiming that the structural characteristics of the Chinese ceramics sector and the alleged distortions have already been examined in earlier reviews and demanding additional information.
- (200) The importers did not provide any substantive evidence to support their claims. They were therefore rejected.

⁽⁵²⁾ Notice on the Issuance of the ‘Second Batch of Key Projects for Industrial Enterprise Capacity Expansion and Upgrading in Hunan Province’, Hunan Provincial Department of Industry and Information Technology, gxt.hunan.gov.cn, 6 December 2023.

⁽⁵³⁾ Hangzhou Zhongjing Zhisheng Market Research – 2024. Report on Daily Ceramics Market in China, p. 32-36, provided in Annex 5 of the open expiry review request.

4. ANTI-DUMPING MEASURES

4.1. Form and level of the duties

- (201) On the basis of the conclusions reached by the Commission in this partial interim review limited to dumping, pursuant to Article 11(3) of the basic Regulation and in accordance with Article 9(4) of the basic Regulation, an anti-dumping duty imposed on imports of the product concerned originating in the PRC should be amended.
- 4.1.1. *Practicability of imposition of individual duty rates*
- (202) During the course of the investigation the Commission found considerable evidence putting seriously into question the practicability of imposition of individual duty rates pursuant to Article 9(5) of the basic Regulation.
- (203) First and foremost, the analysis of the significant distortions, as presented in section 3.2.1, evidenced the close supervision of the Chinese authorities over the ceramics sector (See recitals 58 to 70).
- (204) The sampling exercise made it evident that the ceramic tableware and kitchenware industry in China is deeply intertwined, and further analysis highlighted strong and complex links between producers, traders and the public authorities, structural to the sector and ingrained in the supply chains throughout the industry.
- (205) During the verification visits it was observed that all sampled producers had purchased goods falling under the description of the product under investigation during the review investigation period from other producers and exported them to the Union market. This reinforces the Commission's assessment that this practice of re-sales is a usual export pattern in the sector. Moreover, during verification it was observed that all sampled producers also engaged in re-sales of products manufactured by other companies for export, and that the supply chain that followed had one or more intermediate steps of unrelated traders before the goods arrived in the Union. In fact, all companies subject to verification had, in some instance, failed to provide the appropriate set of signed declarations as required in annexes 2 and 3 of Implementing Regulation (EU) 2019/2131.
- (206) Following the final disclosure, Hunan Huazhi Group claimed that while it purchased products from other manufacturers, these were not all exported to the EU. The company claimed that the Commission failed to verify the destination countries of these purchases and wrongly assumed they were for the EU market. Moreover, Hunan Huazhi Group clarified that its related trader bought goods from non-cooperating suppliers, which were subject to the residual duty rate and thus shipped without signed declarations (as required only for cooperating companies). All products manufactured by Hunan Huazhi Group itself and exported to the EU did include the required signed declarations, confirmed during verification. Therefore, the Commission cannot conclude that 'all companies failed to provide declarations', and doing so ignores these distinctions and misrepresents the facts.
- (207) The Commission notes that the fact that not all resales of finished product were destined to the Union market does not negate the recurrence of this practice, nor its structural nature. Regarding Hunan Huazhi Group's second claim, the Commission acknowledges that it failed to verify the validity of the invoices signed by the related trader Liling Leyi Home Trading on the resale of finished products manufactured by Hunan Huazhi Ceramics.
- (208) The application of the individual anti-dumping duty rates for the companies mentioned in paragraph 3 of Implementing Regulation (EU) 2019/2131 during the review investigation period was conditional upon presentation to the customs authorities of the Member States of the aforementioned signed declarations. Given that the practice of multi-sourcing occurs at the level of the producers, any system of presentation of documents at the Union border is considered not to be sufficiently effective in this case, irrespective of any other additional requirements that could be introduced.
- (209) Moreover, in 2019, the Commission initiated an anti-circumvention investigation and found channelling among exporting producers with individual (lower) duty rates. Following this investigation, an additional layer of security was set in place for benefiting from an individual duty rate. However, the evidence gathered during the investigation puts into question the appropriateness and effectiveness of the requirements currently in force as described in recital 205.

- (210) The fragmentation of the Chinese industry together with the changes in the structure following the lasting re-consolidation make the individual company approach of the current system inviable going forward. This is shown, on one side, by the significant number of Chinese companies which started exporting and requested a New Exporting Producer Treatment ('NEPT') to be granted a more beneficial duty rate, and, on the other side, by the high number of Chinese companies with an individual duty rate that have not exported in the review investigation period (more than 50 out of 400 companies granted an individual duty rate), suggesting that they might no longer be operative.
- (211) Based on the above findings and considerations, the Commission concluded that the imposition of individual duty rates has proven to be impracticable for this particular sector and product and would jeopardize the effectiveness of the measure. A country wide duty rate would be more appropriate in the case at hand in accordance with Article 9(5), second paragraph of the basic Regulation.
- (212) After disclosure, Hunan Hualian Group contested the legal grounds for the application of a country-wide duty. Hunan Hualian Group claimed that Article 9(5) of the basic Regulation covers three possible scenarios: (1) impossibility to calculate individual dumping margins, in which case the application of a country-wide duty is warranted, (2) single-economic entity between producers, or producers and their suppliers, in which case a single duty can be applied to all the companies considered as a single-entity, and (3) single-economic entity between producers and the state, in which case a single duty may be applied to these producers.
- (213) Hunan Hualian Group further argued that the application of country-wide duty, as per Article 9(5) of the basic Regulation, is limited to situations where it is 'impracticable' to calculate an individual dumping margin for each supplier, regardless of the efficiency (or lack thereof) of their enforcement. Therefore, wherever the calculation of individual duty margins is determined, an individual duty rate must be applied, as per the WTO Appellate Body Report in EC – Fasteners (China)⁽⁵⁴⁾ Since Hunan Hualian Group claimed that it would be entitled to an individual duty lower than 79 %, the application of a country-wide duty would be discriminatory for them. Moreover, the company argued that the Commission failed to show that Hunan Hualian Group, or any other exporting producer, should be considered as a single entity with the State or with other suppliers. Hunan Hualian Group went on to argue that even if these links were proven, the relevant WTO jurisprudence⁽⁵⁵⁾ required that if particular exporters are related and constitute a single supplier, the Commission would be required to determine an individual dumping margin for the single economic entity at issue which should be based on the average export prices of each individual exporter. This party also argued that if a country-wide duty would be applied in this situation based on the existence of significant distortions in the PRC, then such a duty would be applicable in all anti-dumping cases concerning the PRC.
- (214) Additionally, Hunan Hualian Group denied any involvement in circumvention practices and objected to the conclusions reached by the Commission on the basis of a single episode, which is not representative of a deliberate and systematic plan to circumvent the existing measures. Such alleged practices do not constitute a basis for the application of a country-wide duty, and the existence of circumvention practices that render the existing measures ineffective is, however, not a ground for the application of the country-wide duty pursuant to Article 9(5) of the basic Regulation.
- (215) Moreover, and since the review was limited to examination of dumping, Hunan Hualian Group noted that the injury margins calculated in the context of the original investigation (AD586) continued to be valid and applicable. Consequently, the Commission's decision to apply a country-wide duty of 79 % *de facto* targets only and exclusively Hunan Hualian Group, and it will be detrimental only and exclusively for Hunan Hualian Group, since Hunan Hualian Group is the only company with an injury margin lower than 79 %, and therefore, the only company which would benefit from an individual duty lower than 79 %. It follows that, according to Hunan Hualian, the Commission's proposal to impose a country-wide duty is discriminatory, other than groundless.

⁽⁵⁴⁾ WTO Appellate Body Report, EC – Fasteners (China), WT/DS397/AB/R, adopted on 28 July 2011, paragraph 339: 'where an individual margin of dumping has been determined, it flows from the obligation contained in the first sentence of Article 9.2 that the appropriate amount of anti-dumping duty that can be imposed also has to be an individual one'.

⁽⁵⁵⁾ WTO Appellate Body Report, EC – Fasteners (China), WT/DS397/AB/R, adopted on 28 July 2011, paragraph 383: 'where it could be determined that particular exporters that are related constitute a single supplier [this] nonetheless require[s] the determination of an individual dumping margin for the single entity, which should be based on the average export prices of each individual exporter, and the imposition of a corresponding single anti-dumping duty'.

- (216) The Commission recalled that, as Hunan Hualian Group rightly acknowledged, among the relevant factors contemplated in Article 9(5) of the basic Regulation to apply a country-wide duty there is ‘the existence of control or material influence by the State in respect of pricing and output, or the economic structure of the supplying country.’
- (217) The current wording of the Article 9(5) of the basic Regulation was introduced by Regulation amending Council Regulation (EC) No 1225/2009 on protection against dumped imports from countries not members of the European Community ⁽⁵⁶⁾ in order to implement the findings of the WTO report in *EC-Fasteners*. As explained in recital 4 of that amending regulation, the determination of a single dumping margin and a single anti-dumping duty for a number of exporters is linked to the existence of situations indicating that two or more exporters, albeit legally distinct, are in such a relationship that they should be treated as a single entity. Such situations may include: (i) the existence of corporate and structural links between the exporters, such as common control, shareholding and management; (ii) the existence of corporate and structural links between the State and the exporters, such as common control, shareholding and management; (iii) control or material influence by the State in respect of pricing and output as well as the economic structure of the supplying country as specified in Article 9(5) of the basic Regulation.
- (218) At the outset, the Commission noted that most of the arguments put forward by Hunan Hualian Group are based on selectively quoting the Appellate Body report in *EC-Fasteners*, simply ignoring that it has been swiftly and fully implemented into the basic Regulation and fully complied with since then. Hunan Hualian Group failed to mention that the Appellate Body report in *EC-Fasteners* also recognised that an investigating authority might have to take into account factors and positive evidence other than those establishing a corporate or commercial relationship in assessing whether the State and a number of exporters are a single entity and that, therefore, the State is the source of price discrimination. These, for instance, may include evidence of State control or instruction of, or material influence on, the behaviour of certain exporters in respect of pricing and output. Furthermore, the economic structure of a WTO Member may be used as evidence before an investigating authority to determine whether the State and a number of exporters or producers subject to an investigation are sufficiently related to constitute a single entity such that a single margin should be calculated and a single duty be imposed on them ⁽⁵⁷⁾. These criteria could show that, even in the absence of formal structural links between the State and specific exporters, the State in fact determines and materially influences prices and output and that exporters or producers subject to an investigation are sufficiently related to constitute a single entity. The Appellate Body report also clearly stated that ‘if the State instructs or materially influences the behaviour of several exporters in respect of prices and output, they could be effectively regarded as one exporter for the purposes of the Anti-Dumping Agreement and a single margin and duty could be assigned to that single exporter’ ⁽⁵⁸⁾.
- (219) In the case at hand and as explained in section 3.2.1 in the context of the analysis of significant distortions and in recital 194, the investigation confirmed by way of a wealth of evidence that there is control and material influence by Chinese authorities over the ceramics sector, as well as pervasive State influence on the economic structure of this sector. As explained in recital 70, the Commission concluded that, in the ceramic sector, not only does a substantial degree of ownership by the GOC persist ⁽⁵⁹⁾, but the GOC is also in a position to interfere with prices and costs through State presence in firms ⁽⁶⁰⁾. All this evidence is relevant also in the context of the analysis pursuant to Article 9(5) of the basic Regulation to impose a country-wide duty, because it already clearly shows how the GOC controls and materially influences the pricing and output in the tableware sector, and how the economic structure of this sector is affected by all these policies and plans implemented by GOC. Contrary to what Hunan Hualian Group asserts, the Commission relied on all this evidence to substantiate its conclusion, as also referred to in recitals 203 to 204.
- (220) Moreover, Hunan Hualian Group omits to acknowledge and address the latest policy developments showing how pervasive the State influence at the different layers of the administration (i.e. national and provincial) in the ceramics sector is. The evidence in Section 3.6 shows the recent GOC strategy, inter alia, to consolidate the sector by creating national champions, scale up production and capacities, and provide finance to implement this strategy has been verified to have an immediate impact on the sampled companies.

⁽⁵⁶⁾ Regulation (EU) No 765/2012 of the European Parliament and of the Council of 13 June 2012 amending Council Regulation (EC) No 1225/2009 on protection against dumped imports from countries not members of the European Community (OJ L 237, 3.9.2012, p. 1, ELI: <http://data.europa.eu/eli/reg/2012/765/oj>).

⁽⁵⁷⁾ WTO Appellate Body report, *EC-Fasteners (China)*, WT/DS397/AB/R, paragraph 367.

⁽⁵⁸⁾ WTO Appellate Body report, *EC-Fasteners (China)*, WT/DS397/AB/R, paragraph 376.

⁽⁵⁹⁾ Implementing Regulation (EU) 2024/493, recital 104.

⁽⁶⁰⁾ Implementing Regulation (EU) 2024/493, recital 135.

- (221) With regard specifically to Hunan Hualian Group, the Commission noted that it was explicitly included and named in the beneficiary list of 'Key Projects for Industrial Enterprise Capacity Expansion and Upgrading in Hunan Province' mentioned in recital 190 above. Furthermore, the beneficiary companies listed in this plan (i.e. including Hunan Hualian Group) are requested to follow the requirements of the 'Notice on the Issuance of the Second Batch of Key Projects for Industrial Enterprise Capacity Expansion and Upgrading in Hunan Province' (Xiang Gongxin Investment [2023] No 429 ⁽⁶¹⁾) and implement the efficiency gains pursued by the government immediately.
- (222) Hunan Hualian Group did not submit any evidence contradicting all these findings and the underlying evidence, and has not shown that it is not affected or not subject to such control or material influence by the GOC. Consequently, there were no reasons to treat Hunan Hualian Group differently than any other exporting producer of tableware in China. In sum, the totality of the evidence concerning the control or material influence by the Chinese State in respect of pricing and output in the ceramic tableware sector, as well as the economic structure and policies of the GOC in the same sector, lead to the conclusion that the application of a country-wide duty is appropriate in the case at hand. Their claims were therefore rejected.
- (223) With regard to Hunan Hualian Group's claims that the group was not found as circumventing the country-wide duty rate and that if based on the assessment on significant distortions the application of a country-wide duty would apply in all the anti-dumping investigations concerning the PRC, the Commission disagreed. The Commission noted that its decision to impose the country-wide duty in this case was based on all the elements explained in this regulation showing the control and material influence by the GOC on the ceramics sector including on pricing and output, as well as on the particular economic structure of the country as a result of the GOC policies and influence. This conclusion was based not only on the assessment on the existence of significant distortions in Section 3.2.1, but on a number of other relevant elements as set out namely in recitals 205 and 208–211, which are peculiar to the specific product and sector subject to this investigation, and may not all affect specifically Hunan Hualian Group's while still being relevant for the country-wide finding. These elements show this specific intervention by the GOC, as well as the peculiarity of the tableware sector being extremely fragmented and currently subject to the opposite GOC policy to consolidate it, the peculiarity that exporting producers re-exported to the EU products purchased by other producers, the significant number of NEPTs and the history of circumvention. On this basis, it rejected Hunan Hualian Group's arguments.
- (224) With regard to Hunan Hualian Group's claim based on the WTO EC – *Fasteners* jurisprudence that when an individual dumping margin has been calculated, one single duty can be applied to different suppliers constituting a single exporter, the single duty should be based on the average export prices of each individual exporters, the Commission disagreed. First, the Commission recalled that the country-wide duty set in this investigation was based on the injury margin and not on the dumping margin, as explained in Section 4.1.2, since the former was lower than the dumping margin. Furthermore, as specified in Section 3.5, the average dumping margin reflecting the export prices of the three sampled producers that was considered to be representative of the single entity amounted to 138,2 %, thus above the new applicable country-wide duty of 79 %. In fact, the Commission did not determine the individual margins of dumping but rather it first established intermediary margins for each sampled exporting producer which were considered representative of the single entity. This was a necessary intermediate step on the basis of which it then calculated the dumping margin of single entity. Therefore, these claims were dismissed.

4.1.2. *Level of the measures*

- (225) Anti-dumping measures should be imposed on imports of product originating in countries concerned, in accordance with the lesser duty rule in Article 7(2) of the basic Regulation. The Commission compared the injury margins established in the original investigation and the dumping margins established in recital 179 above. As the dumping margin found in this review investigation is higher than the injury margin established in the original investigation, the new level of measures shall be based on the lower of the two margins, hence the level of the underselling margin.

⁽⁶¹⁾ Notice on the Issuance of the 'Second Batch of Key Projects for Industrial Enterprise Capacity Expansion and Upgrading in Hunan Province', Hunan Provincial Department of Industry and Information Technology, gxt.hunan.gov.cn, 6 December 2023.

- (226) To this effect, and in accordance with the impracticability of the application of individual duties and the fact that all individual dumping margin were above the injury margin, the Commission decided to compare the country wide dumping margin established in this partial interim review with the level of injury applicable to the average of the sample in the original investigation.
- (227) Following the final disclosure, CCCLA and the Fun Lin Wah Group argued that the injury margin established during the original investigation is no longer relevant to the current context. According to both parties, the Commission should reassess the injury level based on the prevailing conditions during the interim review period to ensure accuracy and reflect the actual market dynamics.
- (228) Moreover, CCCLA and the Fun Lin Wah Group claimed that the proposed new anti-dumping duty applies the same rate to all companies in China, regardless of whether they cooperated with the investigation. Fun Lin Wah Group argued that this was unfair to cooperative Chinese companies, especially those selected for sampling (like Fun Lin Wah Group), and could discourage future cooperation with EU investigations. The Fun Lin Wah Group further argued that the lack of differentiation may harm the Commission's ability to conduct effective investigations in the future, and urged the Commission to: (a) acknowledge the strong cooperation from participating companies (especially sampled ones), (b) apply different duty rates based on cooperation levels (lower rates for cooperating companies), and (c) offer more favourable rates to sampled companies as a reward for their cooperation.
- (229) CCCLA and Fun Lin Wah Group claimed that increasing anti-dumping duties in the EU would harm EU importers, disrupt supply chains, and cause economic losses. Both parties claimed that the Chinese and the Union industries are complementary to each other, and do not compete, since EU producers focus on high-end branded products, while China supplies cost-effective, mass-market ceramics. CCCLA and Fun Lin Wah Group further argued that higher duties would ultimately affect consumers and worsen inflation, and that the current operational division between Chinese producers and Union importers was benign and ensured product quality, cost-efficiency, and consumer satisfaction. The parties concluded that the proposed duties threaten EU economic stability, consumer welfare, and the mutually beneficial China-EU trade relationship, undermining long-term interests.
- (230) Following disclosure, a high number of unrelated importers submitted comments to the investigation, in line with the remarks expressed by CCCLA and the Fun Lin Wah Group.
- (231) The importers claimed further that the increased duty will lead to increased costs for importers and increased prices for consumers and downstream sectors, leading to substantial financial and job losses and insolvencies. Importers criticised that in particular small and medium sized enterprises will be affected.
- (232) Importers claimed that the European industrial capacity cannot replace the Chinese import volumes, which consequently would lead to supply disruptions and shortages. Several importers deemed Türkiye unsuitable as alternative production location due to lacking technological capabilities to meet the European standards. One importer criticised that the measure would cause the relocation of production to other third countries, such as Vietnam, Bangladesh, or Türkiye. Importers criticised also that due to increasing retail prices, consumers may buy increasingly directly from China through purchasing channels such as Temu. Several submissions claimed also an environmental impact of the changed measures, as consumers would turn to plastic tableware.
- (233) Several importers criticised that the flat rate duty did not reflect the diversity on the market, fearing that it could eliminate entire product categories and lead to a lack of competition and price increases by producers in the EU and third countries. Some importers considered it as unlikely that an increase of the anti-dumping duty would revive EU ceramic production, referring to structural and long-term challenges like changes in consumer habits, demographic trends, or higher energy, environmental and labour costs.
- (234) Several importers called also for a transitional arrangement for existing long-term contracts that are subject to penalties for non-delivery or delayed delivery, have fixed delivery conditions, and do not allow for contractual price adjustments.

- (235) Holst Porzellan claimed the double investigation of the expiry review and the interim review were a violation of Article 50 of the Charter of Fundamental Rights of the European Union, referring to the injury findings of the expiry review. Several importers argued that the interim review should have referred to the results of the expiry review that confirmed that Union manufacturers had suffered injury due to an undercutting margin of 38 % and criticised the increase of the duty with the interim review to 79 %.
- (236) With respect to the above claims, the Commission would like to recall that interim review is limited to the scope of dumping. The analysis of injury and Union interest are therefore not covered by the investigation. Furthermore, none of the interested parties cooperated, following the initiation of the investigation, providing questionnaire replies. Considering also that no substantial evidence was provided to support the claims, they were rejected.

4.2. Definitive dumping duties

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

	Dumping margin (%)	Injury margin (%)	Definitive anti-dumping duty (%)
Country-wide dumping margin	138,28	79,0	79,0

- (238) The anti-dumping duty rate specified in this Regulation was established on the basis of the findings of the present investigation. Therefore, it reflects the situation found during the investigation. This country-wide duty applicable to all companies is then applicable to all imports of the product concerned originating in the PRC.
- (239) Following the final disclosure, Hunan Huazhi Group and several importers claimed that the proposed duty level violates the WTO principle of proportionality. The European Commission's decision to impose a uniform 79 % duty on all exporters is inconsistent with this principle, as less restrictive and equally effective alternatives were available. Hunan Huazhi Group argued that the rate would disproportionately harm downstream industries and end consumers – particularly those reliant on affordable ceramic tableware and kitchenware – exceeding what is proportionate to address the dumping harm. Such a measure risks overcompensating for dumping while inflicting unnecessary economic damage to sectors and consumers. Moreover, Hunan Huazhi Group requested the Commission to calculate the injury margin, impose duties only at the level needed to eliminate injury, ensuring duties are not excessive. This approach would prevent over-protection of EU producers and ensure fair, proportionate measures.
- (240) As specified in the Notice of Initiation, the scope of the interim review was limited to the examination of dumping therefore the injury margin for this proceeding is the one established in the regulation imposing the original measures. As explained in recital 225 the duty was established based on the lower between the dumping and the injury margin, in accordance with article 9(4) of the Basic Regulation. Therefore, this claim was dismissed.

5. FINAL PROVISIONS

- (241) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ⁽⁶²⁾, when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.
- (242) The Committee established by Article 15(1) of Regulation (EU) 2016/1036 did not deliver an opinion on the measures provided for in this Regulation,

⁽⁶²⁾ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

HAS ADOPTED THIS REGULATION:

Article 1

Article 1 of Implementing Regulation (EU) 2025/1981 is replaced as follows:

'Article 1

1. A definitive anti-dumping duty is imposed on imports of ceramic tableware and kitchenware, currently falling under CN codes ex 6911 10 00, ex 6912 00 21, ex 6912 00 23, ex 6912 00 25 and ex 6912 00 29 (TARIC codes 6911 10 00 90, 6912 00 21 11, 6912 00 21 91, 6912 00 23 10, 6912 00 25 10 and 6912 00 29 10) and originating in the People's Republic of China.

2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the products described in paragraph 1 shall be as follows:

Country of origin	Definitive anti-dumping duty (%)
People's Republic of China	79,0

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

Article 2

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

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

Done at Brussels, 5 February 2026.

For the Commission
The President
Ursula VON DER LEYEN