COMMISSION IMPLEMENTING REGULATION (EU) 2023/1452

of 13 July 2023

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

THE EUROPEAN COMMISSION,

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

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

Whereas:

1. PROCEDURE

1.1. Previous investigations and measures in force

(1) By Council Implementing Regulation (EU) No 248/2011 ([2]) ('the original investigation'), the Council imposed a definitive anti-dumping duty on imports of certain continuous filament glass fibre products ('GFR' or 'the product concerned' or 'the product under review') originating in the People's Republic of China ('the PRC' or 'China', or 'the country concerned'). The duty, based on the injury elimination level, ranged from 7,3 % to 13,8 %.

(2) By Commission Implementing Regulation (EU) No 1379/2014 ([3]), following an anti-subsidy investigation and a partial interim review of the anti-dumping measures, the Commission amended the original anti-dumping duty to values ranging from 0 % to 19,9 % and imposed an additional countervailing duty ranging from 4,9 % to 10,3 %. The resulting combined countervailing and anti-dumping measures ranged from 4,9 % to 30,2 %.

(3) By Commission Implementing Regulation (EU) No 2017/724 ([4]) , following an expiry review of the anti-dumping measures, the Commission decided to maintain these measures as established in Implementing Regulation (EU) No 1379/2014.

(4) By Commission Implementing Regulation (EU) 2021/328 ([5]), following an expiry review of the countervailing measures, the Commission decided to maintain these measures as established in Implementing Regulation (EU) No 1379/2014.

(5) The resulting combined countervailing and anti-dumping measures therefore range from 4,9 % to 30,2 %

([1]) OJ L 176, 30.6.2016, p. 21.

([2]) Council Implementing Regulation (EU) No 248/2011 of 9 March 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain continuous filament glass fibre products originating in the People's Republic of China (OJ L 67, 15.3.2011, p. 2).

([3]) Commission Implementing Regulation (EU) No 1379/2014 of 16 December 2014 imposing a definitive countervailing duty on imports of certain filament glass fibre products originating in the People's Republic of China and amending Council Implementing Regulation (EU) No 248/2011 imposing a definitive anti-dumping duty on imports of certain continuous filament glass fibre products originating in the People's Republic of China (OJ L 367, 23.12.2014, p. 22).

([4]) Commission Implementing Regulation (EU) 2017/724 of 24 April 2017 imposing a definitive anti-dumping duty on imports of certain continuous filament glass fibre products 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 107, 25.4.2017, p. 4).

([5]) Commission Implementing Regulation (EU) 2021/328 of 24 February 2021 imposing a definitive countervailing duty on imports of continuous filament glass fibre products originating in the People's Republic of China following an expiry review pursuant to Article 18 of the Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 65, 25.2.2021, p. 1).

(6) Measures are also in force on imports of GFR originating in Egypt. By Commission Implementing Regulation (EU) 2020/870 [6] following an anti-subsidy investigation, the Commission imposed a definitive countervailing duty on imports of certain continuous filament glass fibre products originating in Egypt. The duty, based on the level of subsidisation, was 13,1 %.

1.2. **Initiation of an expiry review**

(7) On 19 January 2022, the Commission received a request for an expiry review of the anti-dumping duties in force lodged by the European Glass Fibre Producers Association ('the applicant') on behalf of the Union industry of continuous glass fibre products in the sense of Article 5(4) of Regulation (EU) 2016/1036 ('the basic Regulation').

(8) On 21 April 2022, the Commission initiated an expiry review of the anti-dumping measures applicable to imports into the Union of GFR originating in the People's Republic of China pursuant to Article 11(2) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* (the 'Notice of Initiation') [7].

(9) The request for review was based on the grounds that the expiry of the measures would be likely to result in continuation of dumping and continuation of injury to the Union industry.

1.3. **Review investigation period and period considered**

(10) The investigation of continuation or recurrence of dumping covered the period from 1 January 2021 to 31 December 2021 ('review investigation period' or 'RIP'). The examination of trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2018 to the end of the review investigation period ('the period considered').

1.4. **Interested parties**

(11) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the applicant, other known Union producers, the known exporting producers in the PRC, the authorities of the country concerned, known importers and users about the initiation of the expiry and invited them to participate.

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

1.5. **Sampling**

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

1.5.1. *Sampling of Union producers*

(14) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the largest representative production and sales volume of GFR in RIP, which can reasonably be investigated within the time available. This sample consisted of three Union producers. The sampled Union producers accounted for 76 % of the production of the Union industry in the RIP. In accordance with Article 17(2) of the basic Regulation, the Commission invited interested parties to comment on the provisional sample. No comments were received. The sample is representative of the Union industry.

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[6] Commission Implementing Regulation (EU) 2020/870 of 24 June 2020 imposing a definitive countervailing duty and definitively collecting the provisional countervailing duty imposed on imports of continuous filament glass fibre products originating in Egypt, and levying the definitive countervailing duty on the registered imports of continuous filament glass fibre products originating in Egypt (OJ L 201, 25.6.2020, p. 10).

[7] OJ C 167, 21.4.2022, p. 20.

1.5.2. *Sampling of importers*

(15) 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.

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

1.5.3. *Sampling of exporting producers in the PRC*

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

(18) One exporting producer in the country concerned provided the information requested within the time limit defined in the Notice of Initiation and agreed to be included in the sample. In view of the low number of replies, the Commission decided that sampling was not necessary. It informed the sole responding exporting producer and the Mission of the People's Republic of China to the European Union accordingly. No comments were made.

1.6. **Replies to the questionnaire**

(19) 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').

(20) The Commission sent questionnaires to the cooperating exporting producers, the Union producers, users and importers. The same questionnaires had also been made available online ([8]) on the day of initiation.

(21) Questionnaire replies were received from three Union producers.

(22) The Commission did not receive any replies from the cooperating exporting producer, the GOC, the unrelated importer or the users.

1.7. **Verification**

(23) Due to the lack of cooperation from the cooperating exporting producer and in accordance with Article 18 of the basic Regulation, the Commission based its analysis of the likelihood of continuation or recurrence of dumping on facts available. It used the information contained in the request for expiry review and the statistics available in Comext and the Global Trade Atlas ('GTA') databases as well as other publicly available sources. All interested parties and the GOC were informed accordingly and did not raise any objections.

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

Union producers

— 3B-Fibreglass S.P.R.L., Brussels, Belgium

— European Owens Corning Fiberglas S.P.R.L., Brussels, Belgium

— Johns Manville Slovakia, a.s., Trnava, Slovakia

([8]) https://tron.trade.ec.europa.eu/investigations/case-view?caseId=2595

1.8. **Subsequent procedure**

(25) On 28 April 2023, the Commission disclosed the essential facts and considerations on the basis of which it intended to maintain the anti-dumping duties in force. All parties were granted a period within which they could make comments on the disclosure.

(26) The comments made by interested parties were considered by the Commission and taken into account, where appropriate. The parties who so requested were granted a hearing.

2. **PRODUCT UNDER REVIEW, PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product under review**

(27) The product under review is the same as in the original investigation and previous expiry review, namely, chopped glass fibre strands, of a length of not more than 50 mm; glass fibre rovings, excluding glass fibre rovings which are impregnated and coated and have a loss on ignition of more than 3 % (as determined by the ISO Standard 1887); and mats made of glass fibre filaments excluding mats of glass wool, currently falling under CN codes 7019 11 00, ex 7019 12 00 (TARIC codes 7019 12 00 22, 7019 12 00 25, 7019 12 00 26, 7019 12 00 39), 7019 14 00 and 7019 15 00 ([9]). The CN and TARIC codes are given for information only, without prejudice to a subsequent change in the tariff classification.

(28) The product concerned is the raw material most often used to reinforce thermoplastic and thermoset resins in the composites industry. The resulting composite materials (filament glass fibre reinforced materials) find its use in a large number of industries: transportation (automotive, marine, aerospace, military), electric/electronics, wind energy, building and construction, tanks/pipes, consumer goods, etc.

2.2. **Product concerned**

(29) The product concerned by this investigation is the product under review originating in the PRC.

2.3. **Like product**

(30) As established in the original investigation as well as in the previous expiry review, this expiry review investigation confirmed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:

— the product concerned;

— the product produced and sold on the domestic market of the PRC; and

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

(31) These products are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

3. **DUMPING**

(32) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether the expiry of the measure in force would be likely to lead to a continuation or recurrence of dumping from the PRC.

([9]) Since 1 January 2022, the classification of mats has changed from CN code 7019 31 00 to CN codes 7019 14 00 and 7019 15 00. Until 31 December 2021, the applicable TARIC codes were 7019 31 00 10 and 7019 31 00 90. Since 1 January 2022, they are replaced by TARIC codes 7019 14 00 10, 7019 14 00 90, 7019 15 00 10 and 7019 15 00 90.

3.1. **Preliminary remarks**

(33) As mentioned in recital (22), no exporting producers from the PRC cooperated in the investigation. Therefore, the Commission informed the authorities of the PRC that due to the absence of cooperation, the Commission might apply Article 18 of the basic Regulation concerning the findings with regard to the PRC. No reply was received, and therefore the Commission decided to apply Article 18.

(34) Consequently, in accordance with Article 18 of the basic Regulation, the findings in relation to the likelihood of continuation or recurrence of dumping were based on facts available, in particular on information provided in the request for review, and information obtained from cooperating parties in the course of the review investigation, namely the applicant and the sampled Union producers.

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

(35) Given the sufficient evidence available at the initiation of the investigation tending to show, with regard to the PRC, the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation, the Commission initiated the investigation on the basis of Article 2(6a) of the basic Regulation.

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

(37) In point 5.3.2 of the Notice of Initiation, the Commission also specified that, in view of the evidence available, it may need to select an appropriate representative country pursuant to Article 2(6a)(a) of the basic Regulation for the purpose of determining the normal value based on undistorted prices or benchmarks. According to the information available to the Commission at that point in time, Brazil and Türkiye were identified as the possible representative countries for the PRC. The Commission further stated that it would examine also other possibly appropriate countries in accordance with the criteria set out in first indent of Article 2(6a) of the Basic regulation.

(38) On 5 August 2022, the Commission informed interested parties by a Note on the relevant sources it intended to use for the determination of the normal value, with Türkiye as the representative country. It also informed interested parties that it would establish selling, general and administrative costs (‘SG&A’) and profits based on available information for the company Türkiye Şişe Ve Cam Fabrikalari A.Ş., a producer in the representative country. No comments were received.

3.3. **Normal value**

(39) 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’.

(40) 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 refereed hereinafter as ‘SG&A’).

(41) 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.

3.4. **Existence of significant distortions**

(42) In its recent investigation concerning the glass fibre sector in the PRC ([10]), the Commission found that significant distortions in the sense of Article 2(6a)(b) of the basic Regulation were present.

(43) In that 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 ([11]). In particular, the Commission concluded that in the glass fibre sector, including GFR 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 ([12]) 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 ([13]). The Commission further found that the State's presence and intervention in the financial markets, as well as in the provision of raw materials and inputs, have an additional distorting effect on the market. Indeed, overall, the system of planning in the PRC results in resources being concentrated in sectors designated as strategic or otherwise politically important by the GOC, rather than being allocated in line with market forces ([14]). 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 ([15]). In the same vein, the Commission found distortions of wage costs in the glass fibre sector, including GFR, in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, ([16]) 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 ([17]).

(44) Like in its previous investigation concerning the glass fibre sector in the PRC, the Commission examined in the present investigation whether it was appropriate or not to use domestic prices and costs in the PRC, due to the existence of significant distortions within the meaning of point (b) of Article 2(6a) of the basic Regulation. The Commission did so on the basis of the evidence available on the file, including the evidence contained in the request, as well as in the Report ([18]), which relies on publicly available sources. That analysis covered the examination of the substantial government interventions in the PRC's economy in general, but also the specific

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([10]) Commission Implementing Regulation (EU) 2020/492 of 1 April 2020 imposing definitive anti-dumping duties on imports of certain woven and/or stitched glass fibre fabrics originating in the People's Republic of China and Egypt, OJ L 108, 6.4.2020, p. 1.

([11]) Ibid., recitals (161)–(162), (167).

([12]) Ibid., recitals (116)–(119).

([13]) Ibid., recitals (120)–(122). While the right to appoint and to remove key management personnel in state-owned enterprises ('SOEs') by the relevant State authorities, as provided for in the Chinese legislation, can be considered to reflect the corresponding ownership rights, CCP cells in enterprises, state owned and private alike, represent another important channel through which the State can interfere with business decisions. According to the PRC's company law, a CCP organisation is to be established in every company (with at least three CCP members as specified in the CCP Constitution) and the company shall provide the necessary conditions for the activities of the party organisation. In the past, this requirement appears not to have always been followed or strictly enforced. However, since at least 2016 the CCP has reinforced its claims to control business decisions in SOEs as a matter of political principle. The CCP is also reported to exercise pressure on private companies to put 'patriotism' first and to follow party discipline. In 2017, it was reported that party cells existed in 70 % of some 1,86 million privately owned companies, with growing pressure for the CCP organisations to have a final say over the business decisions within their respective companies. These rules are of general application throughout the Chinese economy, across all sectors, including the producers of aluminium foils and the suppliers of their inputs.

([14]) Commission Implementing Regulation (EU) 2020/492, recitals (123)–(138).

([15]) Ibid., recitals (139)–(142).

([16]) Ibid., recitals (143)–(145).

([17]) Ibid., recitals (146)–(155).

([18]) Commission staff working document SWD(2017) 483 final/2, 20.12.2017, available at: https://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156474.pdf market situation in the relevant sector including the product under review. The Commission further supplemented these evidentiary elements with its own research on the various criteria relevant to confirm the existence of significant distortions in the PRC as also found by its previous investigation in this respect.

(45) The applicant submitted in the request that the Chinese GFR sector is characterised by significant distortions due to state intervention in the economy in general, as well as specifically in the sector of the product under review. The request alleged that all factors of production – land, energy, capital, raw materials and labour – are equally distorted, as they are subject to interventions by the GOC that have ultimately resulted in insignificant distortions in the Chinese GFR sector.

(46) To support its position, the request referred to a number of publicly available information sources, such as the Report, the Commission's recent investigation of the GFF sector and the resulting Regulation (EU) 2020/492, the 13th Five-Year Plan ('FYP') for the Building Materials Industry Development, the 13th FYP for National Economic and Social Development of the PRC, the 14th FYP National Economic and Social Development and Long-Range Objectives for 2035, as well as the Made in China 2025 industrial strategy.

(47) On this basis, the request emphasized that the GOC owns the large majority of the major Chinese GFR producers, as well as upstream suppliers and downstream users. The two largest Chinese GFR producers, CPIC and Jushi, are major State-owned conglomerates. The relevant industry association, China Building Materials Federation, operates under the guidance and supervision of the State-owned Assets Supervision and Administration Commission. The Chairman of the Board of Directors of Jushi and the vice president of CNBM, which is the parent company of Jushi, both hold the position of vice chairman in the China Building Materials Federation.

(48) The high level of government intervention in the GFR industry and the high degree of state ownership in the sector prevents even privately-owned producers from operating under market conditions.

(49) The direction of the Chinese economy is to a significant degree determined by an elaborate system of planning which sets out priorities and prescribes the goals on which the central and local governments must focus. The plans, such as 13th FYP for the Building Materials Industry Development, the Intelligent Manufacturing Development Plan (2016-2020), the 13th FYP for National Economic and Social Development of the PRC, the 14th FYP National Economic and Social Development and Long-Range Objectives for 2035 ('14th FYP'), as well as the Made in China 2025 strategy, encourage government authorities at all levels and State-owned financial institutions to foster advancement of the GFR industry in the PRC. Under the 14th FYP, the GOC plans to focus on new materials in the context of building a new pillar of the industrial system and it foresees to give full play to the industrial investment funds, and to increase financing guarantees and risk compensation. The system of planning in China therefore prevents free market forces from prevailing in the GFR sector.

(50) Enterprises in the 'new materials' sectors – which include GFR – benefit from numerous support mechanisms, including financial support policies, fiscal and taxation preferential policies, R & D support etc.

(51) The costs of raw materials, such as kaolin and dolomite, are not the result of free market forces as the production of these raw materials is subject to State support in the PRC; significant systemic distortions exist also with respect to access to capital, land and labour. The Commission's recent anti-subsidy investigation into GFR imports from China showed that the Chinese GFR producers benefitted from preferential access to land, as well as from preferential loans, both from State-owned banks and from private banks ([19]).

(52) The GOC did not comment or provide evidence supporting or rebutting the existing evidence on the case file and on the existence of significant distortions and/or appropriateness of the application of Article 2(6a) of the basic Regulation in the case at hand.

([19]) Implementing Regulation (EU) 2021/328.

(53) In the GFR sector, a substantial degree of ownership and control by the GOC persists in the sense of Article 2(6a)(b), first indent of the basic Regulation. Since there was no cooperation from Chinese exporters of the product under review, the exact ratio of the private and state-owned producers could not be determined. However, the investigation confirmed that the three largest producers in the GFR sector, namely Jushi, Taishan Glassfiber and CPIC, are either fully state-owned or the State holds a controlling stake. These three producers represent around 75 % of Chinese GFR producers.

(54) Both public and privately owned enterprises in the GFR sector are subject to policy supervision and guidance. The latest Chinese policy documents concerning the GFR sector confirm continued importance which GOC attributes to the sector, including the intention to intervene in the sector in order to shape it in line the government policies. This is exemplified by the 14th FYP on Developing the Raw Material Industry which list the sector, in particular special-purposes glass fibres, among materials for which technological innovation will be supported by policies under the Plan. ([20]) Glass fibres are also listed among the encouraged sectors under the 2019 edition of the Guiding catalogue for industry structural adjustment ([21]), as well as in the 2021 Guiding Catalogue of key new materials eligible to first use/demonstration schemes ([22]).

(55) Similar examples of the intention by the Chinese authorities to supervise and guide the developments of the sector can be seen at the provincial level, such as in Shandong which, with respect to specifically the glass fibre and composite material industry plans to 'actively foster leading and backbone enterprises with strong brand influence and marketing appeal, strong integration capabilities and driving effects on industry chains and clusters, and support cross-sector, cross-regional, and cross-ownership mergers and reorganization of enterprises' and to 'develop high-performance glass fibers and products [and to] encourage the development of ultra-fine, high-strength, high-modulus, alkali-resistant, low-dielectric, low-expansion, high-silica, degradable, special-shaped cross-section and other high-performance glass fiber and glass fiber products. Focusing on the needs of electronic information, aerospace, new energy, large-scale breeding farms, agricultural greenhouses and other fields, research and develop and promote glass fiber reinforced thermoplastic and thermoset composite products, and glass fiber composite gratings for infrastructure projects.' ([23]) Similarly, the Chongqing 14th FYP on developing strategic and emerging industries foresees 'extending the high-performance fiber and composite materials industry chains' as well as 'accelerating the construction of projects such as the […] high-performance glass fiber production line with an annual output of 150 000 tons, and of the production base of ultra-fine glass fiber and composite materials, so as to increase the high-performance glass fiber and composite materials production capacities'. ([24]) Emphasis on glass fibres can be seen in planning documents also in other provinces, such as Guanxi ([25]), Hubei ([26]) or Zhejiang ([27]).

([20]) See Section IV, Subsection 3 of the 14th Five Years Plan on Developing the Raw Material Industry.

([21]) Available at: www.gov.cn/xinwen/2019-11/06/content_5449193.htm (accessed on 26 October 2022).

([22]) Available at: https://www.miit.gov.cn/zwgk/zcwj/wjfb/tg/art/2021/art_ba8afb04dc694ad8a5830f15bd5ffda7.html (accessed on 26 October 2022).

([23]) See the Shandong Province 14th FYP on construction materials, Chapter IV, Section 4; available at: https://huanbao.bjx.com.cn/news/20211129/1190544.shtml (accessed on 26 October 2022).

([24]) See the Chongqing 14th FYP on developing strategic and emerging industries, available at: http://www.cq.gov.cn/zwgk/zfxxgkzl/fdzdgknr/ghxx/zxgh/202203/t20220318_10526318.html (accessed on 26 October 2022).

([25]) Guangxi 3 year action plan on strategic and emerging industries: 'Vigorously develop the new material industry. Focusing on breaking through cutting-edge technologies and cultivating high-end products, it focuses on the development of high-performance steel materials, high-end non-ferrous metal materials, high-quality calcium carbonate materials, new energy battery materials, high-performance glass fiber composite materials, graphene, etc. By 2023, the output value of the new material industry will reach 133 billion yuan, and the added value will reach 44 billion yuan.'

([26]) Hubei 14FYP on high quality development of new materials: 'Focus on promoting the intelligent production technology of glass fiber large-scale kilns, glass fiber products and technologies for 5G, etc., and support joint scientific research with enterprises as the main body.'

([27]) Zhejiang 14 FYP on developing new materials industry: 'Mainly relying on Tongxiang Economic Development Zone [where Jushi is located (added by the Commission for explanation)], focus on high-performance fiber and composite materials, high-performance power battery materials, cutting-edge new materials and other sub-fields, to create high-performance glass fiber and composite materials industry chain and high-performance power battery materials and downstream products industry chain, to achieve value chain improvement.'

(56) As to the GOC being in a position to interfere with prices and costs through State presence in firms in the sense of Article 2(6a)(b), second indent of the basic Regulation, many producers of the product under review explicitly emphasise party building activities on their websites or have party members in the company management and underline their affiliation to the CCP.

(57) For instance, Jushi group's Chairman of the Board serves at the same time as the Deputy Secretary of the Party Committee at the CNMB ([28]). Similarly, the Chairman of Sinoma Science and Technology, which is the holding company of Taishan Fiberglass, occupies the position of the Party Committee's Secretary while the President of Sinoma Science and Technology is the Deputy Secretary of the Party Committee ([29]). In the case of CPIC, the Deputy Chairman of the Board and the Executive Manager holds at the same time the position of the Deputy Secretary of the Party Committee, whereas the Group Chairman of CPIC's parent company serves also as the Secretary of the Party Committee and the Group Vice-Chairman serves as the Deputy Secretary of the Party Committee ([30]).

(58) Moreover, Jushi's Articles of Association explicitly provide for direct Party oversight over essential corporate affairs in their Article 195, according to which 'the party committee of the enterprise shall discuss and decide the major matters of the enterprise in accordance with the regulations', with the Party committee's main responsibilities entailing the tasks to 'study and discuss major business management issues of the company, and support the shareholders' meeting, the board of directors, the board of supervisors as well as the management to exercise their powers according to law', as well as to 'strengthen the leadership and control over the enterprise's staff selection and assigment, and do a good job in building the enterprise's leadership team, cadre team and talent team' ([31]).

(59) Furthermore, Taishan Fiberglass held the celebration of the 99th anniversary of the CCP founding and the secretary of the company's Party committee delivered a speech: 'It is precisely because Taishan Fiberglass has always adhered to the leadership of the Party, has kept adhering to the "two consistents", and has always adhered to the Group's Party building work on "one account", "four integrations" and "four modernizations and integrations" and other Party building concepts.' ([32])

(60) Furthermore, policies discriminating in favour of domestic producers or otherwise influencing the market in the sense of Article 2(6a)(b), third indent of the basic Regulation are in place in the GFR sector. While industrial policies typically relate to numerous sectors rather than exclusively to, the GFR sector is subject to numerous plans, guidelines, directives and other policy documents issued at national, regional and municipal level (see also recitals 47 and 48 above). Those policies are at times squarely at odds with market forces, such as, for example, the Guangxi three-year action plan on strategic and emerging industries which administratively sets future target output volumes and growth rates: 'by 2023, the output value of the new material industry will reach RMB 133 billion, and the added value will reach RMB 44 billion.' ([33])

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

(62) The present investigation has not revealed any evidence that the discriminatory application or inadequate enforcement of bankruptcy and property laws according to Article 2(6a)(b), fourth indent of the basic Regulation in the GFR sector referred to above in recital (43) would not affect the manufacturers of the product under review.

([28]) See at f10.eastmoney.com/f10_v2/CompanyManagement.aspx?code = sh600176 (accessed on 26 October 2022).
([29]) See at https://www.ctgf.com/contents/12/8897.html (accessed on 26 October 2022).
([30]) See at https://www.cpicfiber.com/index/listr/s/107/id/2937.html (accessed on 26 October 2022) and f.dfcfw.com/pdf/H2_AN202202221548514546_1.pdf (accessed on 26 October 2022).
([31]) See the company's Articles of Association, available at: https://pdf.dfcfw.com/pdf/H2_AN202203181553440430_1.pdf?1647632338000.pdf (accessed on 26 October 2022).
([32]) Taishan website article, available at: https://www.ctgf.com/contents/16/6469.html (accessed on 26 October 2022).
([33]) See the Guangxi three-year action plan on strategic and emerging industries.

(63) The GFR sector is also affected by the distortions of wage costs in the sense of Article 2(6a)(b), fifth indent of the basic Regulation, as also referred to above in recital (43). Those distortion affect the sector both directly (when producing the product under review or the main inputs), as well as indirectly (when having access to capital or inputs from companies subject to the same labour system in the PRC).

(64) Moreover, no evidence was submitted in the present investigation demonstrating that the GFR sector is not affected by the government intervention in the financial system in the sense of Article 2(6a)(b), sixth indent of the basic Regulation, as also referred to above in recital (43). Therefore, the substantial government intervention in the financial system leads to the market conditions being severely affected at all levels.

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

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

(67) No evidence or argument to the contrary has been adduced by the GOC or the exporting producers in the present investigation.

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

3.5. **Representative country**

3.5.1. *General remarks*

(69) 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 PRC. For this purpose, the Commission used countries with a gross national income per capita similar to PRC on the basis of the database of the World Bank [34];

— Production of the product under review in that country [35];

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

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

— Availability of relevant public data in the representative country;

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

(70) As explained in recital (38), the Commission issued a Note for the file on the sources for the determination of the normal value on 5 August 2022. This note described the facts and evidence underlying the relevant criteria, as well as informed interested parties of the Commission's 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.

(71) In line with the criteria listed under Article 2(6a) of the basic Regulation, the Commission identified Türkiye as a country with a similar level of economic development as the PRC. Türkiye is classified by the World Bank as 'upper-middle income' country on a gross national income basis. Furthermore, Türkiye was identified as a country where the product under review is being produced with relevant data was readily available.

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

3.5.2. *Conclusion*

(73) In the absence of cooperation, as proposed in the expiry review request and given that Türkiye met the criteria laid down in Article 2(6a)(a), first indent of the basic Regulation, the Commission selected it as the appropriate representative country.

3.6. **Sources used to establish undistorted costs**

(74) In the Note on relevant sources to use for the determination of the normal value, the Commission listed the factors of production such as materials, energy and labour used in the production of the product under review by the exporting producers. The Commission also stated that, in order to construct the normal value in accordance with Article 2(6a)(a) of the basic Regulation, it would use Global Trade Atlas 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 Turkish Statistical Institute (TurkStat) for establishing undistorted costs of labour ([36]) and energy ([37]).

(75) The Commission also informed the interested parties that, due to the non-cooperation of the Chinese exporters, it included a value for manufacturing overhead costs and consumables in order to cover costs not included in the factors of production referred to above. The Commission established the ratio of manufacturing overheads and consumables to the direct costs of manufacturing for each category of GFR products, based on data that the applicants provided in the request for review.

(76) Finally, the Commission stated that to establish SG&A costs and profit, it would use the financial data from one Turkish producer of the product under review, as set out in recital (38) above.

3.7. **Undistorted costs and benchmarks**

3.7.1. *Factors of production*

(77) Considering all the information based on the request and subsequent information submitted by the applicant, the following factors of production and their sources have been identified in order to determine the normal value in accordance with Article 2(6a)(a) of the basic Regulation:

([36]) TÜİK, Ekonomik faaliyete göre haftalık fiili çalışma süresi ve aylık ortalama işgücü maliyeti, 2020, https://data.tuik.gov.tr/Bulten/Index?p=Isgucu-Maliyeti-Istatistikleri-2020-37495

([37]) TÜİK, Elektrik ve Doğal Gaz Fiyatları, II. Dönem: Temmuz-Aralık, 2021, https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-II:-July-December,-2021-45566

Table 1

Factors of production of certain continuous filament glass fibre products

Factor of Production	Commodity Code	Sources	Undistorted value ('CNY')	Unit of measurement
Raw materials				
Kaolin	25070020	Global Trade Atlas (GTA) [1]	1,04	kg
Dolomite	251810, 251820	GTA	2,03	kg
Limestone	2521	GTA	5,8	kg
Silica	250510	GTA	0,31	kg
Platinum	711011	GTA	224,24	gr
Rhodium	711031	GTA	2 721,49	gr
Binder, oxygen, spare parts, packaging			% of direct cost	%
Labour				
Direct labour	N/A	Turkstat [2]	28,16	hour
Energy				
Electricity	N/A	Turkstat [3]	0,52	KWh
Natural gas	N/A	Turkstat [3]	165,95	m^3

(1) http://www.gtis.com/gta/secure/default.cfm
(2) TÜİK, Ekonomik faaliyete göre haftalık fiili çalışma süresi ve aylık ortalama işgücü maliyeti, 2020, https://data.tuik.gov.tr/Bulten/Index?p=Isgucu-Maliyeti-Istatistikleri-2020-37495
(3) TÜİK, Elektrik ve Doğal Gaz Fiyatları, II. Dönem: Temmuz-Aralık, 2021, https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-II:-July-December,-2021-45566

3.7.2. *Raw materials*

(78) In order to establish the undistorted price of raw materials as delivered at the gate of a representative country producer, the Commission used as a basis the weighted average import price to the representative country as reported in the GTA to which import duties 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. [38]

(79) The Commission decided to exclude imports from the PRC into the representative country as it concluded in section 3.4 that it is not appropriate to use domestic prices and costs in the PRC due to the existence of significant distortions in accordance with Article 2(6a)(b) of the basic Regulation. Given that there is no evidence showing that the same distortions do not equally affect products intended for export, the Commission considered that the same distortions affected export prices. After excluding imports from the PRC into the representative country, the volume of imports from other third countries remained representative.

(38) 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).

(80) The Commission calculated the share of consumables on the direct manufacturing costs in the review investigation period. Consumables included the cost of binders, oxygen, spare parts and packaging. To establish an undistorted value of such cost components and given the absence of cooperation from the exporting producers, the Commission used facts available in accordance with Article 18 of the basic Regulation. These percentages, which were specific for each category of GFR products, were then applied to the undistorted value of the cost of manufacturing to determine the undistorted value of consumables.

(81) Normally, domestic transport prices should also be added to the raw materials import prices. However, considering the non-cooperation as well as the nature of this expiry review investigation, which is focused on finding whether dumping continued during the review investigation period or could reoccur, rather than finding its exact magnitude, the Commission decided that adjustments for domestic transport were unnecessary. Such adjustments would only result in increasing the normal value and hence of the dumping margin.

3.7.3. *Labour*

(82) To establish the benchmark for labour costs in the representative country, the Commission used available data published by the Turkish Statistical Institute (TurkStat). Turkstat publishes detailed information on wages in different economic sectors in Türkiye. The Commission used the available statistics for 2020 for average labour cost in the Manufacture of glass fibres industries (Category 23 according to the NACE 2.0) ([39]). The resulting hourly cost for 2020 was then indexed for the average producer price index in the review investigation period.

3.7.4. *Electricity*

(83) The price of electricity for companies in Türkiye is published by Turkstat on a semester basis. The Commission used the last available data on electricity prices applicable to industrial end-users in Türkiye ([40]) in the period from 1 January 2021 to 31 December 2021 (the review investigation period). Because the information reported on the end-user average prices included all taxes, the Commission calculated the end-user average price excluding VAT.

3.7.5. *Natural gas*

(84) The price of natural gas for companies (industrial users) in Türkiye is published by Turkstat on a semester basis. The Commission used the last available data on natural gas prices applicable to industrial end-users in Türkiye ([41]) for the review investigation period. Because the information reported on the end-user average prices included all taxes, the Commission calculated the end-user average price excluding VAT.

3.7.6. *Manufacturing overhead costs, SG&A, profits and depreciation*

(85) 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, as explained in recital (80), a value for manufacturing overhead costs was established to cover costs not included in the factors of production referred to above.

([39]) TÜİK, Ekonomik faaliyete göre haftalık fiili çalışma süresi ve aylık ortalama işgücü maliyeti, 2020, https://data.tuik.gov.tr/Bulten/Index?p=Isgucu-Maliyeti-Istatistikleri-2020-37495

([40]) TÜİK, Elektrik ve Doğal Gaz Fiyatları, II. Dönem: Temmuz-Aralık, 2021, https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-II:-July-December,-2021-45566

([41]) TÜİK, Elektrik ve Doğal Gaz Fiyatları, II. Dönem: Temmuz-Aralık, 2021, https://data.tuik.gov.tr/Bulten/Index?p=Electricity-and-Natural-Gas-Prices-Period-II:-July-December,-2021-45566

(86) To establish an undistorted value of the manufacturing overheads and given the absence of cooperation from the producers in the PRC, the Commission used facts available in accordance with Article 18 of the basic Regulation. Therefore, based on the data provided by the applicant, the Commission established the ratio of manufacturing overheads to the total direct manufacturing costs. Manufacturing overheads included the cost of waste, indirect labour, maintenance and depreciation of property, plant and equipment. These percentages, which were specific for each category of GFR products, were then applied to the undistorted value of the cost of manufacturing to obtain the undistorted value of manufacturing overheads, depending on the category of GFR produced.

(87) For establishing an undistorted and reasonable amount for SG&A and profit, the Commission relied on the most recent available financial data for a producer in Türkiye that had been identified in the Note to the file on the relevant sources as active and profitable producer of GFR during the review investigation period. Financial data for the following company as publicly available data published on their website was used:

— Türkiye Şişe Ve Cam Fabrikalari A.Ş. (Financial year 2021) ([42]).

3.8. **Calculation of the normal value**

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

(89) First, the Commission established the undistorted manufacturing costs. In the absence of cooperation by the exporting producers, the Commission relied on the information provided by the applicant in the review request on the consumption ratios of each factor (materials, energy and labour) for the production of the product under review.

(90) Once the undistorted manufacturing cost was established, the Commission added the manufacturing overheads and consumables, SG&A and profit as noted in recitals (80) and (85) to (87). The Commission added the following items to the undistorted costs of manufacturing:

— Consumables and manufacturing overheads as established in recitals (80) and (86);

— SG&A and other costs, which accounted for 16,8 % of the Costs of Goods Sold ('COGS') of the company Türkiye Şişe Ve Cam Fabrikalari A.Ş.; and

— Profits, which amounted to 36,74 % of the COGS as achieved by the company Türkiye Şişe Ve Cam Fabrikalari A.Ş. in financial year 2021.

(91) Although no comments were received in this regard following the publication of the Note to the file on the relevant sources, the Commission noted that the company Türkiye Şişe Ve Cam Fabrikalari A.Ş recorded relatively high revenues and profits in 2021 as compared to 2020. However, even using the profit the same company recorded for 2020, which amounted to 10,4 %, for the purpose of establishing the normal value would not change the finding that Chinese exports of GFR were exported to the Union during the review investigation period at prices below the normal value.

3.9. **Export price**

(92) In the absence of cooperation by the exporting producers from the PRC, the export price was determined based on CIF prices in Eurostat data corrected to ex works level. Thus, the CIF price was reduced by the sea transport freight, domestic transport costs and EU customs handling. Such costs were based on data provided by the applicants in the request for review.

3.10. **Comparison**

(93) The Commission compared, per category of GFR, the constructed normal value established in accordance with Article 2(6a)(a) of the basic Regulation and the export price on an ex-work basis as established above.

([42]) Türkiye Şişe Ve Cam Fabrikalari A.Ş., Annual report 2021: https://www.sisecam.com.tr/en/investor-relations/presentations-and-bulletins/annual-reports

3.11. **Dumping margins**

(94) On this basis, the weighted average dumping margins expressed as a percentage of the CIF Union frontier price, duty unpaid, was in the range of 50 % to 54 %. It was therefore concluded that dumping continued during the review investigation period.

4. **LIKELIHOOD OF CONTINUATION OF DUMPING**

(95) Further to the finding of the existence of dumping during the review investigation period, the Commission investigated, in accordance with Article 11(2) of the basic Regulation, the likelihood of continuation of dumping, should the measures be repealed. The following additional elements were analysed: (i) the development of the production capacity and spare capacity in the PRC, (ii) the relation between Chinese export prices to other third countries and the Chinese export prices to the Union and (iii) the attractiveness of the Union market.

4.1. **Production capacity and spare capacity in the PRC**

(96) To analyse production capacity and spare capacity in the PRC and given the non-cooperation of the GOC and the Chinese exporting producers, the Commission relied on the information provided by the applicant in its request for review as specified the recitals below.

(97) The investigation has shown that there is a general overcapacity in the production of certain GFR in China. The production capacity between 2020 and 2021 in China was estimated to be approximately between 3,8 to 4,4 million tonnes. According to the applicant's market intelligence, Chinese domestic GFR demand was in the range of 2,4 to 2,9 million tonnes, leaving overcapacities of at least 1,1 million tonnes that represent over 100 % of the European Union's consumption during the RIP.

(98) In addition, despite the structural overcapacity in the Chinese domestic market, producers in the PRC continue to expand existing capacities, as well as build new production facilities both in China and abroad.

(99) In 2020, Jushi added 30 000 tonnes of production capacity to its original production capacity in one of its production sites, bringing Jushi's total GFR annual output to 250 000 tonnes. Similar trends have also been observed for other Chinese exporting producers of GFR, such as CPIP with an additional 88 000 tonnes, Hebei Jinniu Energy Resources Co. Ltd. with an additional 100 000 tonnes and Weibo with an additional 15 000 tonnes. Moreover, new GFR capacity increases are in preparation for the years to come in China for an expected GFR output of 780 000 tonnes. Therefore, the Chinese spare capacity as estimated could be diverted to the Union market if the current measures would cease to apply ([43]).

(100) Given the lower levels of production in the Union compared to the Union consumption levels as showed by the injury analysis and given the attractiveness of the Union market as set out below, the Commission concluded that Chinese overcapacities could easily be diverted towards the European market to supply the demand should the existing measures be repealed.

4.2. **Relation between Chinese export prices to other third countries and the Chinese export prices to the Union**

(101) In order to establish possible development of imports into the Union in case measures are repealed, the Commission analysed the import prices of Chinese exports to the Union market. The Commission analysed export data of certain GFR at the CN code level ([44]) from China during the review investigation period.

([43]) Annex 10 of the Request for review.

([44]) Information extracted at 8-digit level for the three categories of GFR (i.e. chopped strands, rovings and mats) from Global Trade Atlas. Information on prices based at CN level.

(102) It showed that the Union market is the second largest destination for imports for certain GFR from China (CN codes 7019 11 00, 7019 12 00, 7019 14 00, 7019 15 00) during the RIP, only after the United States. As shown in Table 2 below, GFR prices in the Union remain particularly profitable for the Chinese exporting producers compared to other major destinations such as the United States, South Korea, India, Russia, Japan, or Türkiye.

Table 2

Chinese GFR exports to major trade partners

Destination country	Quantities (kg)	Average unit price (EUR/kg)
United States	141 337 277	0,98
European Union	112 219 001	1,33
South Korea	107 628 028	1,00
India	68 040 603	0,95
Russia	58 719 928	1,05
Japan	52 798 901	1,09
Türkiye	42 275 522	1,16

Source: GTA. Average unit price for all categories of GFR.

(103) At CN level, for the exports of chopped strands during the review investigation period, the Union market was the second most important in terms of exported quantities from the PRC. Prices in the Union (1,61 EUR/kg) were significantly higher compared with those of the main export markets, in order of importance South Korea (0,85 EUR/kg), Japan (0,82 EUR/kg), United States (1,05 EUR/kg) and India (0,82 EUR/kg).

(104) For rovings as well, the Union market was the second most important destination for Chinese exports in terms of quantities after the United States, in the RIP. Prices, although similar worldwide, were the highest in the Union and were at the level of 1,11 EUR/kg. For comparison, they were as low as 0,77 EUR/kg in the United States and at the level of 0,88 EUR/kg and 0,80 EUR/kg in South Korea and Russia respectively. Prices to the Union were the highest among the 18 most important export markets.

(105) For mats of glass fibres, the Union market was the third destination in terms of quantities for the Chinese exports during the RIP, after India and the United States respectively. Once again, the Union prices were among the highest and in 2021 they were at the level of 1,48 EUR/kg, compared to the lower levels of India (1,25 EUR/kg), United States (1,11 EUR/kg), Mexico (1,34 EUR/kg) and Türkiye (1,41 EUR/kg). Prices to the Union of mats were the highest among the 10 most important export markets in terms of quantities sold.

(106) The Commission based the above analysis on data at the 8-digit CN code level for the three categories of GFR, i.e. chopped strands (CN 7019 11 00), rovings (CN 7019 12 00) and mats (7019 14 00, 7019 15 00). Due to the lack of cooperation of the GOC and the Chinese exporting producers, the Commission did not possess data at the product control number level because those were not available for analysis. Data on prices at the product control number level would have been more precise and would not have been exposed to possible inaccuracies resulting from large variations of prices within the same category of GFR product (e.g., chopped strands of various diameters).

(107) In spite of this limitation, the facts available show that the prices in the major destinations of Chinese GFR exports were lower than prices to the Union market during the review investigation period. Considering the attractiveness of the Union market in terms of market size and historical trade flows, it is therefore likely that significant quantities currently sold to other markets would be redirected to the Union market and that the existing spare capacities from China could be shipped to the Union market, should the anti-dumping measures be repealed.

4.3. **Attractiveness of the Union market**

(108) To establish possible development of imports in case measures are repealed, the Commission further analysed the attractiveness of the Union market. The Commission analysed export data of certain GFR at the CN code level ([45]) into the Union during the review investigation period.

(109) The data analysed showed that China is the third biggest exporter of GFR into the Union and the exports originating from the PRC represent around 13 % of the total imports into the Union, only after Malaysia and Egypt in order of importance.

(110) The Commission noticed that imports of GFR increased between 2018 and the RIP, as it is also confirmed by the injury analysis outlined in Section 5.

(111) The attractiveness of the Union market is also confirmed by Chinese exporters' investments in third countries, in particular in Egypt which represent the second largest exporter of GFR in Europe. As established in the anti-subsidy investigation the products from these production facilities are directed to Union market and have also gained a substantial market share ([46]). More specifically, Chinese producers in the PRC continue to expand their capacities in production facilities abroad. In March 2021, Jushi announced a capacity increase of 40 000 tonnes for one of Jushi Egypt's existing furnaces and, in August 2021 the addition of a new 120 000 tonnes furnace, bringing the overall capacity there to 360 000 tonnes by 2023 ([47]). In parallel, in 2021, CPIC Bahrain announced that it re-started one of its furnaces with an increased capacity of 100 000 tonnes. As established in the recent anti-subsidy investigation mentioned above, the Chinese producers were found investing in facilities in Egypt specifically to access the Union market, which affirms the attractiveness of the Union market.

(112) As explained in the recital (102) above, the Union market is the second largest destination for imports for GFR from China which totalled 112 thousand tonnes during the review investigation period while, as shown in the Table 3 below, the total Union consumption was 941 thousand tonnes during the same period. The importance of the exports into the Union, the size of the Union market and the potential for further increase of Chinese exports into the Union are all factors making the Union market attractive to the Chinese exporters.

4.4. **Conclusion**

(113) In view of its findings on the continuation of dumping during the RIP and on the likely development of exports should the measures lapse, the Commission concluded that there is a strong likelihood that significant quantities of GFR will be exported to the Union. Given the significant dumping margins established during the RIP, there is no reason to believe that dumping will cease should measures be allowed to lapse. Therefore, there is a high likelihood that the expiry of the anti-dumping measures on imports from China would result in the continuation of dumping.

5. **INJURY**

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

(114) The like product was manufactured by nine producers in the Union at the beginning of the period considered, while one of them closed in 2019. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.

(115) The total Union production during the review investigation period was established at around 594 500 tonnes. The Commission established the figure on the basis of all the available information concerning the Union industry, such as the data provided by the applicant and verified questionnaire replies of the sampled Union producers. As indicated in recital (14), three Union producers were selected in the sample representing 76 % of the total Union production of the like product.

([45]) Information extracted from Eurostat.

([46]) Section 4.3 of Commission Implementing Regulation (EU) 2020/379 of 5 March 2020 imposing a provisional countervailing duty on imports of continuous filament glass fibre products originating in Egypt (OJ L 69, 6.3.2020, p. 14).

([47]) Annex 10 of request for review.

5.2. **Union consumption**

(116) The Commission established the Union consumption on the basis of Eurostat, the data provided by the applicant and verified questionnaire replies of the sampled Union producers.

(117) Union consumption developed as follows:

Table 3

Union consumption (tonnes)

	2018	2019	2020	RIP
Total Union consumption	934 988	857 298	782 515	941 231
Index	*100*	*92*	*84*	*101*

Source: Eurostat, the data provided by the applicant and verified questionnaire replies of the sampled Union producers.

(118) The Union consumption decreased by –8 % from 2018 to 2019, then it sharply dropped (–16 %) in 2020. The decrease in 2020 was temporary and predominantly a result of the global COVID-related government lockdown measures. Several major GFR users in the Union, including marine and construction, had to temporarily curtail or close their production. The automotive industry, which accounts up to 45 % of EU demand, was the most affected GFR user industry. It came almost entirely to a standstill. Nonetheless, the recovery and increase in demand was already apparent in RIP (+20 % in comparison with 2020 and +1 % compared to 2018).

5.3. **Imports from the country concerned**

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

(119) The Commission established the volume of imports on the basis of Eurostat and crosschecked with the data collected by Member States pursuant to Article 14(6) of the basic Regulation ('14(6) database'). The market share of the imports was established on the basis of Eurostat, the data provided by the applicant and verified questionnaire replies of the sampled Union producers.

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

Table 4

Import volume (tonnes) and market share

	2018	2019	2020	RIP
Volume of imports from the PRC (tonnes)	49 596	49 997	46 455	61 005
Index	*100*	*101*	*94*	*123*
Market share	5,3 %	5,8 %	5,9 %	6,5 %
Index	*100*	*110*	*112*	*122*

Source: Eurostat, the data provided by the applicant and verified questionnaire replies of the sampled Union producers.

(121) The imports of the product concerned from the PRC contracted (–6 %) in 2020 as a result of the COVID related measures. However, in the RIP imports increased faster than the demand (+31 % compared to 2020 and +23 % compared to 2018). This resulted to an increase of the market share of the PRC imports to 6,5 % in RIP (while it was at 5,3 % in 2018).

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

(122) The Commission established the prices of imports on the basis of Eurostat. Price undercutting of the imports was established on the basis of Eurostat and verified questionnaire replies of the sampled Union producers.

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

Table 5

Import prices (EUR/tonne)

	2018	2019	2020	RIP
The PRC	1 058	1 046	931	1 363
Index	*100*	*99*	*88*	*129*
Source: Eurostat.				

(124) The average price of imports from the PRC without duties showed a decreasing trend and remained consistently below the average price of the Union producers in the period before the RIP. However, they jumped by +46 % on an annual basis in the RIP and arrived at EUR 1 363 per tonne. This price was above the average price of the Union producers (1 092 per tonne) and above the cost of production of the Union industry (EUR 1 181 per tonne) in the RIP. Adding to these prices the post-importation costs and the combined measures in place, at the levels of duties actually paid per exporting producer, according to the data from the 14(6) database, Chinese imports even entered the Union at prices 53 % higher than Union industry's. There was therefore no undercutting and no price suppression caused by the Chinese imports in the RIP.

5.4. **Imports from third countries other than the PRC**

(125) The imports of GFR from third countries other than the PRC were mainly from Egypt and Malaysia.

(126) The aggregated volume of imports into the Union as well as the market share and price trends for imports of GFR from third countries developed as follows:

Table 6

Imports from third countries

Country		2018	2019	2020	RIP
Malaysia	Volume (tonnes)	120 557	77 708	86 829	135 919
	Index	*100*	*64*	*72*	*113*
	Market share	12,9 %	9,1 %	11,1 %	14,4 %
	Average price (EUR/tonne)	981	950	873	1 056
	Index	*100*	*97*	*89*	*108*
Egypt	Volume (tonnes)	118 575	114 872	91 327	119 150
	Index	*100*	*97*	*77*	*100*
	Market share	12,7 %	13,4 %	11,7 %	12,7 %

	Average price (EUR/tonne)	888	882	765	849
	Index	*100*	*99*	*86*	*96*
United Kingdom	Volume (tonnes)	42 950	38 520	34 829	40 147
	Index	*100*	*90*	*81*	*93*
	Market share	4,6 %	4,5 %	4,5 %	4,3 %
	Average price (EUR/tonne)	1 185	1 145	1 102	1 083
	Index	*100*	*97*	*93*	*91*
Other third countries	Volume (tonnes)	133 064	127 133	119 291	158 978
	Index	*100*	*96*	*90*	*119*
	Market share	14,2 %	14,8 %	15,2 %	16,9 %
	Average price (EUR/tonne)	1 150	1 190	1 024	1 149
	Index	*100*	*103*	*89*	*100*
Total of all third countries except the PRC	Volume (tonnes)	415 146	358 233	332 277	454 194
	Index	*100*	*86*	*80*	*109*
	Market share	44,4 %	41,8 %	42,5 %	48,3 %
	Average price (EUR/tonne)	1 030	1 034	921	1 037
	Index	*100*	*100*	*89*	*101*

Source: Eurostat.

(127) Imports from other third countries excluding the PRC totalled 454 thousand tonnes in the RIP, or 48 % of the market share. A quarter, or 26 % of the imports from third countries were coming from expanded Chinese production capacity in Egypt, with countervailing measures in force since June 2020. Imports from Egypt represented 12,7 % of the Union market share in the RIP. Egyptian import prices were significantly lower than the Union industry's prices.

(128) Another 30 % of the imports from third countries excluding the PRC came from Malaysia. They represented 14,4 % of the Union market share in RIP. Malaysian average import prices were found to be lower than the average Union industry prices. However, when compared on a type of product basis, Malaysian prices (1 056 EUR/tonne) were higher than the Union industry prices, since the imports consisted of only one type of the product (chopped strands), for which the Union industry's price was at 1 015 EUR/tonne in the RIP.

(129) Imports from the UK, representing around 4,5 % of the Union market share throughout the period considered, were sold at prices below the Union industry prices only in RIP.

(130) Imports from other third countries dropped (–10 %) in 2020 as a result of the COVID related measures and increased in 2021 (+33 % from 2020 and +19 % from 2018). The other third country imports prices were found to be higher than the Union industry prices during the whole period considered.

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

5.5.1. *General remarks*

(131) The assessment of the economic situation of the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.

(132) As mentioned in recital (14), sampling was used for the assessment of the economic situation of the Union industry.

(133) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data provided by the applicant. The data related to all Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers. The data related to the sampled Union producers. Both sets of data were found to be representative of the economic situation of the Union industry.

(134) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.

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

5.5.2. *Macroeconomic indicators*

5.5.2.1. General remark

(136) The economic situation of the Union industry was in decline over the entire period considered. As of 2020, the Union industry's situation sharply deteriorated and could not fully recover in 2021 (the RIP), due to COVID-related lockdowns and the resulting stoppage of user activities.

5.5.2.2. Production, production capacity and capacity utilisation

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

Table 7

Production, production capacity and capacity utilisation

	2018	2019	2020	RIP
Production volume (tonnes)	650 509	621 145	503 135	594 464
Index	*100*	*95*	*77*	*91*
Production capacity (tonnes)	702 599	720 257	718 735	684 618
Index	*100*	*103*	*102*	*97*
Capacity utilisation	93 %	86 %	70 %	87 %
Index	*100*	*93*	*76*	*94*

Source: Data provided by the applicant.

(138) The Union production decreased by 23 % between 2018 and 2020, then picked-up again by 18 % between 2020 and the review investigation period resulting in 9 % decrease over the entire period considered.

(139) The Union industry increased capacities in 2019 in the framework of rebuilds (GFR industry requires significant and long-term investments to be able to rebuild furnaces at regular intervals of time and continue its operation). However, one Union producer had to permanently close its plant in the summer of 2019. Overall, the capacities decreased by 3 % over the period considered.

(140) The capacity utilisation developed in line with the changes in production and capacities, i.e. it decreased to 70 % in 2020, due to COVID-related restrictions. Once these restrictions were lifted, capacity utilisation increased to 87 % in the review investigation period. Nonetheless, due to the technical restrictions when restarting idled capacities after COVID related restrictions, the Union producers were unable to sufficiently increase their production to meet the growing post-COVID demand in a timely manner.

5.5.2.3. Sales volume, market share and growth

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

Table 8

Sales volume and market share (tonnes)

	2018	2019	2020	RIP
Sales volume on the Union market	470 246	449 068	403 784	426 032
Index	*100*	*95*	*86*	*91*
Market share	50,3 %	52,4 %	51,6 %	45,3 %
Index	*100*	*104*	*103*	*90*

Source: Data provided by the applicant.

(142) The Union industry's sales decreased by 14 % between 2018 and 2020, then picked-up by 6 % between 2020 and the review investigation period resulting in 9 % decrease over the period considered.

(143) The trend indicates that the Union industry could not benefit fully from the improved demand in the review investigation period, due to the technical restrictions when restarting idled capacities after COVID related restrictions, as explained in recital (140). As a result, the Union industry's market share decreased to 45,3 % at the end of the period considered, i.e. losing 5 percentage points from the beginning of the period. Out of this 5,0 percentage points of the market share, 1,2 percentage points were taken over by imports from China and 3,8 percentage points by the other third countries.

5.5.2.4. Employment and productivity

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

Table 9

Employment and productivity

	2018	2019	2020	RIP
Number of employees	3 426	3 387	3 130	3 101
Index	*100*	*99*	*91*	*91*
Productivity (tonnes/employee)	190	183	161	192

Index	*100*	*97*	*85*	*101*

Source: Data provided by the applicant.

(145) Employment decreased by 9 % over the period considered. Productivity developed in line with the changes in production and employment, i.e. it decreased by 15 % from 2018 to 2020, then picked-up by 19 % between 2020 and the review investigation period.

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

(146) This investigation established a dumping margin ranging between 50 % and 54 %, depending on the category of GFR considered. The impact of the magnitude of the actual margins of dumping on the Union industry might have been mitigated by the combined anti-dumping and countervailing measures in place, however the Union industry was still not able to maintain its market share and its prices remained low, even if this might have been affected by other factors, as described in recitals (168)– (173). It can therefore be concluded that the Union industry was not yet able to recover from past dumping.

5.5.3. *Microeconomic indicators*

5.5.3.1. Prices and factors affecting prices

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

Table 10

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

	2018	2019	2020	RIP
Average unit sales price in the Union on the total market	1 090	1 057	1 009	1 092
Index	*100*	*97*	*93*	*100*
Unit cost of production	1 045	1 063	1 217	1 181
Index	*100*	*102*	*116*	*113*

Source: Verified questionnaire replies of the sampled Union producers.

(148) The weighted average unit sales price of the sampled Union producers to unrelated customers remained at a similar level over the period considered and stayed below the level of the cost of production in 2019-2021. As established in the previous investigation on the same product ([48]), the inability of the Union producers to increase their prices throughout the period considered, which is equivalent to a situation of price suppression, was the result of the Chinese exporters' market behaviour and price pressure in the years preceding the review investigation period, combined with imports of GFR exported by Chinese producers located outside of China, like Egypt, whose import prices were significantly lower than the sales price of the Union producers throughout the whole period considered.

(149) In the review investigation period itself, despite Chinese exports entering the Union market at significantly higher prices than the Union industry's prices, the Chinese still gained market share due to a sudden surge in demand after the removal of most COVID related measures in the Union, resulting in higher production at different levels of the GFR downstream users. Materials were needed for production and to refill depleted stocks on all levels. At the same time, the Union industry could not fully benefit from such an improved market situation due to their annual/biannual contracts with the users, while Chinese GFR producers supply on spot terms. This prevented the Union producers

([48]) Recital (283) of Implementing Regulation (EU) 2021/328.

from increasing their prices in line with the increasing GFR price levels on the market. The Union producers were able to increase their sales prices only in the fourth quarter of the review investigation period by relying on adjustment clauses in their contracts with the users.

(150) The average unit cost of production increased by +13 % over the period considered. The peak increase of +16 % was due to the temporary idling of capacities in response to COVID-related lockdowns of user industries in 2020 (high proportion of fixed costs in this industry makes it very sensitive to fluctuations of production volumes). In the review investigation period, even if production plants began returning to optimal capacity utilisation again, the average costs were higher than in 2018 and 2019 due to the sharp increase in energy and certain raw material pricing (namely bushings made from rhodium and platinum ([49])).

5.5.3.2. Labour costs

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

Table 11

Average labour costs per employee

	2018	2019	2020	RIP
Average labour costs per employee (EUR)	57 703	58 366	58 311	62 186
Index	*100*	*101*	*101*	*108*

Source: Verified questionnaire replies of the sampled Union producers.

(152) Average labour cost increased by 8 % over the period considered.

5.5.3.3. Inventories

(153) Inventory levels of the sampled Union producers developed over the period considered as follows:

Table 12

Inventories

	2018	2019	2020	RIP
Closing inventories (tonnes)	86 975	86 773	42 269	46 957
Index	*100*	*100*	*49*	*54*
Closing inventories as a percentage of production	19 %	19 %	11 %	10 %
Index	*100*	*101*	*61*	*55*

Source: Verified questionnaire replies of the sampled Union producers.

([49]) Bushings made from rhodium and platinum are used in glass fibre production to help control the temperature of the hot filament as it passes through the fibre.

(154) The inventories were at normal levels in 2018 and 2019, while they decreased by half in 2020 and remained that low in the review investigation period. The Union industry had to sell significant quantities from stock due to government lockdown measures, while production was still prevented due to COVID related restrictions in 2020. Picking-up demand in 2021, global shortages and delivery chain interruptions, in turn, prevented the companies from replenishing the stocks to normal levels in review investigation period. Thus, the stocks could not come back to the normal level and represented only 10 % of the production, which is nearly half less than at the start of the period considered.

(155) One sampled Union producer noted a clerical error in the level of its inventories in the final disclosure received. The inventories were corrected. The overall trend of the inventories had not changed.

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

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

Table 13

Profitability, cash flow, investments and return on investments

	2018	2019	2020	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	6,2 %	2,1 %	– 17,6 %	– 3,6 %
Index	*100*	*34*	*– 285*	*– 59*
Cash flow (EUR)	52 145 718	48 763 953	7 446 265	21 969 516
Index	*100*	*94*	*14*	*42*
Investments (EUR)	52 191 829	29 187 167	34 071 488	30 676 390
Index	*100*	*56*	*65*	*59*
Return on investments	10,0 %	6,2 %	– 16,3 %	– 3,1 %
Index	*100*	*62*	*– 163*	*– 31*

Source: Verified questionnaire replies of the sampled Union producers.

(157) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.

(158) The increasing average costs and inability to increase the average price translated into losses for the Union industry during the last two years of the period considered. Between 2018 and 2019 the profitability of the sampled Union producers decreased from 6,2 % to 2,1 % followed by a significant drop to –17,6 % in 2020. During the review investigation period the Union industry was still lossmaking (–3,6 %), yet to a lesser extent than in the year before.

(159) The net cash flow is the ability of the Union producers to self-finance their activities. The trend in net cash flow followed similar trend as profitability. From 52 million EUR in 2018 the cash flow decreased to 29 million EUR in 2019 and then dropped to 0,5 million EUR in 2020, picking-up to around 31 million EUR in the RIP. Overall, the cash flow decreased by more than half over the period considered.

(160) One sampled Union producer noted a clerical error in the level of its cash flow in the final disclosure received. The cash flow was corrected. Thus from 52 million EUR in 2018 the cash flow decreased to 48,7 million EUR in 2019 and then dropped to 7,4 million EUR in 2020, picking-up to around 21 million EUR in the RIP. The overall, the cash flow decreased by more than half over the period considered. trend has remained the same

(161) The Union industry requires significant and long-term investments to be able to rebuild furnaces at regular interval of time and continue its operation. However, due to the poor net cash flow situation, investments decreased from 52 million EUR in 2018 to 29 million EUR in 2019, then increased above 30 million EUR in the following years. Overall, the investments decreased by 41 % over the period considered.

(162) The return on investments ('ROI') is the profit in percentage of the net book value of investments. ROI decreased from 10 % in 2018 to 6,2 % in 2019, dropping down further to −16,3 % in 2020. Overall, it deteriorated over the period considered and was at −3,1 % in the review investigation period.

5.6. **Conclusion on injury**

(163) The Union industry profits over the period considered were hit strongly, falling from a 6,2 % profit in 2018 to a −3,6 % loss in the review investigation period. The negative profitability shows the Union industry's particularly precarious situation during the review investigation period.

(164) The decreasing sales quantities together with decreasing prices caused the deterioration of all performance indicators. At the same time, Union industry lost part of its market share, with adverse impact on profitability. In addition to the losses incurred, the employment and capacity utilisation also decreased. Closing stocks could not recover to their normal levels. The cash flow in the review investigation period decreased by 62 % compared to 2018. The return on investments diminished to −3,1 % from 10 % in 2018.

(165) The decreasing production had a significant impact on the industry reflected in the lossmaking situation in 2020–2021, due to the high fixed costs and the impossibility to flexibly scale back production as furnaces must be fully utilised in this specific production process.

(166) Even in such adverse circumstances, continuous investments were necessary, mainly to replace furnaces with strictly limited lifetime. This put additional financial pressure on the producers.

(167) Considering all the facts above the Commission concluded that the Union industry continued to suffer material injury within the meaning of Article 3 of the basic Regulation during the review investigation period.

6. **CAUSATION**

(168) In accordance with Article 3(6) of the basic Regulation, the Commission examined whether the dumped imports from China caused material injury to the Union industry. In accordance with Article 3(7) of the basic Regulation, the Commission also examined whether other known factors could, at the same time, have injured the Union industry.

(169) In the years preceding the review investigation period, the continued presence of Chinese imports exercising price pressure on the EU market clearly contributed to the injurious situation of the Union industry. However, considering the non-injurious Chinese import prices during the review investigation period, which were far above the Union industry's sales prices and cost of production, and thus did not exert any pressure on the Union industry, the Commission analysed whether injury was caused by factors other than the dumped imports from China. These factors were: imports from Egypt, resulting from expanded Chinese production capacity; increase in cost of production in the Union; contractual conditions with the users.

(170) The Chinese producers of GFR located outside China, namely in Egypt, still accounted for 12,7 % market share during the review investigation period and their import prices were well below the price observed for the other countries as well as the Union industry's. Thus, the price pressure from Chinese producers of GFR located outside China was present throughout the whole period considered. This conclusion is in line with the previous investigation on the same product ([50]).

(171) In addition, as explained in recital (149) above, during the second half of the period considered (2020 – RIP), the global shortage caused by governmental measures in relation to the COVID pandemic allowed the Union industry to start to recover on the sales side, but at the same time it had to cope with the increased production costs, such as increased fixed costs due to the temporary idling of capacities in response to COVID-related lockdowns of user industries, and increased energy and certain raw material costs. At the same time, the Union industry was not able to immediately increase its production volumes substantially, due to the time needed to restart idle capacities. As a result, users in the EU were temporarily forced to buy imported goods from China at much higher prices, which led to an increased Chinese market share of 6,5 % in the RIP.

(172) Furthermore, as explained in recital (150) above, the Union industry had long-term contracts with the users, it could not immediately increase its sales prices to take advantage of the improved market situation and the absence of injurious Chinese prices. On the other hand, Chinese GFR producers had the flexibility to supply on spot terms and thus increased their prices in line with market levels. As a result, all the financial performance indicators of the Union industry were negative in the review investigation period.

(173) On the basis of the above, the Commission concluded that the injury suffered by the Union industry during the RIP could not be attributed to the dumped imports from China, and that other factors, considered individually or collectively, affected the injurious situation of the Union industry during the review investigation period, attenuating the causal link between the Chinese imports and the injury suffered by the Union industry in the RIP.

(174) The Commission further assessed, in accordance with Article 11(2) of the basic Regulation, whether there would be a likelihood of recurrence of injury caused by the dumped imports from China if the anti-dumping measures were allowed to lapse.

7. **LIKELIHOOD OF RECURRENCE OF INJURY CAUSED BY DUMPED IMPORTS FROM CHINA**

(175) For the assessment of the likelihood of recurrence of injury caused by dumped imports from China, the Commission examined the following factors: (a) likely price levels of imports from China in the absence of anti-dumping measures, (b) attractiveness of the Union market, (c) production capacity and spare capacity in China.

7.1.1. *Likely price levels of imports from China in the absence of anti-dumping measures*

(176) The investigation has shown that the prices of the Chinese dumped imports, reported at CIF level, increased significantly (by +46 %) in the last year of the period considered that is between 2020 and the review investigation period. However, this increase was mainly due to the exceptional increase of freight cost during the review investigation period. Indeed, the estimated Chinese price at ex-works level increased by 5 % only from 2020 to 2021 and was around EUR 907 per tonne, thus, well below the average ex works price of the Union producers (1 092 EUR/tonne). If the freight cost had remained unchanged from 2020 to 2021, Chinese imports without duties would have undercut the Union's industry's prices by 21,1 %, and would have remained below the cost of production of the Union industry, similar to the situation observed in the years preceding the review investigation period.

([50]) Recitals (279)–(281) of Implementing Regulation (EU) 2021/328.

(177) Furthermore, the increase of freight cost was exceptional and temporary, as it moved up sevenfold from 2020 to 2021, while it dropped back to the initial levels of 2020 as of November 2022 ([51]). As a result, the Chinese imports price also dropped as of November 2022 and at the beginning of 2023 the Chinese import price at CIF level was back at the level of the Union industry's price in the review investigation period, namely 1 093 EUR/tonne. In fact, at the beginning of 2023, Chinese import prices were again undercutting the Union industry's post-review investigation period prices by 14,9 %, and they were well below the cost of production of the Union industry in review investigation period (average of 1 181 EUR/tonne in 2022) and post-review investigation period (average of 1 445 EUR/tonne in 2022) ([52]).

(178) Based on the above analysis the Commission concluded that the Chinese import prices at CIF level increased temporarily due to the increased freight cost, but once this cost returned to its initial levels in November 2022, the import prices began to return to their pre-review investigation period levels, significantly undercutting and suppressing the Union industry's price. Considering the exceptional and temporary increase of the Chinese import prices in the review investigation period and their post-review investigation period developments, it is likely that in the absence of anti-dumping measures the prices levels of dumped imports from China would undercut and supress the Union industry's price.

7.1.2. *Attractiveness of the Union market*

(179) The Union market is attractive in terms of its size and prices, given the level of Union consumption and the higher level of prices in the Union compared to other major Chinese exports destinations. Export statistics from the Global Trade Atlas database ([53]) showed that Chinese export prices to the Union were on average 26 % higher than the Chinese export prices to the top three export markets (the United States, South Korea and India, excluding the Union) in the review investigation period. This makes the Union market a more lucrative destination than other third country markets. The Union market was already the second largest destination for exports of GFR from China during the review investigation period. Moreover, China is the third biggest exporter of GFR into the Union, only after Malaysia and Egypt.

(180) Moreover the examination of post-review investigation period data revealed that imports from China have increased dramatically, from around 61 000 tonnes in the review investigation period to more than 91 000 tonnes in 2022 (a 50 % increase), putting the attractiveness of the Union market for Chinese GFR producers on a full display.

(181) The attractiveness of the Union market for GFR producers in China is also confirmed by the fact that CPIC and CNBM Group (major GFR producers in China) invested substantially to start major GFR exports from plants in Bahrain and Egypt, to serve the European market shortly after the imposition of the anti-subsidy and anti-dumping measures against China in December 2014. As confirmed in a previous investigation on the same product ([54]), the plant in Egypt was opened by CNBM Group for the express purpose of selling GFR to the Union market to avoid the duties in force against imports from China.

(182) Considering the attractiveness of the Union market in terms of market size, historical trade flows and the post-review investigation period developments of these trade flows, it is likely that significant quantities currently sold to other markets would be redirected to the Union market should the anti-dumping measures be allowed to lapse.

([51]) Based on world container index from Shanghai to Genoa and Rotterdam.
([52]) Based on the monthly post-RIP data submitted by the Union producers.
([53]) Statistics was available at six-digit HS code level, therefore including much wider scope of the product than the product under review.
([54]) Recital (296) of Implementing Regulation (EU) 2021/328.

7.1.3. *Production capacity and spare capacity in China*

(183) Based on the information provided by the applicant, overcapacities in China were at least 1,1 million tonnes, representing over 100 % of the Union consumption during the review investigation period. Despite structural overcapacities in China's domestic market, producers continued to expand existing capacities or announce new ones after the review investigation period. If the announced capacity increases take place, Chinese overcapacities would amount to 2,6 million tonnes, standing at more than double of total Union consumption during the review investigation period.

(184) Considering the attractiveness of the Union market described above, it is likely that the existing spare capacities from China could be shipped to the Union market, should the anti-dumping measures be repealed.

7.2. **Conclusion of the likelihood of recurrence of injury caused by dumped imports from China**

(185) Should the measures be allowed to lapse, it can be reasonably expected that, as a consequence of the attractiveness of the Union market and the available immense spare capacity in China, there would be a substantial increase of imports of GFR from China to the Union made at dumped prices, undercutting and supressing the Union industry's prices. Chinese exports to the Union would rapidly gain even larger market share to the detriment of the Union industry, which would face an immediate drop in its sales volumes and an increase in its fixed costs per unit. The increase in fixed costs combined with a decrease in selling prices would immediately negatively affect the profitability of the Union industry, which remained negative in the review investigation period. Consequently, the Union industry would become even more loss-making and its viability would be threatened.

(186) On this basis, it is concluded that the absence of measures would in all likelihood result in a significant increase of dumped imports from China at injurious prices, which would undercut and supress the Union industry's prices thus causing material injury and further aggravating the already injurious situation of the Union industry observed during the review investigation period.

8. **UNION INTEREST**

(187) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures would be against the interest of the Union as whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

8.1. **Interest of the Union industry**

(188) The investigation has shown that the Union industry was in an injurious situation and that the removal of the measures would likely lead to a significant increase of dumped Chinese imports of GFR, largely undercutting and supressing the Union industry's prices, thus further aggravating material injury to the Union industry observed during the review investigation period.

(189) The Commission concluded therefore that that it was in the interest of the Union industry to maintain the measures in force.

8.2. **Interest of unrelated importers**

(190) The Commission invited all unrelated importers to participate in the investigation. Only one importer registered as interested party but did not reply to the questionnaire.

(191) The Commission considered that GFR is to a high extent standardised and its supply sources can be changed efficiently.

(192) On this basis, given also the alternative sources of available supply not subject to measures, the Commission concluded that the measures currently in force had no significant negative effects on the situation of importers and that the continuation of the measures would not unduly affect them.

8.3. **Interest of users**

(193) Only three individual users and one users' association ([55]) registered as interested parties, however no one replied to the Commission's questionnaire.

(194) The users' association took position in favour of the measures, noting that the Union producers of GFR are the R & D and innovation drivers ([56]). Without them the downstream fabrics industries and the innovation in this sector would stop. Also, if the Union industry goes out of business, the fabric industries in the EU would be almost entirely dependent on the supply of rovings by State-owned companies in China, which would put them in a highly vulnerable position. This risk already materialised during the COVID pandemic, when several fabrics producers in the Union received refusals from the suppliers of rovings in China, noting that they would not supply foreign customers until the domestic shortage had been alleviated. Thus, the survival of the downstream fabrics industry in the Union is also dependent on the viability of the Union industry of GFR.

(195) Since no individual users came forward, the best available data the Commission possess in this regard are the conclusions from past investigations: the expiry review of the anti-dumping measures as detailed in the Implementing Regulation (EU) 2017/724, where it was concluded that the extension of the measures would have a limited impact on the situation of users and the anti-subsidy investigation as detailed in the Implementing Regulation (EU) 2020/379 where it was concluded that given the alternative sources of available supply not subject to measures and since there is no evidence clearly showing that the additional costs from measures imposed on imports could not be absorbed by the users, the negative effects on users did not clearly show that it is not in the Union's interest to apply the measures.

8.4. **Conclusion on Union interest**

(196) On the basis of the above, the Commission concluded that there were no compelling reasons of the Union interest against the maintenance of the existing measures on imports of GFR originating in China.

9. **ANTI-DUMPING MEASURES**

(197) On the basis of the conclusions reached by the Commission on continuation of dumping, recurrence of injury caused by dumped imports from China and Union interest, the anti-dumping measures on GFR from China should be maintained.

(198) To minimise the risks of circumvention due to the difference in duty rates, special measures are needed to ensure the application of the individual anti-dumping duties. The companies with individual anti-dumping duties must present a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Imports not accompanied by that invoice should be subject to the anti-dumping duty applicable to 'all other companies'.

(199) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of anti-dumping duty to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents, etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty is justified, in compliance with customs law.

([55]) Tech-Fab Europe – an association of EU producers of technical fabrics.

([56]) From a technical perspective, the creation of new and better products and applications depend on the interplay of the rovings with resins and other materials and the strength the weaving process can give to a fabric.

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

(201) The individual company anti-dumping duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in the People's Republic of China and produced by the named legal entities. Imports of the product under review produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other companies'. They should not be subject to any of the individual anti-dumping duty rates.

(202) A company may request the application of these individual anti-dumping duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ([57]). The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the *Official Journal of the European Union*.

(203) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to make representations subsequent to this disclosure. Minor corrections in the data of the Union industry were addressed in this Regulation, no other comments were received.

(204) In view of Article 109 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council ([58]) 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.

(205) The measures provided for in this regulation are in accordance with the opinion of the Committee established by Article 15(1) Regulation (EU) 2016/1036,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of chopped glass fibre strands, of a length of not more than 50 mm; glass fibre rovings, excluding glass fibre rovings which are impregnated and coated and have a loss on ignition of more than 3 % (as determined by the ISO Standard 1887); and mats made of glass fibre filaments excluding mats of glass wool, currently falling under CN codes 7019 11 00, ex 7019 12 00 (TARIC codes 7019 12 00 22, 7019 12 00 25, 7019 12 00 26, 7019 12 00 39), 7019 14 00 and 7019 15 00 ([59]) and originating in the People's Republic of China.

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

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

([59]) Since 1 January 2022, the classification of mats has changed from CN code 7019 31 00 to CN codes 7019 14 00 and 7019 15 00. Until 31 December 2021, the applicable TARIC codes were 7019 31 00 10 and 7019 31 00 90. Since 1 January 2022, they are replaced by TARIC codes 7019 14 00 10, 7019 14 00 90, 7019 15 00 10 and 7019 15 00 90.

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

Company	Anti-dumping duty	TARIC additional code
Jushi Group Co., Ltd; Jushi Group Chengdu Co., Ltd; Jushi Group Jiujiang Co., Ltd	14,5	B990
Changzhou New Changhai Fiberglass Co., Ltd; Jiangsu Changhai Composite Materials Holding Co., Ltd; Changzhou Tianma Group Co., Ltd	0	A983
Chongqing Polycomp International Corporation	19,9	B991
Other cooperating companies listed in Annex I of Implementing Regulation (EU) 2017/724	15,9	
All other companies	19,9	A999

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

4. In cases where goods have been damaged before entry into free circulation and, therefore, the price actually paid or payable is apportioned for the determination of the customs value pursuant to Article 131(2) of Commission Implementing Regulation (EU) 2015/2447 [60] the amount of anti-dumping duty, calculated on the basis of the amounts set above, shall be reduced by a percentage which corresponds to the apportioning of the price actually paid or payable.

5. Should the definitive countervailing duties imposed by Article 1 of Implementing Regulation (EU) 2021/328, be modified or removed, the duties specified in paragraph 2 will be increased by the same proportion limited to the actual dumping margin found or the injury margin found as appropriate per company and from the entry into force of this Regulation.

6. In cases where the countervailing duty has been subtracted from the anti-dumping duty for certain exporting producers, refund requests under Article 21 of Regulation (EU) 2016/1037 shall also trigger the assessment of the dumping margin for that exporting producer prevailing during the refund investigation period. The amount to be reimbursed to the applicant for refund cannot exceed the difference between the duty collected and the combined countervailing and anti-dumping duties established in the refund investigation.

7. 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*.

[60] Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343, 29.12.2015, p. 558).

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

Done at Brussels, 13 July 2023.

For the Commission

The President

Ursula VON DER LEYEN