Commission Implementing Regulation (EU) No 1346/2014 of 17 December 2014 imposing a definitive anti-dumping duty on imports of sulphanilic acid originating in the People's Republic of China and repealing the definitive anti-dumping duty on imports of sulphanilic acid originating in India following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009

COMMISSION IMPLEMENTING REGULATION (EU) No 1346/2014

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THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community (the basic Regulation)[(1)], and in particular Articles 9 and 11(2) thereof,

Whereas:

A. PROCEDURE

1. Measures in force

(1) In July 2002, by Regulation (EC) No 1339/2002[(2)] the Council imposed a definitive anti-dumping duty of 21 % on imports of sulphanilic acid originating in the People's Republic of China ('the PRC') and a definitive anti-dumping duty of 18,3 % on imports of sulphanilic acid originating in India ('the original investigation').

(2) By Regulation (EC) No 1338/2002[(3)], the Council imposed a definitive countervailing duty of 7,1 % on imports of sulphanilic acid originating in India.

(3) By Decision 2002/611/EC[(4)] the Commission accepted a price undertaking with regard to both the anti-dumping and anti-subsidy measures on the imports from India offered by one Indian exporting producer, namely Kokan Synthetics and Chemicals Pvt. Ltd ('Kokan').

(4) In February 2004, by Regulation (EC) No 236/2004[(5)], the Council increased the rate of the definitive anti-dumping duty applicable to imports of sulphanilic acid originating in the PRC from 21 % to 33,7 % following an anti-absorption reinvestigation.

(5) In March 2004, by Commission Decision 2004/255/EC[(6)], the Commission repealed Decision 2002/611/EC following the voluntary withdrawal of the undertaking by Kokan.

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) No 1346/2014. (See end of Document for details)*

(6) By Decision 2006/37/EC[7], the Commission accepted a new undertaking with regard to both the anti-dumping and anti-subsidy measures on the imports from India offered by Kokan. Council Regulations (EC) No 1338/2002 and (EC) No 1339/2002 were amended by Council Regulation (EC) No 123/2006[8] accordingly.

(7) By Regulation (EC) No 1000/2008[9], the Council imposed anti-dumping duties on imports of sulphanilic acid originating in the PRC and India following an expiry review of the measures. By Regulation (EC) No 1010/2008[10], the Council imposed definitive countervailing duties on imports of sulphanilic acid originating in India and amended the level of the anti-dumping duties on Indian imports of sulphanilic acid following an expiry and an interim review.

2. Request for an expiry review

(8) Following the publication of a notice of impending expiry[11] of the anti-dumping measures in force on imports from the PRC and India, the Commission received on 1 July 2013 a request for the initiation of an expiry review of these measures pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community ('the basic Regulation'). The request was lodged by CUF — Quimicos Industriais ('the applicant' or 'CUF') the sole producer of sulphanilic acid in the Union, thus representing 100 % of the Union production.

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

3. Initiation of an expiry review

(10) Having determined, after consulting the Advisory Committee, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 16 October 2013, by a notice published in the *Official Journal of the European Union*[12] ('the Notice of Initiation'), the initiation of an expiry review pursuant to Article 11(2) of the basic Regulation.

4. Parallel investigation

(11) By Notice of Initiation published in the *Official Journal of the European Union* on 16 October 2013[13] the Commission also initiated an expiry review investigation pursuant to Article 18 of Regulation (EC) No 597/2009 of 11 June 2009 on protection against subsidised imports from countries not members of the European Community[14] on the countervailing measures in force on imports of sulphanilic acid originating in India.

5. Investigation

5.1. *Review investigation period and period considered*

(12) The investigation of a continuation or recurrence of dumping covered the period from 1 October 2012 to 30 September 2013 ('the review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2010 to the end of the review investigation period, 30 September 2013 ('the period considered').

5.2. *Parties concerned*

(13) The Commission officially advised the applicant, the exporting producers in the PRC and in India, the importers, the users known to be concerned, and the representatives of the exporting countries of the initiation of the expiry review. The interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set out in the Notice of Initiation.

(14) The sole Union producer, being the only interested party who so requested, was granted a hearing.

5.3. *Sampling*

(15) In view of the apparent large number of exporting producers in India and the PRC and of unrelated importers in the Union, sampling was envisaged in the Notice of Initiation in accordance with Article 17 of the basic Regulation. In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, the above parties were requested to make themselves known to the Commission within 15 days of the initiation of the review and to provide the Commission with the information requested in the Notice of Initiation.

(16) The Commission received replies to the sampling form from two Indian exporting producers and no replies from Chinese exporting producers. Therefore, no sampling was applied.

(17) One unrelated importer replied to the sampling form however it did not import the product concerned from the countries concerned and it did not provide a questionnaire reply. Therefore, no sampling was applied.

(18) Since there is only one Union producer, sampling was not applied for the Union producers.

5.4. *Investigation*

(19) The Commission sought and verified all the information deemed necessary for a determination of the likelihood of a continuation or recurrence of dumping and injury and for a determination of the Union interest. The Commission sent questionnaires to the sole Union producer, to the two exporting producers in India, to known importers and to Union users.

(20) Out of two Indian exporting producers only one (Kokan Synthetics & Chemicals Pvt. Ltd) submitted a complete reply. This Indian producer represented a

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major part of the total Indian exports to the Union during the review investigation period.

(21) Verification visits were carried out at the premises of the following companies:

(a) *Union Producer:*

— CUF — Quimicos Industriais, Estarreja, Portugal

(b) *Exporting producer and analogue country producer:*

— Kokan Synthetics & Chemicals Pvt. Ltd, Khed, India

(c) *Union users:*

— Blankophor GmbH, Leverkusen, Germany

— Hovione Farmaciencia SA, Loures, Portugal

— IGCAR Chemicals, S.L., Rubi, Spain.

B. PRODUCT CONCERNED AND LIKE PRODUCT

(22) The product concerned is sulphanilic acid currently classifiable within CN code ex 2921 42 00 (TARIC code 2921 42 00 60). There are two grades of sulphanilic acid, which are determined according to their purity: a technical grade and a purified grade. In addition, the purified grade is sometimes commercialised in the form of a salt of sulphanilic acid. Sulphanilic acid is used as a raw material in the production of optical brighteners, concrete additives, food colorants and speciality dyes. Limited use by the pharmaceutical industry was noted as well. Though it is not contested that both grades have the same basic physical, chemical and technical characteristics and therefore deemed to be one single product, it is important to note that the investigation showed that in practical terms inter-changeability is limited. In particular users who rely on purified grade sulphanilic acid could only use technical grade in case they could further purify it themselves. Those users who need or prefer technical grade sulphanilic acid could in theory use purified grade, however due to the price difference (20 %-25 %) this is economically not a viable solution.

(23) Sulphanilic acid is a pure commodity product and its basic physical, chemical and technical characteristics are identical whatever the country of origin. The product concerned and the products manufactured and sold by the exporting producers in the countries concerned on their domestic market and to third countries, as well as those manufactured and sold by the Union producer on the Union market have thus been found to have the same basic physical and chemical characteristics and essentially the same uses, and are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

C. LIKELIHOOD OF A CONTINUATION OR RECURRENCE OF DUMPING

(24) In accordance with Article 11(2) of the basic Regulation, the Commission examined whether dumping was currently taking place and whether dumping was likely to continue or recur upon a possible expiry of the measures in force on imports from the PRC and India.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) No 1346/2014. (See end of Document for details)*

1. Preliminary remarks

1.1. *The PRC*

(25) Upon initiation of the expiry review, the Commission contacted 39 known Chinese exporting producers and the Chinese authorities. None of those producers came forward and cooperated.

(26) The Commission informed the Chinese authorities and the exporting producers concerned of its intention to use best facts available for its findings on the basis of Article 18 of the basic Regulation. The parties did not submit any comment in that respect.

(27) Consequently, findings on dumping and the likelihood of recurrence of dumping had to be based on facts available, i.e. information submitted by the applicant, in particular the information included in the review request, and Eurostat data.

(28) Only a minor quantity of the product concerned was imported from the PRC into the Union during the review investigation period.

1.2. *India*

(29) Upon initiation of the expiry review, the Commission contacted 25 known Indian exporting producers, of which only one, namely Kokan, replied to the questionnaire and cooperated in the investigation. The company was representing the majority of Indian exports to the Union during the review investigation period.

(30) During the period considered, that exporting producer operated under a price undertaking accepted by the Commission, which was found to have been respected.

2. Dumping

2.1. *The PRC*

2.1.1. *Analogue country*

(31) In accordance with the provisions of Article 2(7)(a) of the basic Regulation, normal value was determined on the basis of the price or constructed value obtained in an appropriate market economy third country ('the analogue country').

(32) In the original investigation, India was used as the analogue country for the purposes of establishing the normal value with regard to the PRC. The Notice of Initiation indicated India as an analogue country and interested parties were invited to comment on the choice. No comments were received and there were no indications that India was no longer an appropriate choice. The Union industry proposed the USA as analogue country in their request for review, however due to the facts that there is only one single producer in the USA and that the market in the USA is protected by anti-dumping and countervailing duties on imports of sulphanilic acid from China and India for over 20 years, this proposal was rejected. Therefore, India was selected as an analogue country in this investigation, too.