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The Public Text

I have the honour to submit:

Ministry of Commerce of the People's Republic of
China

The brandy industry of the People's Republic of China has applied for anti-dumping investigation of spirits (commonly known as brandy) products derived from distilled wines originating in the European Union with distilled wines of less than 200 litres.

Application for anti-dumping investigation of
brandy industry of the People's Republic of China

Anti-dumping investigation applicants:

The Chinese Wine Industry Association

Applicant's Plenipotentiary Agent:

Beijing City Law Firm

November 30, 23

Anti-dumping investigation applicants:

It's a name. It is called: The Chinese Wine Industry Association

The land. The site: Building3 West Dam He West Road, Chaoyang District, Beijing, Floor 1-3

The Postal Code: 100028

Responsible person: Song Book of Yu

Contact person in the case: Fire three.

Contact the phone: 010- 57811300

Applicant's Plenipotentiary Agent:

It's a name. It is called: Beijing City Law Firm

The land. The site: 23 Huang Temple Street, Beijing's West City District, Room 1205 of Beiguang Tower

The Postal Code: 100120

Representation of counsel: Guo Dongping, Lanxiong.

Contact the phone: 010-82230591/92/93/94

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The network The site: [Please contact us at www.bohenglaw.com](http://www.bohenglaw.com)

Letter of confirmation

As the sole representative of the applicant who submitted anti-dumping investigations for brandy products originating in the European Union and exported to China, we have all reviewed the application for anti-dumping investigation and its annexes, and signed this anti-dumping investigation application on behalf of the applicant in this case. Based on the information and information we currently have, we confirm that the contents of this anti-dumping investigation application and the accompanying evidence are true and complete.

In accordance with the provisions of the Foreign Trade Law of the People's Republic of China and the Anti-Dumping Regulations of the People's Republic of China, this anti-dumping investigation application is hereby formally filed.



Applicant's Plenipotentiary Agent: Beijing City
Lawyer Guo Dongping Lawyer Ping Neighbor Tw

Registered lawyer in China:

Lawyer Blue Man.

Attorney's license number: 11101200310402136 (signature)

Attorney's license number: 11101200310817778 (signature)

Twenty-three yearsH^ January 30

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Part I. Body of Application

I. Relevant information on stakeholders

(1) The applicant and the domestic production enterprises of similar products

1、 Relevant information of the applicant

It's a name. It is called: The Chinese Wine Industry Association
The land. The site: Building 3 West Dam He West Road, Chaoyang
District, Beijing, Floor 1-3
The Postal Code: 100028
Responsible person: Song Book of Yu
Contact person in the case: Fire three.
Contact the phone: 010 -57811300

(See "Annex I: Certificate of registration and authorization of the applicant's social group legal person")

The Chinese Wine Industry Association CHINAALCOHOLIC DRINKSASSOCIATION (CADA) is a national and industrial social group voluntarily formed by enterprises, institutions, social organizations and individuals engaged in national liquor brewing, distribution, education, equipment and service for them, and is a not-for-profit social organization with legal personality.

The purposes of the China Wine Industry Association include, but are not limited to: Comply with the Constitution, laws, regulations and national policies, abide by the moral style, adapt to the needs of the socialist market economy, promote the continuous improvement of the production, circulation, management, scientific and technological level of the wine industry and the continuous expansion of international exchanges, reflect the industry situation and opinions, safeguard the legitimate rights and interests of members, assist the government departments to strengthen industry management, carry out industry coordination, wholeheartedly serve the industry, promote the healthy development of the industry, and make

greater contributions to the construction of the national economy.

"Assisting the government to promote the circulation of alcoholic goods market, protect reasonable competition, and combat illegality" is an important task of the China Wine Industry Association. At the same time, the China Wine Industry Association is also committed to maintaining fair competition in the industry and safeguarding the overall benefits of the industry and the legitimate rights and interests of consumers.

The China Wine Industry Association has a brandy professional membership, which is responsible for the specific management and service work of the brandy industry. At present, the China Wine Industry Association has 20 member units of brandy production enterprises (see Annex II: Statement of the applicant regarding the application for a trade remedy investigation into EU brandy"). These member units account for the vast majority of total domestic production, in the industry.

It is representative and influential.

Given that the dumping of imported brandy products originating in the EU has affected and threatened the domestic brandy industry, the China Wine Industry Association decided to apply as an applicant for an anti-dumping investigation of imported brandy products originating in the EU (see Annex II: Statement of the applicant regarding the application for a trade remedy investigation into EU brandy").

2、 Agent delegated by the applicant

For the purpose of the application to discuss the anti-dumping investigation, the applicant authorizes Beijing Boheng legal affairs to make his full representative, representing the application and investigation work of anti-dumping cases, and the specific representation authority is provided in the power of attorney. (See "Annex I: Certificate of registration and authorization of the applicant's social group legal person")

According to the request of the applicant, the Beijing Law Firm of Bohn assigned

the firm's lawyer Guo Dongping and Mr. Lanxiong to jointly handle all the matters entrusted by the applicant in connection with the case. (See also "Annex III:Attorney assignments and attorney's practising certificates")

Plenipotentiary Agent of the Applicant for Anti-Dumping Investigations:

Beijing City Law Firm

LawyerGuo Dongping. Attorney's Practitioner's

Certificate:11101200310402136

TheBlue Lawyer Attorney's Practitioner's

Certificate:11101200310817778

Location of: 23Huang Temple Street, Beijing's West City District,
Room1205 of BeiguangTower

ThePostal Code: 100120

Contact the phone: 010-82230591/92/93/94

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Thenetwork The site: Please contact us at www.bohenglaw.com

Domestic production enterprises of the same kind of products

According to the applicant's understanding, the current domestic production enterprises of similar products include but are not limited to:

- (1) Name of the company:Tai Tai Zhangyu Vine Wine Brewing Company Limited
Company address:56Motai City Road.

Contact the phone:0535-6633638

- (2) Name of the company:The company address of the Great Wall of Central Food Wine (Pontley) Limited:No. 1Long Wall Road of Liu Jiagwai Town in Ponglei City, Shandong Province, Yantai City Contact Phone:0535-5963982

- (3) Name of the company:Company address of Veyron Wine Company:567Weilong

Avenue in Longkou Town, Yantai Province, Shandong Province:0535-3616249

- (4) Name of the company:SC Johnson Wine Wine (Fujian) Limited Company
Address:SC Johnson Industrial Park Building1, Building 2, Area A, Ojiang
Economic Development Zone, Lianjiang County, FuzhouMunicipalityContact
Phone:0591-26228666
- (5) Name of the company:The company address of Liaoninghua Wine House Co.,
Ltd.:Sunjia Village, Sweetwater Township of Panjin City, Contact
Phone:0424-5902299
- (6) Name of the company:The Company's Company Address of Yantai Nan Mountain
Estate Wine Limited:Contact phone of Nanshan Industrial Park in Longkou
City, Shandong Province:0535-8616989
- (7) Name of the company:Anhui Ante Food Company Address:Anhui Province
Cezhou Economic and Technological Development Zone, Kintai FiveRoad
1Contact Phone:0557-2282600
- (8) Name of the company:Xinjiang CITIC Wine Industry Company Address:51 Uy
Road, Manas County, Xinjizhou, Xinjiang State Contact Phone:0994-6633905
- (9) Name of the company:Shanghai Luomoto Wine Technology Co., Ltd., company
address:Room5339, 65Haifeng Road, Jin Mountain, Shanghai021-67221036
- (10) Name of the company:Junto House, Ltd.
Company address:No. 1King's Top Avenue in South Wang Valley, Ponglei
District, Shandong Province, Ponglei District, Shandong Province:0535-
5623777
- (11) Name of the company:Tobacco High Liquor Company Limited
Company address:Shandong Province Ponglei District Revitalization
RoadNo. 163Contact Phone:0535-5745999
- (12) Name of the company:Sino-French joint venture grape winemaking company
address:Tianjin, North Cheng District, TianjinCity, No. 29Contact
Phone:022-26998888
- (13) Name of the company:Address of Gansumo High Industrial Development Co.,

Ltd.:Gansu Province Lanzhou City Guan District High-tech Industrial Development Zone No. 1 Contact Phone:0931-8776209

(14) Name of the company:Gansumo High Industrial Development Co., Wine Factory
Company address:No. 1New River Street New River Street, Wuwei City, Wuwei City, Gansu Province:0935-2608427

(15) Name of the company:Gansu Zhixuan Wine Industry Co., Ltd., company address:No. 5396 AirportRoadin Gansu Province0937-5971728

(16) Name of the company:Inner Mongolia Sands Wine Company Address:Inner Mongolia's Allason League of Alasen Economic Development Zone, North Beach, Ustai Township Contact Phone:0473-6910222

(17) Name of the company:Company address of Shanxi Yongzi Winery Limited:Dong Ying Village, Changning County, Cheng Ning County Contact Phone:0357-6838888

(18) Name of the company:Company address of Xinjiang Jiahang Wine Industry Co., Ltd.:Contact the village of Kudellik village in Bostenhu County, Xinjiang Bazhou:15276163678

(19) Name of the company:The Company's address of the Company, Ltd.Contact Phone for Economic and Technological Development Zone in Surahong County, Jiangsu Province:13805244669

(20) Name of the company:Company address of Bucks Liquor Industry (Chengdu) Limited:18Nanjiang Road, Linjun, Sichuan City

Contact the phone:028-88798288

4, before the date of submission of the applicant's output of similar products accounted for the proportion of total domestic production of similar products in the same period

Number of units:Thousands of tons.

During the period	2019in	In2020	In2021	In2022	Firsthalf of2023
Total production of similar products represented by the	40,557	27,835	34,993	25,932	10,539
Total domestic production of similar products	40,692	27,925	35,047	25,965	10,631

Total production of similar products represented by the applicant	99.67%	99.68%	99.85%	99.87%	99.14%
Proportion of total domestic					

Note to: The total output of similar products of the applicant's representative and the total domestic production of similar products can be found in Annex II: Application for Statement on the application for a trade remedy investigation into EU brandy.

According to the above statistics, from 2019 to the first half of 2023, the total output of similar products represented by the applicant accounted for more than 50% of the total domestic production of similar products in the same period. According to the provisions of the Anti-Dumping Regulations, the applicant has the right to file this anti-dumping investigation application on behalf of the domestic brandy industry.

(2) Introduction of the domestic brandy industry

The spirits produced by distilled wines containing less than 200 litres of containers in this application, commonly referred to as brandy, are made of grapes, grape juice (pulp), grape slag, wine, etc., mainly as drinks for human consumption.

According to this syllabus, as early as 1100 years ago, China made wine with grapes, distilled grapes sofa, which is now brandy. However, real industrial production began with the Zhang Yu company. In 1892, Zhang Yu Brewing Company was established, 1895 began the construction of wine cellars, until 1905, over a decade after three renovations, using the combination of the Turkish architecture method, from which the Chinese brandy relaunched. In 1914, Zhang Yu's first barrel of brandy was made, and in 1915 Zhang Yu brandy "Kaya" won the gold medal at the Pacific Universal Exposition, and Chinese brandy began to go to the world. Since then, Zhang Yu has been involved in the production of brandy.

After the founding of New China, although the development of China's brandy industry has experienced a difficult period, it entered the 1980s and has regained rapid development. Zhang Yu introduced pot-type distillation equipment from France in the 1980s, is the first domestic manufacturer to use pot distillation production brandy, to the early 90s, Zhang Yu brandy production exceeded ten thousand tons, after a number of expansion, and began to engage in the research and development and production of high-end cognac products, its "coa" series of products with the same

or similar quality grades of high-end products can be comparable to that of imported brandy. Zhang Yu Brandy has won more than 60 international awards at world-class brandy events, including Koya's 15-year winner of the global XO standard liquor blind tasting. In terms of sensory experience, Zhang Yu-related products are more soft and natural than European Union products, longer after-taste, and more Chinese special colors.

In addition to the Zhang Yu company, other production enterprises such as the Great Wall, Veyron and Dynasty have also begun to engage in the production of brandy. So far, China's brandy industry has formed a certain scale of production. Moreover, the brandy industry has also played an important role in increasing the employment and income of local farmers, prospering the local economy, and promoting social stability, producing obvious social and economic benefits.

China is the world's largest spirits market, of which brandy is in its infancy. Moreover, with the Chinese market more and more international and diversified, consumers for the pursuit of quality of life, the rise of young consumer groups, dealers for the pursuit of new categories, brandy to the masses and improve the market penetration trend is becoming more and more significant, these factors will be conducive to the growth of brandy in the Chinese market consumption growth, the Chinese market has great potential for development.

From 2019 to 2022, China's demand for brandy remained at a relatively large scale, at 72,048 tons, 56,829 tons, 69,004 tons and 57,166 tons, respectively. During this period, demand for brandy fluctuated, but the market outlook has always been positive, and demand has returned to growth in the first half of 2023 to 27,027 tonnes, up 7.30% from the first half of 2022.

The Chinese market with great potential for demand growth has always been very attractive to EU manufacturers. Even if China's market demand decreased in 2022 compared to 2019, EU manufacturers are still exporting brandy products to China. In 2021 and in the first half of 2023, EU brandy imports also always showed a significant growth trend, with a significant increase of 33.37 percent in 2021 (36,813 tonnes) compared to 2020 (27,601 tonnes), and a significant increase of 15.06% in the first half of 2023 (12,416 tonnes) over the same period of the previous year.

Moreover, the overall upward trend of EU brandy in China's market share rose from 43.01% in 2019 to 48.47% in 2022, an increase of 5.46 percentage points in 2022 compared to 2019. In the first half of 2023, as imports rebounded, China's market share was 45.94%, an increase of 3.10 percentage points over the first half of 2022. For a long time, EU brandy products have been squeezing the market share of the domestic industry, and prima facie evidence shows a clear dumping of EU brandy exports to China, with a preliminary estimate of 15.88%.

In the process of the overall growth trend of the number of brandy imports, the domestic industry is facing the competitive pressure and threat of EU manufacturers is increasing, and has been affected by a certain impact and influence. On the one hand, the EU industry accounted for China's market share squeezed into the domestic industry market share, and the domestic industry's market share fell from 2019 [100] to 2022 [88], down [12] percentage points, the first half of 2023 market share was 89, compared with the first half of 2022 down [8] percentage points. Moreover, the share of imports from the EU as a share of China's total production continues to rise, from 76.14 per cent in 2019 to 116.79% in the first half of 2023, a significant increase of 40.65 percentage points, and the competitiveness and influence of the Chinese market continue to increase. On the other hand, since 2019, a number of economic indicators of similar products in the domestic industry (including start-up rate, production, volume of domestic sales, market share, end inventory, domestic sales income, pre-tax profit, return on investment, cash flow, employment, labor productivity, etc.) have shown varying degrees of downward trend or adverse performance.

[The market share of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, which involves trade secrets, and the disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. As described in Part V below, "Damages suffered by domestic industries", the applicant represents the change in the above-mentioned market share in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated by the actual data ratio of 2019 to the initial period multiplied by the index for 2019. Oh, yeah. - Yeah.

Especially in the first half of 2023, in the context of an increase of 7.30% in domestic demand year-on-year, good market conditions have not led to the domestic

industry-related economic indicators, such as sales, sales income, pre-tax profits, etc., to obtain due recovery and growth. On the contrary, under the impact of the "mass price increase and fall" of EU brandy's quarterly imports, these supposedly positive indicators are worsening. At the same time, due to lower prices, cuts and restraints, and market share is squeezed, more economic indicators of the domestic industry, such as start-up rate, output, end-off inventory, investment yield, cash flow, etc., have also shown a different degree of negative performance. These facts show that the domestic industry is clearly vulnerable, is being hit and affected by imported products, and is highly likely to be further dumped by the "mass price increase and fall" of imported products, thereby suffering serious material damage.

Preliminary evidence suggests that the EU is the world's largest cognac-producing region with strong production capacity. During the application period, the total production of brandy in the EU showed a significant growth trend, from 354,023 tons in 2019 to 420,749 tons in 2022, a significant increase of 18.85%. At the same time, the European Union is also the world's largest brandy export region, with a strong export power, annual export volume maintained at about 20 million tons of extremely high level, accounting for the average proportion of total output as high as 59%, the EU brandy industry is a typical export-oriented industry. In the foreseeable period, EU brandy production is likely to grow significantly further, increasing the likelihood of substantial growth in EU brandy exports to China.

At the same time, the EU brandy industry is facing an unfavorable market environment, which will lead to further excess production and further growth in inventory. On the one hand, the ability of consumers to consume alcohol in the EU is declining. On the other hand, the global consumer market demand, including the United States, is decreasing significantly, EU exports to other global markets, including the United States, are also greatly reduced, indicating that the ability of other markets to digest EU brandy excess capacity, excess production is falling sharply, unable to absorb the new production of EU applications for investigation products, increasing the huge possibility of real growth of the EU brandy in China.

In fact, if you compare the EU brandy exports to China and other third countries (region) markets, it can be found that in the first half of 2023 EU manufacturers rely more on the Chinese market than in the past, according to Eurostat data, the

EU exports to third countries (regions) decreased significantly by 28.06 percent compared to the first half of 2022, while exports to China increased by 8.29%, and the proportion of total exports to the EU has risen from 87% to 82.22%, while the proportion of total exports to China has risen from 13% to 17.78 percent.

Moreover, according to Chinese customs statistics, EU brandy imports from January-September 2023 are still growing significantly further, to 22,768 tons, a significant increase of 22.79% over the same period last year, a sharp increase from the first half of 2023. The volume of imports also continued to grow significantly quarter-on-quarter, with a significant increase of 69.61 percent in the second quarter of 2023, and a significant increase of 32.55% in the third quarter from the second quarter. Import prices are also still on a downward trend, with a cumulative decline of 11.64 percent in the third quarter of 2023 from the fourth quarter of 2022, still causing price reductions, reductions and restraints on similar domestic products.

At the same time, in January-September 2023, the production status and financial situation of similar products in the domestic industry have not undergone a substantial transformation, is still affected by the EU brandy further impact and influence, relevant economic indicators such as the start-up rate, production, sales, sales price, sales income, pre-tax profit, investment yield, etc. are still suffering from different levels of impact and impact, vulnerability is further deepened.

Based on the current market conditions and the future trends of the domestic industry, there is still a possibility of further substantial price reductions in the EU brandy in the foreseeable time. On the one hand, in the high-end market, several French brandy brands (such as head horse, Martell, Hennessy, etc.) basically form a monopoly in the Chinese market, but as the domestic industry continues to exert force in this collar brandy product production and promotion, the EU application to investigate products and domestic similar products competition will continue to intensify. On the other hand, in the low-end market, EU manufacturers are also constantly pushing and penetrating, and its geographical expansion has gradually sunk from the original first, second and third-tier cities to the four and four lines of cities, and the competition with the domestic industry is also intensifying.

In order to continue to monopolize the mid-to-high-end market and to further open up the low-end market, the substantial growth in the number of European Union exports of brandy to China is predictable and very imminent. Moreover, EU manufacturers are likely to further adopt price reduction and low-priced dumping methods to seize China's market share, and thus suppress the development of the domestic industry, will cause further price reduction, reduction and suppression of similar products in the country, and may cause serious damage to the domestic industry. At that time, the relevant economic indicators of similar products in the domestic industry will likely decline overall, and indicators such as output, capacity utilization, sales and market share may decline further. Moreover, in order to maintain production and stable employment, domestic industries will have to further be forced to sell at the expense of profits, and sales income, pre-tax profits, investment yields, etc. are likely to deteriorate a step further. Due to this adverse impact, the survival of the domestic industry will face a great threat and is likely to eventually suffer serious material damage.

On the basis of the foregoing and other relevant reasons described in the application below, the applicant considers that: Unfair competition for the dumping of EU-related brandy products has created a threat of material damage to the domestic industry, and this material damage is highly realistic and urgent. If anti-dumping measures are not taken in time, the production and operation of the domestic industry may deteriorate further and eventually suffer serious material damage. To this end, the applicant, on behalf of the domestic industry, urgently submits an application for anti-dumping investigation on the relevant imports of brandy in the European Union in order to safeguard the legitimate rights and interests of the domestic industry.

(3) Other import relief sought

Up to now, for imported brandy products originating in the EU, except for the application for anti-dumping investigation, the domestic brandy industry has not filed any other trade relief application, nor has taken or made any other legal action against it in accordance with the Foreign Trade Law of the People's Republic of China and other relevant legal provisions.

The situation of known producers, exporters and importers of products applying for investigation

On the basis of reasonably available information and information, the applicant provides the following known list of manufacturers, exporters and importers of the products that apply for investigation:

1The Manufacturer

- (1) Name of business:Rémy Cointreau (Lead Horse Jundu Group)
Location of:Rémy Cointreau 21, Rue Balzac 75008 Pari, France
Contact the phone:+33 (0) 1 44 1344 13
The official website:Please contact us at <https://www.remy-cointreau.com>
- (2) Name of business:Pernod Ricard (Group)
Location of:Pernod Ricard - 5, cours Paul Ricard, 75380 Paris Cedex 08, France
Contact the phone:+33 (0) 17093 1600
The official website:Please contact us at <https://www.pernod-ricard.com/en>
- (3) Name of business:LVMH Group (LVMH Group)
Location of:LVMH, 22 avenue Montaigne - 75008 Paris - France
Contact the phone:+33 1 44 13 2222
The official website:<https://www.lvmh.com>
- (4) Name of business:Courvoisier S.A.S.
Location of:2 Place du Chateau, Jarnac, 16200, France
Contact the phone:+33 5 4535 5555
The official website:<https://www.courvoisier.com>
- (5) Name of business:Louis Royer
Location of:27/29 Rue du Chail, 16200 Jarnac, FRANCE
Contact the phone:+33 (0) 5 45 81 02 72
The official website:Please contact us at <https://louis-royer.com/>
- (6) Name of business:Delamain and CIE
Location of:RUE JACQUES ET ROBERT DELAMAIN, JARNAC 16200, FRANCE

Contact the phone: (+33) 05 45 81 08 24

The official website: Please contact us at <https://www.delamain-cognac.com/>

(7) Name of business: Chateau de Cognac

Location of: 127 Boulevard Denfert-Rochereau, BP 3 16 101 Cognac, France +33 (0) 5 45 36 88 86

The official website: <https://www.chateaucognac.com/>

(8) Name of business: Camus La Grande Marquie

Location of: 29 rue Marguerite de Navarre, 16100 Cognac - France +33 (0) 5 45 32 28 28

The official website: <https://camus.fr/en>

(9) Name of business: Miguel Torres S.A.

Location of: M. Torres, 6.08720 Vilafranca del Penedès. Barcelona, SPAIN +34 93 8177400

The official website: <https://www.torresbrandy.com/>

(10) Name of business: Bodegas SÁNCHEZ ROMATE HNOS.A.

Location of: C/Lealas, 26-3011404, Jerez de la Frontera, Cádiz, Spain +34 956 18 22 12

2 - The Exporter

According to the applicant's knowledge, the major producers themselves engaged in export business, that is, the exporter.

3 - The importer

Domestic known importers include, but are not limited to, the following enterprises:

(1) Name of the company: Shanghai Hyatt Hennessy International Trade Co., Ltd., company address: Room 459 on the 4th floor of room 459, Fut North Road, China (Shanghai) Pilot Free Trade Zone: 021-22119999

- (2) Name of the company:Shenzhen Fire Supply Chain Co., Ltd.
Company address:Shenzhen Saltian District District 15 Donghai Community
Pingzhu RoadNo.15Saltian comprehensive bonded zone Central Tianyon
LogisticsPark1st floorAwarehouse Contact phone:18128805516
- (3) Name of the company:Shanghai Remi Jundu Trading Co., Ltd., company
address:Room 369onthe 3rdfloorof room369, Taichung South Road, Taichung
South Road, China (Shanghai) Pilot Free Trade Zone:021-64486111
- (4) Name of the company:Baoleliga (China) Wine Industry Limited Company
Address:China (Shanghai) Pilot Free Trade Zone Kielung Road,
room11onthe 6thfloor, room1115Contact phone:021-23011000
- (5) Name of the company:Guangdong Zhuo Chi cross-border e-commerce supply
chain service company address:Guangzhou Nansha District,3 RongStreet,
Room401-2Contact Phone:020-62661188
- (6) Name of the company:Shenzhen Zhong Electric Pre-Hai Warehousing
Operations Co., Ltd.
Company address:Former Gulf ElectronicsIntegratedLogistics Center701
Contact the phone:0755-83783800
- (7) Name of the company:Address of Shanghai Jingli Trade Co., Ltd.:Room
912023 Contact Phone Number91 Zhao LaneTown, QingpuDistrict, Shanghai:021-
55971508
- (8) Name of the company:Shenzhen Yida Broadcom Logistics Co., Ltd.
Company address:Shenzhen Ping Mountain Longfield Street New Century
Science and Technology Industrial Park

Fourth Floor of Plant 1.
Contact the phone:0755-89937590
- (9) Name of the company:Global Consumer Boutique (Hainan) Trade Limited
Company address:Hainan Provincial Haikou City Bonded Tax Zone Joint
InspectionBuilding 4thFloor Contact Phone:0898-66509537
- (10) Name of the company:Far Flow Trade (Shanghai) Co., Ltd.

Company address:Room300Huaihai Central Road, Shanghai Huangpu District,
Room5004

Contact the phone:021-62488498

(11) Name of the company:Shanghai Sunstar International Freight Forwarding
Co., Ltd.

Company address:China (Shanghai) Pilot Free Trade Zone515
A6 1stfloor of the library area7-12warehouses

Contact the phone:021-68351001

(12) Name of the company:Zhuhai Easy Cross-Border Supply Chain Services
Limited

Company address:Zhuhai Cross-Border Industrial Zone Zhuhai Park Center
Road No. 83Context Building 4thFloor ARoom001

Contact the phone:13620467892

(13) Name of the company:Guangzhou California Trade Co., Ltd.

Company address:307, 4402, Guangzhou Avenue, Vietsu, Guangzhou

Contact the phone:13924782444

(14) Name of the company:Bing Santelli Wine Trade (Shanghai) Co., Ltd.

Company address:Room3701-3705, 1539West Road,Nanjing West Road, Shanghai

Contact the phone:021-32794888

二、 Specific description of the application investigation product and the scope
of the applicant's application for investigation of the product involved

(1) Specific description of the products applied for investigation

Name of Chinese:Spirits (commonly known as brandy) from distilled wines loaded
with containers below200litres

English name:Spirits obtained by distilling grape wine in containers holding less than 200 liters
(usually called Brandy)

Description of the product:Applications for survey products are spirit wines made
from grapes, grape juice (pulp), grape slag, wine, etc.

Main uses:It is mainly consumed as a drink.

(2) The country of origin and export of the products applied for investigation

Scope of the application survey:Spirits derived from distilled wines of less than200litres originating in the European Union and exported to China.

(3) The serial number of the application for investigation products in the customs tax rules of the People's Republic of China (tax code)

The products applied for investigation are listed in the Customs Tariff Regulations of the People's Republic of China:22082000 of them. Spirits from distilled wines loaded with200 litres or more under the tax code are not covered by this application.

(See "Annex 4:Customs Import and Export Tax of the People's Republic of China, 2019–2023Edition

(4) Application for import tariff rates, value-added tax and regulatory conditions for investigation products

Import Tariff Taxes:The application for survey products is currently subject to a provisional tax rate of5%.

VAT rate:The VAT rate applicable from1April2019 is13%.

(See "Annex 4:Customs Import and Export Tax of the People's Republic of China, 2019–2023Edition

The consumption tax:From2019 to2023, the application for survey products is subject to composite consumption tax, which is levied at20%tax rate, and at the same time at a rate of1yuan/kg (0.912 yuan/liter).

(See "Annex V:List of Excise Tax Tax Rates")

三、 Specific description of similar domestic products and comparison of application survey products

(1) Specific description of similar domestic products

Name of Chinese:Spirits (commonly known as brandy) from distilled wines loaded with containers below 200 litres

The English name is:Spirits obtained by distilling grape wine in containers holding less than 200 liters (usually called Brandy)

Description of product:Domestic similar products are spirit wines made from grapes, grape juice (pulp), grape slag, wine, etc.

Main uses:It is mainly consumed as a drink.

(2) Comparison of application survey products with similar products in the domestic industry

1, the same or similarity of domestic similar products and application survey products in the physical chemical characteristics and product quality

Domestic brandy and application survey products can meet the basic physiologic or sensory requirements of the relevant brandy norms or standards. There are more types of brandy, the same or similar grade of domestic brandy and application products, there is no substantive difference in the main physiochemical indicators (such as alcohol, total non-alcoholic volatiles, total acids, high-grade alcohols, luminosity, copper content, etc.) and sensory requirements (such as appearance, color, aroma, taste, etc.).

In terms of product quality, different countries, different enterprises for their brandy products usually have their own quality grade subdivision methods and standards. Overall, the application for survey products and domestic brandy in practice will be subdivided into different grades of products based on the time of aging in wood barrels (alcohol age), and the two classification criteria have similar and cross-sections. The grade of brandy is divided into the following standards in practice (different countries, different enterprises may also refine or optimize the standards according to their respective product characteristics):

Grade (XXO):Should include at least14years of drinking age

Special level (XO):Should include at least6years of drinking age

Superior level (VSOP):Should include at least4years of drinking age

Level 1 (VO):Should include at least3years of drinking age

Level II (VS):Should include at least2years of drinking age

In addition, the grade of brandy is related to the raw material planting environment, climate, variety, aging, mixing, etc., so different grades of brandy on the basis of meeting the requirements of wine age, should also meet the relevant production process requirements. Domestic brandy and application inspection products are the same in the most basic raw materials and production processes, and all meet the basic material characteristics and quality standards of brandy.

The same or similarity between domestic similar products and applications for investigation products in raw materials, production processes and production equipment

Domestic brandy is basically the same as the main raw material used in the production process of the application survey products, both of which are grapes or grape juice (pulp). There is no material difference in the production process and the production process, usually the main raw material is fermented, distilled, aged, and blended into the finished brandy. In addition, domestic brandy and the application for investigation products can also be Portuguese wine or fermented grape slag as raw materials, by distillation, aging, modulation.

Domestic brandy and application for investigation products production equipment is basically similar, there is no substantive difference, the main equipment is grape removal machine, press press, stainless steel fermentation tank, stainless steel original wine canister, distillation equipment (pot, tower type, etc.), various regulations of oak barrels, stainless steel tanks for the deployment of brandy storage stainless steel tanks, freezers, filters, filling machines, supporting packaging equipment.

The same or similarity of domestic similar products and applications for survey products in the consumer field and end-use

Domestic brandy and application survey products in the domestic market in the consumer field and end-use are basically the same, both are to be used as beverages for human consumption, generally through stores, supermarkets, specialty stores, online, online, catering, entertainment and other ways to face consumers.

The same or similarity of domestic similar products and application survey products in sales channels, sales areas and customer groups

Domestic brandy and application survey products are sold in the Chinese market through direct sales, dealer sales or online sales, etc., for downstream consumer groups, stores, supermarkets, specialty stores, restaurants and entertainment venues and other sales channels provide domestic brandy, but also provide application survey products, used to meet the consumer needs of downstream customers, downstream consumer groups can both choose to buy application survey products, but also choose to buy domestic brandy.

Domestic brandy is basically the same as the main sales area of the application survey products, with Guangdong, Fujian, Zhejiang, Jiangsu, Hai, Shandong and other coastal provinces as the main radiant, of which Guangdong market is the two main sales area.

5 - Conclusions

In summary, the applicant believes that the application for investigation products and domestic brandy in the basic materialization characteristics, product quality, raw materials, production process and production equipment, product use, sales channels, sales regions and customer groups do not have substantial differences, there are competition and substitution, belong to the same kind of products.

四、 Dumping of products applied for investigation

According to the preliminary evidence currently available to the applicant, there is dumping of products originating in the EU and exported to China. Below, the applicant provisionally uses the dumping investigation period

from July 1, 2022 to June 30, 2023, based on the information and data currently available, preliminary estimates of the dumping of products originating in the EU and exported to China.

Method of calculating the dumping margin

Subject to the information, the applicant cannot know in detail the specific transaction price of the EU application for investigation products exported to China during the application investigation period, and provisionally based on the CIF import price of the EU application survey products according to Chinese customs statistics as the basis for calculating the export price.

Due to difficulties in collecting evidence, the applicant is temporarily unable to grasp the sale price of similar products in their home market during the application investigation period, and can not use this as the basis for normal value calculation. According to Article 4, paragraph 2, of the Anti-Dumping Regulations: "If the same product of the imported product is not sold in the normal course of trade in the domestic market of the exporting country (region), or the price and quantity of the same product cannot be fairly compared, so that the comparable price of the same product is exported to a suitable third country (region) or the production cost of the same product in the country of origin (region) plus reasonable costs, profits as normal value". To estimate the dumping margin of the products applied for investigation, the applicant provisionally used the EU export price to Singapore as the basis for calculating the normal value of the product under investigation.

3) Based on the above adjustment of the export price and normal value, the applicant makes appropriate adjustments and compares at the level of the same trade link, thereby estimating the dumping margin of the EU application for investigation products.

The applicant reserves the right to further change and claim based on further information and information collection, with regard to the calculation of export prices and normal values and dumping margins.

(2) Export Prices of Applications for Survey Products

Pre-adjustment export prices

The Unit:Tons, United States dollars,
United States dollars/tonnes

The Dumping Investigation Period of Application	Number of exports	Amount of export	Prices of exports
July 2022 to June 2023	29,331	1,546,229,096	52,716

Note to:(1) Data from "Annex VI:Chinese brandy customs import and export data statistics"; (2) Export price = export amount / export quantity.

2- Price Adjustment

According to the law, with regard to price adjustment and price comparison, the applicant shall make appropriate adjustments to the normal value, export price in terms of sales, taxes, trade links, quantity, physical characteristics, etc., when comparing the normal value and export price, as far as possible in the same trade link, the same time of sale.

For the purpose of estimating the dumping margin, the applicant makes the following adjustments:

A.Appropriate adjustment of import duties, value-added tax, etc.

Since the applicant understands that the export price is calculated based on the quantity and amount of Chinese customs import statistics, is a weighted averageCIFprice, does not include import duties, value added tax, etc., this adjustment shall not apply.

B.Appropriate adjustments to terms of sale and trade links

Since the applicant understands that the export price is calculated according to the quantity and amount of Chinese customs import statistics, is the weighted averageCIFexport price, in order to compare the normal value in the factory price level, the above price base should be deducted from the EU factory to China various links, including international freight, international insurance premiums, port miscellaneous charges, exporting country (regional) freight, etc.Overall, it can be roughly divided into the cost of the EU to China overseas link and domestic link

fee.

Regarding the cost of the overseas link, according to the applicant's understanding, the EU's survey products for export applications to China are mainly transported by sea by means of containers. Each 40-foot container can be loaded with approximately 11.49 tons of product for investigation. At present, the applicant is unable to obtain the actual sea freight and insurance premiums for exports of similar products to China. However, in order to make reasonable adjustments to sea freight and insurance premiums, the applicant temporarily adjusts the export price based on the initial acquisition of the European-to-China shipping rate and the insurance rate of the China-to-Europe voyage. According to prima facie evidence obtained by the applicant, a 40-foot container shipping fee from Europe to China is \$5500-6200 per cabinet (average \$5,850/cabinet), the average shipping unit price for the product under investigation is \$509.09/ton and the insurance rate is 0.45% (see Annex VII: Sea freight and insurance premiums").

With regard to the cost of the domestic link, the applicant is temporarily unable to obtain the domestic link fees actually incurred by the application investigation products in the EU. In order to make reasonable adjustments to the costs of the domestic link, the applicant temporarily adjusted the export price on the basis of the export trade costs (including preparation documents, customs clearance costs, loading and unloading fees, etc.) as the basis for the export price of the relevant EU member countries. According to the report of the World Bank Group (Annex VIII), the EU's 20-foot container has a combined cost of \$990/cabinet, or approximately US\$172.31 per ton for domestic links per tonne of products under investigation, at a rate of 5.75 tons (i.e. 50% of the 40-foot container load).

As a result, this adjustment is as follows:

The Unit: United States dollars/tonnes

The Dumping Investigation Period of Application	Adjustment of export prices
July 2022 to June 2023	52,716 - 509.09 - (52,716 × 0.45% × 110%) - 172.31

C. Adjustments in other aspects such as volume of sales and physical characteristics

This adjustment should not be considered for the time being given that the EU

applied to investigate the amount of exports to China and the volume of exports to a third country (Singapore) and basically the same in terms of physiochemical characteristics.

Adjusted export prices

After the above adjustment, the adjusted export price is:

The Unit:United States dollars/tonnes

The Dumping Investigation Period of Application	Adjusted export prices
July 2022 to June 2023	51,774

(3) The normal value of applying for investigation products

Due to difficulties in collecting evidence, the applicant is temporarily unable to grasp the sale price of similar products in the EU market during the period of the application for dumping investigation and cannot be used as the basis for normal value calculation.

According to Article 4, paragraph 2, of the Anti-Dumping Regulations: "If the same product of the imported product is not sold in the normal course of trade in the domestic market in the exporting country (region), or the price and quantity of the same product cannot be fairly compared, the comparable price of the same product is exported to a suitable third country (region) or the production cost of the same product in the country of origin plus reasonable costs, profits are of normal value".

In order to estimate the dumping margin of the products applied for investigation, the applicant provisionally uses the comparable price of the similar product exported to an appropriate third country as the normal value of the application for investigation products. Through open channels, the applicant has obtained data on imports of products from the EU undertax number 220820 for Singapore Customs Statistics. According to preliminary knowledge, the imported products under Singapore tax code 220820 are mainly similar products to apply for survey products, and Singapore is the fourth largest export market in the world of EU brandy and the second largest export market in Asia (after China). In view of the

representative and comparable nature of the EU export volume and export price to Singapore, the applicant provisionally uses the average import price from the EU from the EU as a new addition for Singapore Customs.

Slope's export price and use this as the basis for calculating the normal value of the products applied for investigation.

1 Normal value prior to adjustment

The Unit:Tons, United States dollars,
United States dollars/tonnes

The Dumping Investigation Period of Application	Number of exports	Amount of export	Prices of exports
July 2022 to June 2023	15,593	952,681,000	61,095

Note to:(1) Data from "Annex IX:Singapore brandy customs import statistics; (2) Export price = export amount / export quantity.

2 The Price Adjustment

According to the law, with regard to price adjustment and price comparison, the applicant shall make appropriate adjustments to the normal value, export price in terms of sales, taxes, trade links, quantity, physical characteristics, etc., when comparing the normal value and export price, should be as far as possible on the same trade link, the same time sales, pre-factory level.

For the purpose of estimating the dumping margin, the applicant makes the following adjustments:

A) Tax Adjustment

Since the applicant understands that the normal value prior to the above adjustment is calculated based on the amount and amount of the Singapore Customs import statistics, is a weighted averageCIFprice, does not include import duties, VAT, etc., this adjustment shall not apply.

B.Adjustment of terms of sale and trade links

Since the applicant understands that the normal value prior to the above adjustment is calculated based on the amount and amount of the Singapore Customs

import statistics, is the weighted average CIF import price, in order to estimate the dumping margin at the level of the factory price, the costs of various links from the EU factory to Singapore should be deducted on the basis of the above price, including international freight, international insurance premiums, port miscellaneous charges, exporting country (region) freight, etc. Overall, it can be roughly divided into EU-Singapore overseas fees and domestic link costs.

Regarding the cost of the overseas link, according to the knowledge of the applicant, the EU's export application investigation products for Singapore are mainly transported by sea by packing. Each 40-foot container can be loaded with approximately 11.49 tons of product for investigation. At present, applicants are unable to obtain actual shipping and insurance premiums for exports of similar products to Singapore. However, in order to make reasonable adjustments to sea freight and insurance premiums, the applicant temporarily adjusts the export price based on the initial acquisition of the European-Singapore shipping rate and the Singapore-to-Europe insurance rate. Based on prima facie evidence obtained by the applicant, the 40-foot container shipment from Europe to Singapore costs \$5500-6200/cabinet (average \$5,850/cabinet), the average shipping unit price for the product under investigation is \$509.09/ton and the insurance rate is 0.4% (see Annex VII: Sea freight and insurance premiums").

With regard to the cost of the domestic link, the applicant is temporarily unable to obtain the domestic link fees actually incurred by the application investigation products in the EU. In order to make reasonable adjustments to the costs of the domestic link, the applicant temporarily adjusts the costs of the EU export trade (including preparation documents, customs clearance costs, handling charges, inland transportation fees, etc.) as the basis for learning from the World Bank Group. According to the report of the World Bank Group (Annex VIII), the total cost of the EU's 20-foot containers is \$990/cabinet, at 5.75 tons (i.e. 50% of the 40-foot container load), and the internal link cost per ton for the product under investigation is approximately \$172.31.

As a result, this adjustment is as follows:

The Unit: United States dollars/tonnes

The Dumping Investigation Period of Application	Normal Value Adjustment
July 2022 to June 2023	61,095 - 509.09 - (61,095 x 0.4% x 110%) - 172.31

C.Adjustments in other aspects such as volume of sales and physical characteristics

This adjustment should not be considered for the time being given that the EU applied to investigate the amount of exports to China and the volume of exports to Singapore, and the amount of exports to Singapore is basically the same in terms of physiochemical characteristics.

3 The adjusted normal value

The Unit:United States dollars/tonnes

The Dumping Investigation Period of Application	Adjusted normal value
July 2022 to June 2023	60,145

(4) Estimated dumping margins

The Unit:United States dollars/tonnes

The Dumping Investigation Period of Application	Estimate of dumping margins
Export Price (CIF)	52,716
Export prices (adjusted)	51,774
Normal value (adjusted)	60,145
Absolute amount of dumping*	8,371
Margin of dumping**	15.88%

Note to:(1) Absolute* = normal value (adjusted) - export price (adjusted); =

Dumping Absolute / Export Price (CIF)

- (3) It should be noted that in the process of estimating the dumping margin, the normal value base data used by the applicant is derived from import data under Singapore Customs Tariff No. 220820. According to preliminary knowledge, the imported products under Singapore Customs Tariff No. 220820 are mainly similar products (products loaded with containers below 200 litres), but it is not excluded that a small amount of other products loaded with 200 litres and containers may be included under the tax code. Considering that the import price of other products is relatively low, in the absence of the actual import price of similar products, based on the principle of soundness, the applicant provisionally adopted the average import price under tax number 220820 as the basis for the calculation of the normal price, and the final estimated dumping margin will be relatively low. The applicant asks the investigating authority to investigate this further in the future investigation process, while the applicant reserves the right to further change and claim the export price and normal value and the calculation of the dumping margin.

V. Damage to domestic industries

(1) Cumulative assessment

The origin and export country (region) of the product in question applied by the applicant is only one region of the European Union, and the question of the cumulative assessment does not apply in this application.

(2) Applying to investigate the number of imports of products, the changes in prices and the situation of the domestic industry

Increase in the number of imports applying for survey products

1.1 Changes in absolute imports of products applied for investigation

Table of changes in the number of imports applied for survey products

Number of units:Tons of

During the period	Country (area)	Number of imports	Proportion of quantity	Magnitude of change in quantity
2019 in	China's total	31,498	100.00%	-
	The European Union	30,985	98.37%	-
2020	China's total	27,974	100.00%	11.19%
	The European Union	27,601	98.67%	-10.92%
In 2021	China's total	37,526	100.00%	34.15%
	The European Union	36,813	98.10%	33.37%
In 2022	China's total	28,160	100.00%	(24.96%)
	The European Union	27,706	98.39%	(24.74%)
First half of 2022	China's total	11,023	100.00%	-
	The European Union	10,790	97.88%	-
First half of 2023	China's total	12,700	100.00%	15.21%
	The European Union	12,416	97.76%	15.06%

Note to:(1) The data sources in the table above can be found in Annex VI:Chinese Brandy Import and Export Statistics
 (2) Proportion of quantity = EU imports / China's total imports.



The EU is the main source of Chinese brandy imports. During the application period, the EU applied for survey products accounted for about 98% of China's total imports of brandy, basically monopolizing the Chinese import market.

During the application period, the number of imports of products applied for investigation fluctuated, but always remained at a high level. From 2019 to 2022, imports were 30,985 tons, 27,601 tons, 36,813 tons and 27,706 tons, respectively. It was 10.92% less in 2020 than in 2019, an increase of 33.37% in 2021 and 24.74% less in 2022 than in 2021. With China's market demand returning to growth, import volumes are always growing significantly, except in 2021, the number of imports in the first half of 2023 was 12,416 tonnes, which is also a significant increase of 15.06% over the first half of 2022.

Changes in the number of quarterly imports applying for survey products since 2022

Number of units: Tons of

During the period	Number of imports	Change from previous year	Change from the previous quarter
1st Quarter 2022	4,899	-	-
2nd quarter of 2022	5,891	-	20.24%
3rd Quarter 2022	7,752	-	31.59%
4th Quarter 2022	9,163	-	18.21%
1st quarter of 2023	4,605	6.01%	-

2nd quarter of 2023	7,810	32.59%	69.61%
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Note to: The amount of imported products applied for investigation comes from "Annex VI: Chinese brandy customs import and export data statistics."



Moreover, since 2022, the number of quarterly imports applying for survey products has also been increasing: On the one hand, the number of imports by quarter continues to increase significantly. In 2022, the second quarter was up 20.24% from the first quarter, the third quarter was up 31.59% from the second quarter and 18.21% in the fourth quarter. In 2023, a significant increase of 69.61% in the second quarter compared to the first quarter; On the other hand, the volume of imports in the quarters of 2023 compared with the same period last year also increased significantly, although the first quarter decreased by 6.01 per cent from the same period last year, but the second quarter increased significantly by 32.59% over the same period last year, which led to a significant increase of 15.06% in the first half of the year over the same period last year.

1.2 Changes in the relative number of imports applying for survey products

1.2.1 Apparent changes in domestic consumption of similar products

Changes in apparent domestic consumption of similar products

Number of units: Tons of

During the period	Total domestic sales nationwide	Total number of imports from China	China's Apparent Consumption	Magnitude of change
2019 in	40,550	31,498	72,048	
2020	28,855	27,974	56,829	21.12%

In 2021	31,478	37,526	69,004	21.43%
In 2022	29,006	28,160	57,166	17.16 percent
First half of 2022	14,166	11,023	25,189	-
First half of 2023	14,327	12,700	27,027	7.30%

Note to:(1) Apparent consumption = national total domestic sales of similar products + China's total import volume;The applicant tentatively analyzes and illustrates the demand for apparent fees;

(2) The total domestic sales volume of similar products in China can be found in Annex II:For the applicant's statement on the application for a trade rescue investigation into EU brandy, please refer to the total number of imports from China in Annex VI:Chinese brandy customs import and export data statistics.



China is the world's largest spirits market, of which brandy is in its infancy. Moreover, with the Chinese market more and more international and diversified, consumers for the pursuit of quality of life, the rise of young consumer groups, dealers for the pursuit of new categories, brandy to the masses and improve the market penetration trend is becoming more and more significant, these factors will be conducive to the growth of brandy in the Chinese market consumption growth, the Chinese market has great potential for development.

In the initial stage of development, compared to many countries (regions), the demand for Chinese brandy remains at a high level. From 2019 to 2022, domestic brandy demand was 72,048 tons, 56,829 tons, 69,004 tons and 57,166 tons, respectively. During this period, although the demand for brandy fluctuated, with a 21.12% decrease from 2019 in 2020, an increase of 21.43% in 2021, and 17.16% less in 2022 than 2021, but the market outlook is still good, with demand returning to 27,027 tonnes in the first half of 2023, an increase of 7.30% over the first half of 2022. Moreover, as the economy gradually picks up and the consumption power continues to increase, the demand for

brandy will further increase.

1.2.2 Changes in market share of applications for survey products

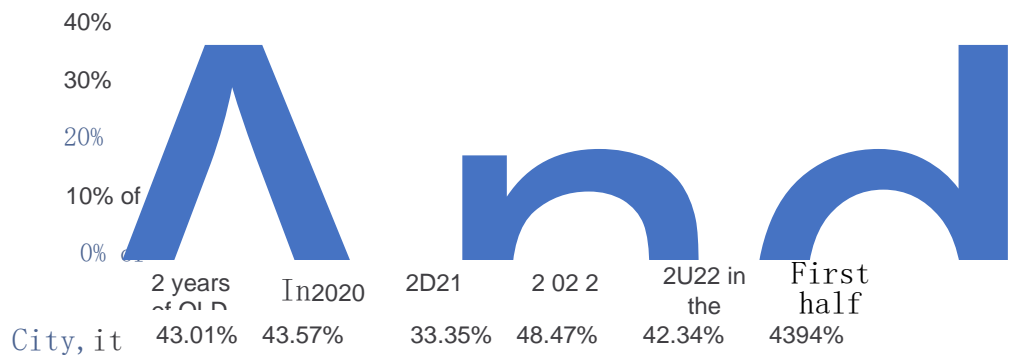
Changes in China's market share of applications for survey products

Number of units:Tons of

During the period	Number of imported products applied	Chinese Brandy Demand	Application for survey product	Increase and decrease.
2019 in	30,985	72,048	43.01%	-
2020	27,601	56,829	48.57%	Increase by 5.56 percentage points
In 2021	36,813	69,004	53.35%	Increase by 4.78 percentage points
In 2022	27,706	57,166	48.47%	Decrease of 4.88 percentage points
First half of 2022	10,790	25,189	42.84%	
First half of 2023	12,416	27,027	45.94%	Increase by 3.10 percentage points

Note to:Application survey product market share = number of survey products imported / Chinese brandy demand.

EU application for change in market share of products



Due to its huge development potential, the emerging Chinese market is very attractive to EU manufacturers. Through the dumping strategy, the EU's application for survey products to account for China's market share overall trend is on the rise.

Between 2019 and 2022, the market share of EU applications for survey products was 43.01%, 48.57%, 53.35% and 48.47%, respectively, up 5.56 percentage points and 4.78 percentage points in 2020 and 2021, respectively, and 2022, although 4.88 percentage points lower than 2021, it is still 5.46 percentage points higher than in 2019. In the first half of 2023, its market share was 45.94%, up 3.10 percentage points from the same period in 2022.

Given that about 98% of China's brandy imports come from the EU, imports from other countries are almost negligible, the EU application survey product market

share rise means that the EU application survey products are constantly squeezing the market share of the domestic industry, the impact and threat of the domestic industry is increasing.

1.2.3 Changes in the amount of imports applied for survey products relative to the total domestic production of similar products

Table of changes in the total domestic production of similar products applied for survey products

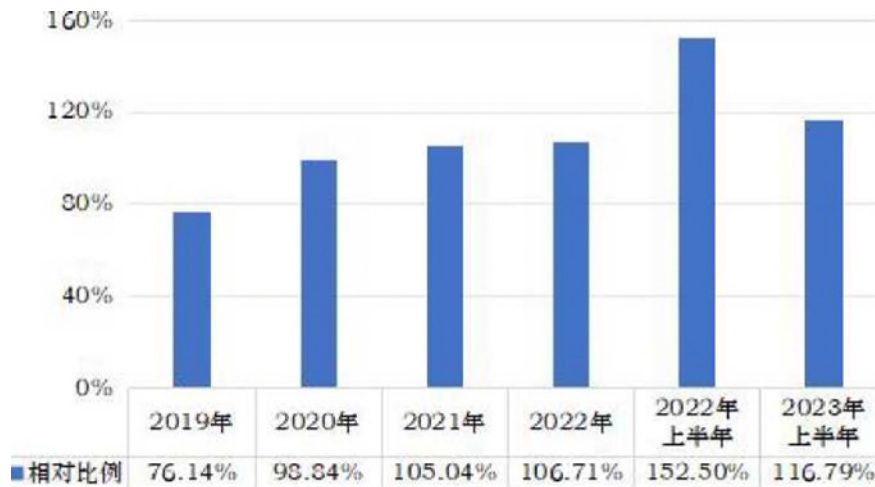
Number of units:Tons of

During the period	Number of imported products applied	Total domestic production of	Application survey products as a proportion	Increase and decrease.
2019 in	30,985	40,692	76.14%	-
2020	27,601	27,925	98.84%	Increase by 22.70 percentage points.
In 2021	36,813	35,047	105.04%	Increase by 6.20 percentage points.
In 2022	27,706	25,965	106.71%	Increase by 1.67 percentage points.
First half of 2022	10,790	7,076	152.50%	-
First half of 2023	12,416	10,631	116.79%	Decrease of 35.71 percentage points.

Note to: The proportion of application survey products as a proportion of total domestic production of similar products = the number of imported products applied for investigation / total domestic production of similar products.

Prior to the total national output of the import dispersal of the application for redeployed products

Figure of change in proportion



During the application survey period, in addition to the increase in market share, the proportion of application survey products relative to the total output of similar products in China has also increased significantly. From 2019 to 2022 and the first half of 2023, this proportion was 76.14%, 98.84%, 105.04%, 106.71% and 116.79%, respectively, and a significant increase of 40.65 percentage points in the first half of 2023 compared to 2019.

The above facts further show that in the Chinese market, the actual supply capacity of the application for investigation products has exceeded the total domestic production of similar products, relative to the domestic similar products, the supply capacity and market influence of the application for investigation products are constantly improving, and the impact and threat to the domestic industry is increasing.

1.3 Summary of

Based on the above analysis and explanation, the applicant believes that the Chinese market with huge demand potential for EU manufacturers has great attractiveness, although the number of imports during the investigation period has fluctuated, but always maintained at a high level, accounting for the Chinese market share and relative to the total domestic production of similar products is also generally on the upward trend, its supply capacity and market influence in the Chinese market is constantly improving, has posed a shock and threat to the domestic industry, and squeezed some of the domestic industrial market share.

Moreover, as the market demand gradually resumes growth and consumer spending power increases, the absolute import volume of products applied for survey products is increasing significantly in the quarters of 2022 and 2023. These facts take one step further and suggest that there is a great possibility of further substantial increase in the number of imports of products applied for investigation, and for further analysis and explanation, see the corresponding section of the "threat of damage" below.

Application to investigate the impact of products on domestic prices of similar products

2.1 Changes in import prices of products applied for investigation

Changes in import prices of products applied for investigation

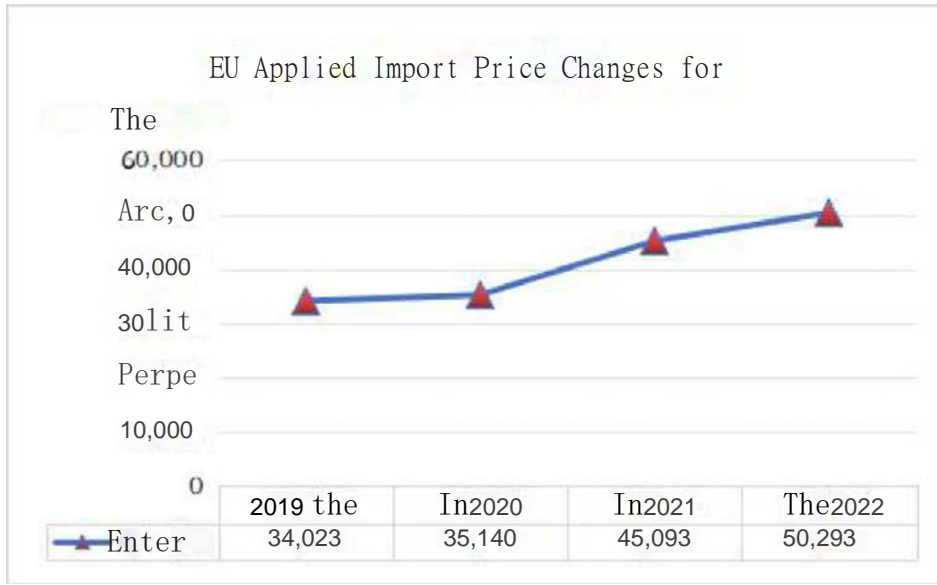
The Unit: Tons, United States dollars, United States dollars/tonnes

During the period	Number of imports	Amount of imports	Prices of imports	Magnitude of price change
2019 in	30,985	1,054,185,823	34,023	-
2020	27,601	969,890,367	35,140	3.28%

In 2021	36,813	1,660,001,945	45,093	28.33%
In 2022	27,706	1,393,412,562	50,293	11.53%
First half of 2022	10,790	485,115,182	44,959	-
First half of 2023	12,416	637,931,716	51,382	14.29%

Note to:(1) The data sources in the table above can be found in Annex VI:Chinese brandy customs import and export data statistics

(2) Import price = import amount/import quantity.



During the application investigation period, the import price of the products applied for investigation showed an upward trend. From 2019 to 2022, import prices were \$34,023/ton, \$35,140/ton, \$45,093/ton and \$50,293/ton, respectively. 2020 is up 3.28% from 2019, 28.33% higher in 2021 than in 2020 and 11.53 percent higher in 2022 than in 2021.

Quarterly import price changes for products applied for investigation since 2023

The Unit: Tons, United States dollars, United States dollars/tonnes

During the period	Number of imports	Amount of imports	Prices of imports	Magnitude of price change
4th Quarter 2022	9,163	533,503,017	58,221	-
1st quarter of 2023	4,605	242,429,376	52,644	9.58%
2nd quarter of 2023	7,810	395,502,340	50,637	3.81%

Note to: (1) The data sources in the table above can be found in Annex VI: Chinese brandy customs import and export data statistics

(2) Import price = import amount/import quantity.



In the first half of 2023, the import price of the products applied for investigation was \$51,382/tonne, up 14.29% from the first half of 2022. However, quarter-on-quarter, import prices have shown a significant downward trend, of which the first quarter of 2023 fell 19.58% from the fourth quarter of 2022, and the second quarter of 2023 fell 13.81 percent from the 1st quarter of 2023, a cumulative decline of 13.03% from the 4th quarter of 2022. Moreover, as mentioned above, there is a significant dumping of the products applied for investigation to China, with a preliminary estimated dumping margin of 15.88%.

2.2 Apply to investigate the market competition analysis of products and similar domestic products

The applicant believes that there is a direct competitive relationship between the application survey product and the domestic similar products in the domestic market, which is mainly manifested in:

First, as mentioned above, the application survey products have the same or similarity to the basic physiochemical characteristics of domestic similar products, in the main physiochemical indicators (e.g. alcohol, total amount of non-alcoholic volatiles, total acids, high-grade alcohols, luminosity, copper content, etc.) and sensory requirements (such as appearance, color, aroma, taste, etc.) are not substantively different, so they can be replaced with each other in the Chinese market.

Second, the application for investigation products and similar products in the domestic industry to sell in the Chinese market at the same time, are sold in the Chinese market through direct sales, dealer sales or online sales, etc., indicating the existence of competition between the two products objective articles and platforms.

Third, for downstream consumer groups, stores, supermarkets, specialty stores, restaurants, entertainment and other sales channels provide both domestic brandy, but also provide application survey products, used to meet the consumer demand of downstream customers, downstream consumer groups can choose to buy application survey products, but also choose to buy domestic similar products. At the same time, the main sales area of the two products is the same, with Guangdong, Fujian, Zhejiang, Jiangsu, Shanghai, Shandong and other coastal provinces as the main radiant, of which Guangdong City is the most important sales area of the two. Therefore, the application for investigation products has a direct competitive relationship with similar domestic products in the domestic market.

Fourth, there is no substantial difference in the quality of the application to investigate products and similar products, the image of the same or similar quality products, production process, drinking scene, target population, product price highly overlap, there is a direct competition relationship. On the one hand, in the high-end market, several French brandy brands (such as head horses, Martell, Hennessy, etc.) basically formed a monopoly, but as the domestic industry continues to work hard to produce and promote brandy products in this field, the EU application for survey products and domestic similar products competition is intensifying. On the other hand, in the low-end market, EU manufacturers are also constantly working and penetrating, its geographical expansion has gradually sunk from the original first, second, third-tier cities to the four and four lines of cities, and the competition with the domestic industry is also intensifying. For the same or similar quality grade of products, price for the choice of consumers plays an important role, product low price, price reduction will lead consumers to choose the EU application survey products with brand awareness advantages, will cause greater impact and threat to the domestic industry, and in turn will exacerbate the competition between the two products.

Therefore, the applicant believes that there is a direct competition between the products applied for investigation and domestic similar products in the Chinese market. In the case of the two products belong to the same kind of products and can be replaced with each other, and the price of the product has an important impact on the downstream user's purchasing choice, the change in the import price of the application to investigate the product will have an impact on the domestic sales price of similar products.

2.3 Low prices caused by application survey products on similar domestic products

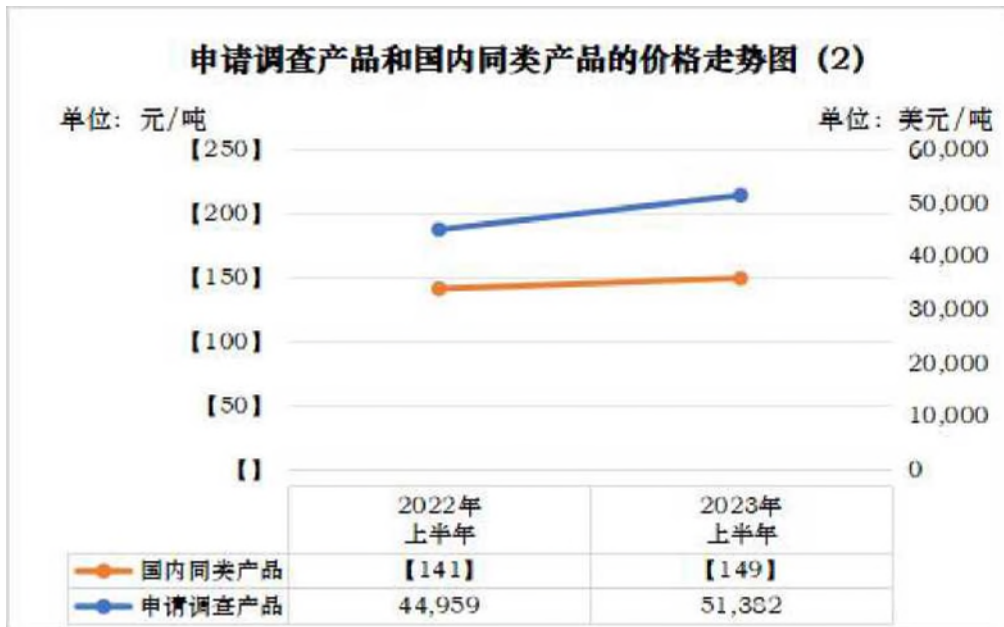
Price comparison between application survey products and similar domestic products

During the period	Application for investigation products		Domestic similar products	
	Prices of imports (USD/tonne)	It's a change. Range of	Internal price (dollars/tonne)	It's a change. Range of
2019 in	34,023		(The 100)	
2020	35,140	3.28%	[116]	15.75%
In 2021	45,093	28.33%	(126)	8.83%
In 2022	50,293	11.53%	(132)	4.76%
First half of 2022	44,959	-	[141]	
First half of 2023	51,382	14.29%	(149)	5.86%

Note to:(1) The import price of the products applied for investigation is derived from "Annex VI:Chinese brandy customs import and export data statistics";

(2) Domestic prices of similar products originate from "Annex 10:Financial data and statements of the company.

[The domestic sales price of similar products in the above table is derived from the applicant's member unit Zhang Yu Corporation, involving trade secrets, disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after which the period is calculated by multiplying the actual data ratio for 2019 from the first period by the index for 2019. The following charts or textual descriptions of trends are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.



During the application survey period, the prices of application survey products and similar domestic products have continued to rise. In the first half of 2023 compared to 2019, the import price of the products applied for survey increased by 51.02%, and the domestic domestic prices of similar products increased by 49.34%. The same price trend indicates that the price between the application survey product and the domestic similar product is related.

In the context of the product price trend is relevant, the price increase and fall of the application to investigate the product will have an impact on the price

of similar products in the country. In particular, EU manufacturers have the right of price discourse in the Chinese market, the domestic industry can only accompany the city, prices follow. Once the application to investigate the product price reduction behavior, domestic similar products will also be forced to reduce prices to participate in competition.

Application to investigate the price changes of products and similar domestic products since 2023

During the period	Application for investigation	Similar products in the domestic industry		
	Import price (USD/tonne)	VS (dollars/tonnes)	VO (dollars/tonnes)	VSOP (dollar / ton)
4th Quarter 2022	58,221	(The 100)	(The 100)	(The 100)
1st quarter of 2023	52,644	(The 120)	(126)	[111]
2nd quarter of 2023	50,637	[116]	And 99	(The 110)
1st quarter of 2023 4th Quarter 2022	9.58%	20.09%	25.78%	11.23%
2nd quarter of 2023 1st quarter of 2023	3.81%	3.71%	-20.99%	1.45%

Note to: The source of price data for application survey products and similar products in the domestic industry is the same.

[The domestic price of similar product specification products in the table above comes from the applicant member unit Zhang Yu company, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, after which the period is calculated by multiplying the actual data from the first period by the index for the first period. The text below indicates that the same number of references is also replaced by tabular indices. Oh, yeah. - Yeah.

In fact, as mentioned above, the quarterly average import price of products applied by the EU has continued to decline sequentially since 2023, down 9.58 percent in the first quarter of 2023 from the fourth quarter of 2022, and a further 3.81 percent decline in the second quarter of 2023 from the 1st quarter of 2023. Due to the EU application for survey products to take the lead in price reduction and price reduction, leading to three different quality grades of similar products in the

domestic industry began to reduce prices in the second quarter of 2023, compared to the first quarter of 2023, VS products price reduction of 3.71%, VO products price reduction 20.99%, VSOP products price reduction of 1.45%.

In other words, since 2023, with the increase in the number of imports of products applied for investigation and the further increase of market share, the price reduction of the products applied for investigation is adversely affecting the sales price trend of similar products in China, and is driving down the sales price of similar products in China.

2.4 Application to investigate the price reductions caused by similar domestic products

Comparison of the price of the same or similar quality level of application survey products and domestic similar products

The Unit:Dollar and bottle.

Grade (alcohol age)	Application for investigation products	Domestic similar products (Lang Yukoya)
VS (2 years)	\$130-150 (700ML)	128 bucks. (700ML)
VO (3 years)	\$200-320 (700ML)	It's \$18. (700ML)
VSOP (3-6 years)	\$350-660 (700ML)	\$438. (700ML)
XO (6-10 years)	\$899-2000 (700ML)	\$1688. (700ML)
XXO (over 14 years)	\$2370-3480 (700ML)	\$2,688. (650ML)

Note to:(1) The sales price of the application for investigation products comes from Hennessy, head horse, Martell, Hua poetry and other brands, for Beijing.

East, Taobao and TikTok Online official flagship store quotations in October 2023. At the same time, it needs to be explained that online quotes may change due to various promotional activities, the overall price will decrease or increase the giveaway, the offline dealer's actual offer is usually slightly lower than the online offer;

(2) Given that the application for investigation products in the Chinese market is mainly mid-to-high-end products, in order to ensure that the price of the product is comparable as much as possible, the quotation of similar domestic products is also mainly mid-to-high-end products (Lang Yukoya series products).

According to the market situation held by the applicant, the same or similar quality level of application survey products and domestic similar products production process, drinking scene, target population have the same or similar characteristics, these competitive conditions encourage the same or similar quality and other products can be replaced with each other. Moreover, the application for investigation products and similar domestic products are sold in physical stores and e-commerce flats at the same time, and the market price is very transparent. Preliminary evidence shows that, as shown in the above table, the price range of the same or similar quality level of application survey products and domestic similar products is highly coincided with each other, indicating that the application survey products and domestic similar products have a direct price competition relationship in the Chinese market.

In the Chinese market, compared to domestic similar products, EU application

survey products have obvious brand advantages, scale advantage and competitive advantage. Usually, consumers' perception is that the sales price of the application survey products should be higher than the sales price of similar domestic products, that is, the application to investigate products relative to the domestic similar products should be sold at a premium. However, there is a high and low price between products, which also reflects to some extent that some applications for investigation products are causing price cuts to similar domestic products. Moreover, with the application to investigate the product price sales, the price reduction situation will occur more, the application survey product for the domestic price competitive advantage of similar products will be further increased, consumers will apply for survey product price reduction for more choice of brand advantage, price advantage application survey products.

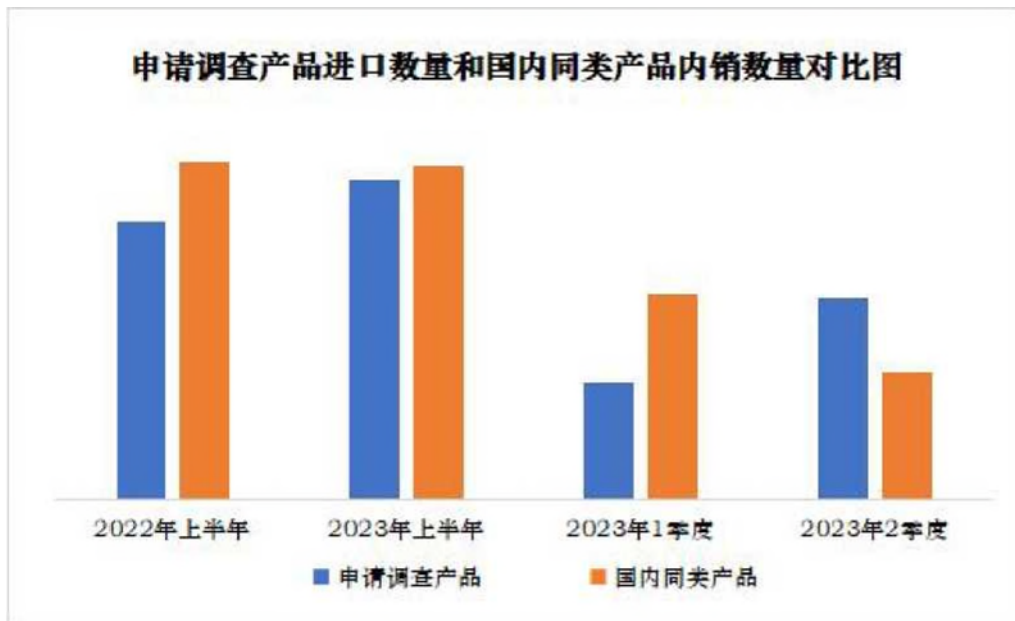
Comparison of the number of imported products applied for investigation in 2023 and the number of sales of similar products in China

Number of units:Tons of

During the period	Number of imported products applied for	Magnitude of change year-on-year	Internal sales of similar products in	Magnitude of change year-on-year
First half of 2022	10,790	-	[34]	-
First half of 2023	12,416	15.06%	[33]	1.19 percent
1st quarter of 2023	4,605	-	[21]	-
2nd quarter of 2023	7,810	69.61%	[13]	(38.11%)

Note to:For the source of the number of imported products applied for the survey, please refer to Annex VI.The amount of domestic industry’s similar products comes from Zhang Yu Corporation, please see Annex X.

[The number of domestic industry similar products in the above table comes from the applicant's membership unit Zhang Yu Corporation, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index.The index for the first period 2019 is set at 100, after which the periods are calculated by the actual data ratio compared to the initial period 2019 multiplied by the index for the first period.The following text states that if the same data are involved, it is also replaced by tabular indexes.Oh, yeah. - Yeah.



Because of this, the number of imports applying for survey products has continued to grow significantly since 2023, with a sharp increase of 15.06% in the first half of 2023, and 69.61% in the second quarter of 2023. In contrast, in the favorable market environment where domestic demand grew 7.30% year-on-year in the first half of 2023, domestic sales of similar products in the domestic industry decreased by 1.19%, while the second quarter of 2023 was significantly reduced by 38.11%. The stark reverse change relationship further shows that EU manufacturers are a large number of dumping applications to the Chinese market through price reduction and price cutting strategy, and squeezing the market share of the domestic industry. Moreover, as discussed below, due to the significant reduction in the number of domestic sales, the domestic production industry is clearly unable to reasonably share the associated tax additions and the costs of the period, resulting in a continuous decline in the unit profit of the product.

2.5 Application for investigation products caused by price suppression of similar domestic products

Comparison of prices and costs of similar products in the domestic industry in 2023

The Unit: Dollars / ton

During the period	The Inside Price	Cost per unit	Difference in price	Magnitude of change year-on-year
1st quarter of 2023	(147)	(138)	[173]	-
2nd quarter of 2023	[153]	[190]	[50]	71.08%

Note to: For the above data from Zhang Yu, please refer to Annex X. The unit cost is the unit cost of sales plus the share of unit taxes and for additional and temporal costs, the price difference is equal to the internal price minus unit cost.

[The domestic prices and costs of similar products in the domestic industry are derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period of the data set for 2019 is 100, and the subsequent periods are calculated by the actual data ratio compared to the initial period 2019 multiplied by the index for the first period. The text below indicates that if the same data are involved, it is also replaced by tabular indices. Oh, yeah. - Yeah.

Since 2023, in the favorable market environment of domestic demand growth, the domestic industry should have gained greater market space and greater economies of scale. However, under the role of lower prices and price reductions in the domestic industry a number of different quality grades of similar products were forced to sell, even then the market share was still crowded, the reduction in the amount of internal sales led to the domestic industry's inability to reasonably share the tax extra and period expenses, resulting in a sharp rise in unit costs, a sharp increase in the second quarter of 2023 by 37.69%, and ultimately led to a sharp reduction in the difference between internal selling prices and unit costs, from 1 quarter to 173 yuan/ tonned down to 1.0 tons in 2 quarters.

It can be seen that the price reduction of the products applied for investigation not only caused low prices and price reductions for similar products in the domestic industry, but also caused serious price suppression of similar products in the domestic industry.

2.6 It's a knot.

Based on the above analysis and explanation, the applicant believes that since 2023, the price reduction of the products applied for investigation has caused price pressure, price reduction and price suppression on similar products in the domestic industry.

Moreover, the applicant believes that the intention of EU manufacturers to further seize the Chinese market is very clear, its sales area has been gradually covered by the first, second, third-tier cities to the cities below the fourth and fourth lines, in the future, whether it is the high-end market, or the low-end market, the competition with the domestic industry will continue to intensify. Because product prices are the most important means of grabbing market share, EU manufacturers are likely to continue to suppress the domestic industry through price reduction means, which will further reduce prices, reduce and suppress the domestic similar products. For an analysis of the substantial impact that the application for investigation of imported products will have on the price of similar products in the country, see the corresponding section of the "threat of damage" below.

3, the application to investigate the impact of products on the relevant economic indicators or factors of the domestic industry

According to the law, when analyzing the impact of the application to investigate the relevant economic factors and indicators of the domestic industry, the principal shall include a comprehensive assessment of all relevant economic factors and indicators of the domestic industrial situation, including actual or potential changes, such as indicators and factors such as production, sales, market share, profits, investment efficiency, capacity utilization, prices, employment, wages, capital raising or investment capacity.

During the application survey period, the proportion of similar products produced by the applicant's member unit Zhang Yu Company accounted for more than 90% of the country's total production. Therefore, the production and financial data of similar products of Zhang Yu company can reasonably reflect the development of the domestic brandy industry. In the analysis of the application to investigate the impact of the relevant economic factors and indicators of similar products in China, the economic factors and indicators of the domestic industry, in addition to the special description, are from Zhang Yu company.

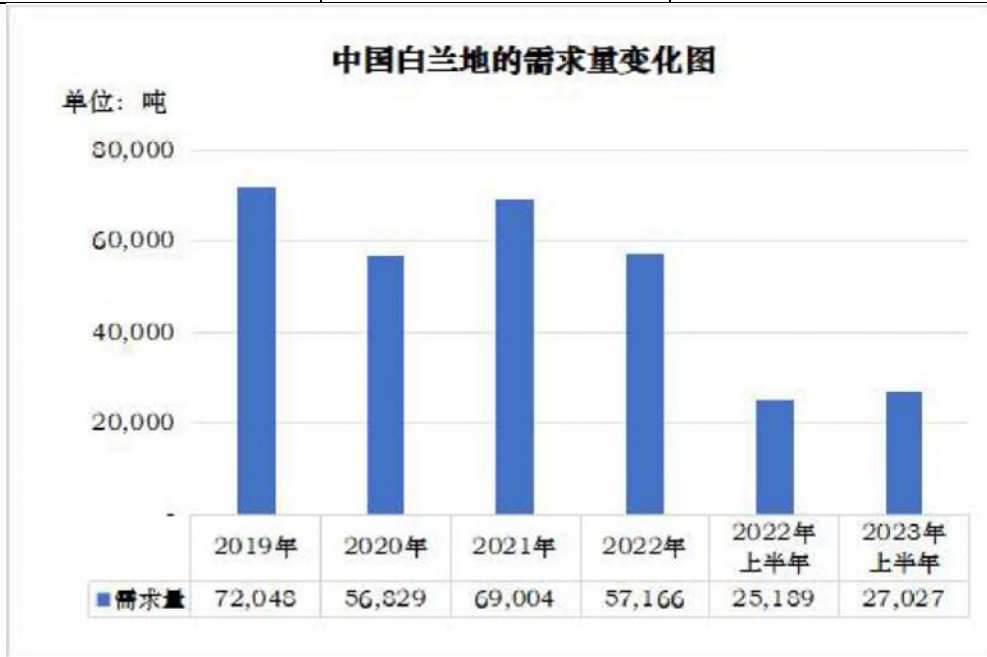
The applicant provisionally uses the period from January 1, 2019 to June 30, 2023 for the investigation period of industrial damage in this case, and has assessed the trends in economic indicators and factors such as capacity, production, capacity utilization, sales volume, market share, end-of-season inventory, sales income, price, profit, investment yield, cash flow, wages and employment, labor productivity and other economic indicators and factors during this period. Through this analysis and evaluation, the applicant believes that the dumping of the products applied for investigation has caused a threat of material damage to the domestic industry, and the specific analysis is as follows:

3.1 Changes in domestic demand for similar products

Changes in demand for similar domestic products

Number of units: Tons of

During the period	China's Demand	Magnitude of change
2019 in	72,048	
2020	56,829	21.12%
In 2021	69,004	21.43%
In 2022	57,166	17.16 percent
First half of 2022	25,189	-
First half of 2023	27,027	7.30%



China is the world's largest spirits market, of which brandy is in its infancy. Moreover, with the Chinese market more and more international and diversified, consumers for the pursuit of quality of life, the rise of young consumer groups, dealers for the pursuit of new categories, brandy to the masses and improve the market penetration trend is becoming more and more significant, these factors will be conducive to the growth of brandy in the Chinese market consumption growth, the Chinese market has great potential for development.

In the initial stage of development, compared to many countries (regions), the demand for Chinese brandy remains at a high level. From 2019 to 2022, domestic brandy demand was 72,048 tons, 56,829 tons, 69,004 tons and 57,166 tons, respectively. During this period, although the demand for brandy fluctuated, with a 21.12% decrease from 2019 in 2020, an increase of 21.43% in 2021, and 17.16% less in 2022 than 2021, but the market outlook is still good, with demand returning to

27,027tonnesin the first half of2023, an increase of7.30%over the first half of2022. Moreover, as the economy gradually picks up and the consumption power continues to increase, the demand for brandy will further increase.

Due to its huge development potential, the emerging Chinese market is very attractive to EU manufacturers. Through dumping, the EU has applied for investigation products to continuously squeeze the market share of the domestic industry. Since2023, in the case of a significant increase in market demand, adversely affected by the increase in the price of imported products applied for investigation, more economic indicators of the domestic industry have been deteriorating, sales volume, market share, end inventory, sales income, pre-tax profit, investment yield, cash flow and other negative performance to varying degrees. The dumping of products applied for investigation is causing greater impact and coercion on the domestic industry.

3.2 Changes in production capacity, production and start rate of similar products in the domestic industry

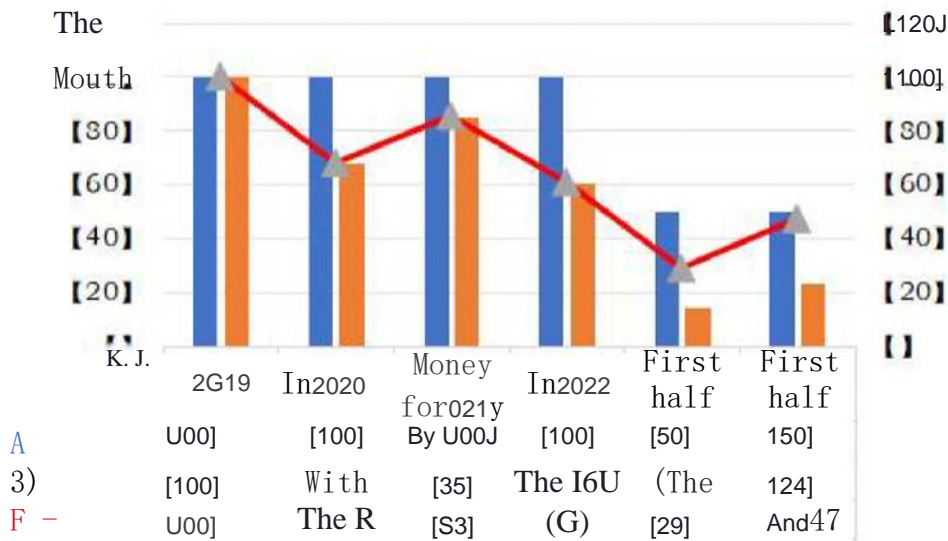
Changes in production capacity, output and start rate of similar products in the domestic industry

During the period	Actual production capacity	Production of	Rate of work	Increase and decrease the rate of work by a
2019 in	(The 100)	(The 100)	(The 100)	-
2020	(The 100)	And 68	And 68	Decreased by 32 percentage points.
In 2021	(The 100)	And 85	And 85	Increased by 18 percentage points.
In 2022	(The 100)	[61]	[61]	Decreased by 25 percentage points.
First half of 2022	[50]	[14]	[29]	-
First half of 2023	[50]	[24]	[47]	Increased by 18 percentage points.

Note to:(1) Data from "Annex 10:Financial data and statements of Zhang Yu Company";
 (2) Start rate = production / actual production capacity.

[The production capacity, output and start rate of similar products in the domestic industry are derived from the applicant member unit Zhang Yu Corporation, related and trade secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application is not listed again. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after which the period is calculated by multiplying the 2019 index by the actual data ratio for the first period. The following charts or textual descriptions of trends are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.

国内产业同类产品的生产变化图



During the application investigation period, the installation capacity of similar products in the domestic industry remained unchanged, and the annual

production capacity was[100].

In the same period, the starting rate of similar products in the domestic industry has generally declined and is at a low level. The start-up rate in 2020 is down [32] percentage points from 2019, rebounding [18] percentage points in 2021, down [25] percentage points from 2021 in 2022, and rebounded in the first half of 2023 compared to the first half of 2022 [18] percentage points. Overall, the start-up rate in the first half of 2023 was down [53] percentage points from 2019.

Correspondingly, the output of similar products in the domestic industry has generally decreased. Production decreased by 32.30% in 2020 compared to 2019, an increase of 26.01% in 2021, 28.81 percent less in 2022 than in 2021, and 39.27% less in 2022 than in 2019. Production increased 64.30% in the first half of 2023 compared to the first half of 2022, but given that the start rate is only [47] and is significantly lower than the start rate from 2019 to 2022, production growth has been significantly suppressed and overall is at a low level.

3.3 Changes in the number of domestic sales of similar products in the domestic industry

Changes in the number of domestic sales of similar products in the domestic industry

The Unit: Tons of

During the period	Number of internal sales	Magnitude of change
2019 in	(The 100)	-
2020	[71]	29.32%
In 2021	And 77	8.58%
In 2022	[70]	8.71%
First half of 2022	[34]	-
First half of 2023	[33]	1.19 percent

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The number of domestic industry similar products in the above table comes from the applicant's membership unit Zhang Yu Corporation, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated as compared to actual

data for the first period multiplied by the 2019 index. The following charts or texts on trends of change indicate that the same data are also replaced by table indices. Oh, yeah. - Yeah.



During the application survey period, the domestic sales volume of similar products in the domestic industry has generally decreased, with 29.32% less in 2020 than in 2019, an increase of 8.58% in 2021, 8.71% less in 2022 than in 2021, and 29.94% less in 2022 than in 2019, and 1.19 percent less in the first half of 2023 than in the first half of 2022.

And, as shown in the following chart data: In the first half of 2023, in the case of a 7.30% increase in demand from the previous year, due to the rapid increase in the number of imports of products applied for investigation, the number of domestic sales in the domestic industry could not be increased accordingly. In the first half of 2023, the number of imports of products applied for investigation increased significantly by 15.06%, while the number of sales of similar products in the domestic industry decreased by 1.19%. In the second quarter of 2023, compared with the first quarter of 2023, the number of imports of products applied for investigation increased by 69.61%, while the number of domestic industry products of the same kind decreased by 38.11%.

It can be seen that, affected by the decline in price increase of the volume of products applied for investigation, the domestic market quantity index of similar products in the domestic industry is suffering further impact.

Comparison of the number of imported products applied for investigation in 2023 and the number of sales of similar products in China

Number of units: Tons of

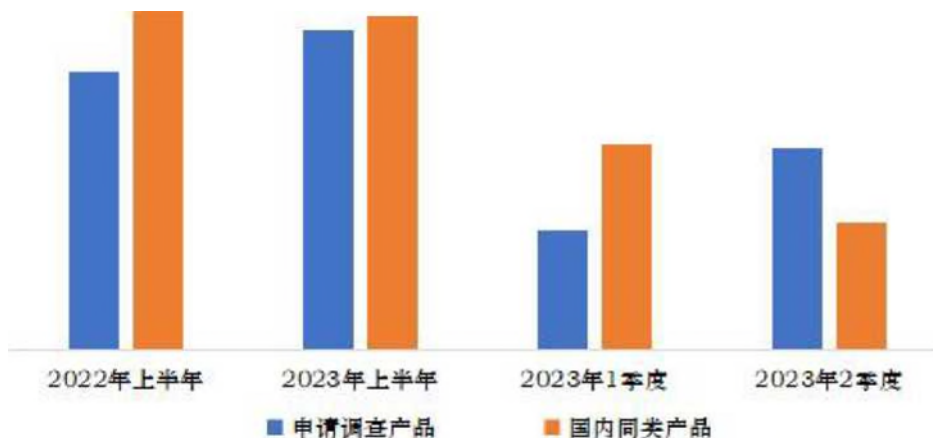
During the period	Number of imported products applied for	Magnitude of change year-on-year	Internal sales of similar products in	Magnitude of change year-on-year
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First half of 2022	10,790	-	[34]	-
First half of 2023	12,416	15.06%	[33]	1.19 percent
1st quarter of 2023	4,605	-	[21]	-
2nd quarter of 2023	7,810	69.61%	[13]	(38.11%)

Note to: For the source of the number of imported products applied for the survey, please refer to Annex VI. The amount of domestic industry's similar products comes from "Annex X: Financial data and statements of the company.

[The number of domestic industry similar products in the above table comes from the applicant's membership unit Zhang Yu Corporation, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. The following charts or texts on trends of change indicate that the same data are also replaced by table indices. Oh, yeah. - Yeah.

Comparison of the amount of import of the application for redeployed products and the domestic sales of similar products



3.4 Changes in market share of similar products in the domestic industry

Changes in market share of similar products in the domestic industry
Number of units: Tons of

During the period	Number of internal sales	Amount of demand	Market share	Share increase by percentage point
2019 in	(The 100)	72,048	(The 100)	-
2020	[71]	56,829	[90]	Decreased by 10 percentage points.
In 2021	And 77	69,004	(The 80)	Decreased by 9 percentage points.
In 2022	[70]	57,166	[88]	Increase by 8 percentage points.
First half of 2022	[34]	25,189	(97)	-
First half of 2023	[33]	27,027	And 89	Decreased by 8 percentage points.

Note to: Market share = internal sales volume/demand.

[The number and market share of the domestic industry similar products in the

above table are derived from the applicant member unit Zhang Yu Corporation, related and trade secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application is not listed again. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after which the period is calculated by multiplying the 2019 index by the actual data ratio for the

first period. The following charts or textual descriptions of trends are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.



During the application survey period, the domestic industry accounted for the overall decline in market share by the application survey period, down [10] percentage points from 2019 in 2020, down [9] percentage points from 2020, 2022 compared with 2021 rebound [8] percentage points.

In the first half of 2023, as mentioned above, in the case of significant growth in demand, because the domestic industry is crowded by imported products can not obtain more market opportunities, and the number of domestic sales has shown a decline trend, the decline in the market share of the domestic industry has not changed, the year-on-year 2022 decline [8] percentage points, compared with 2019 cumulative decline [11] percentage points.

3.5 Changes in end-of-life inventory of similar products in the domestic industry

Changes in end-end inventory of similar products in the domestic industry
Number of units: Tons of

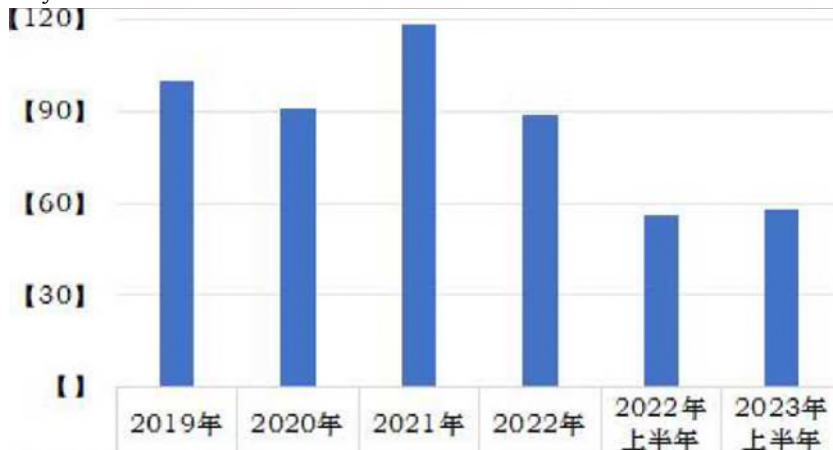
During the period	End of Period Stock	Magnitude of change	Proportion of production
2019 in	(The 100)	-	(The 100)
2020	[91]	9.32%	And 134
In 2021	118 of	30.34%	(139)

In 2022	And 89	(24.79%)	[146]
First half of 2022	[56]	-	(394)
First half of 2023	[58]	3.17%	[247]

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The proportion of end inventory and end inventory of similar products in the domestic industry in the above table is derived from the applicant's membership sheet Zhang Yu company, involving trade secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, after which the period is calculated by multiplying the actual data ratio from the initial period 2019 by the index for 2019. The following are trend charts or textual descriptions of changes that are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.

Chart of end-of-end inventory changes for similar products in the domestic industry



End of stock 11 And 91 By U131 [39] [5G] [53]

During the application investigation period, the final inventory of similar products in the domestic industry fluctuated. It is 9.32% less in 2020 than in 2019, an increase of 30.34% in 2021 and 24.79% less in 2022 than in 2021. In the first half of 2023, in the case of significant growth in the market, due to market share is crowded, the end-of-term inventory of similar products in the domestic industry increased by 3.17% compared to the first half of 2022.

In addition, the proportion of end inventory in production during the same period

has increased from [100] in 2019 to 2022 [146], and further increased to [247] in the first half of 2023, a cumulative increase of [147] percentage points.

3.6 Changes in domestic revenue of similar products

Changes in domestic revenue of similar products

The Unit:It's a dollar.

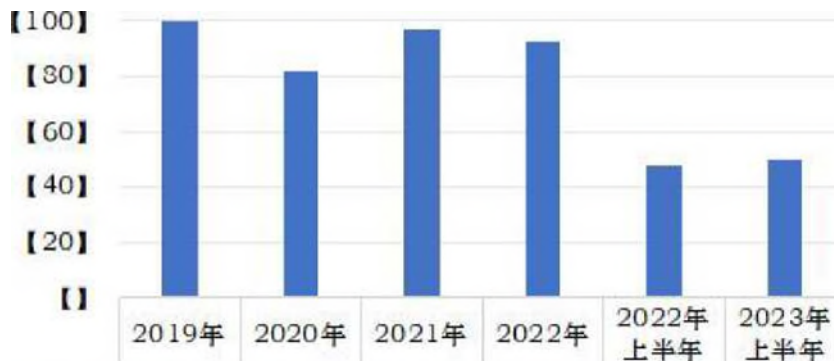
During the period	Internal Revenue	Magnitude of change
2019 in	(The 100)	
2020	And 82	-18.19%
In 2021	(97)	18.17%
In 2022	And 92	4.36%
First half of 2022	[48]	-
First half of 2023	[50]	4.60%

Note to:The data are derived from "Annex X:Financial data and statements of the company.

[The domesticsales income of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index.The index for the first period is set at100, and the subsequent periods are calculated ascomparedto actual data for the first period multiplied by the2019index.The following charts or texts on trends of change indicate that the same data are also replaced by table indices.Oh, yeah. - Yeah.

Changes in domestic revenue of similar products in the domestic industry

The20th.



Withinsales income11001 132] [9] And 192. (The Sun) 150of

During theapplication investigation period, adversely affected by the overall significant reduction in the number of sales, domestic sales revenue of similar products in the domestic industry generally showed a downward trend.Among

them: 18.19% less in 2020 than in 2019, an increase of 18.17% in 2021, 4.36 percent less in 2022 than in 2021 and 7.54% less in 2022 than 2019.

Changes in domestic revenue of similar products in 2023

The Unit:Tons and Dollars

During the period	Internal sales of similar products in	Magnitude of change year-on-year	Domestic Revenue of similar products	Magnitude of change year-on-year
1st quarter of 2023	[21]	-	[30]	
2nd quarter of 2023	[13]	(38.11%)	[20]	-35.43%

Note to:The amount and revenue of similar products in the domestic industry are derived from Zhang Yu Corporation, please refer to Annex X.

The domestic sales volume and domestic revenue of similar products in the domestic industry are derived from the applicant's membership unit Zhang Yu Corporation, related and trade secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application is not listed again. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after which the period is calculated by multiplying the 2019 index by the actual data ratio for the first period. The following charts or textual descriptions of trends are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.



And, as shown in the chart data above: In the first half of 2023, the domestic sales revenue of similar products in the domestic industry increased by 4.60% year-on-year, but if the quarter by quarter, due to the volume of domestic sales in these second quarters significantly decreased 38.11% from the first quarter, resulting in a corresponding sharp decrease of 35.43%.

It can be seen that, affected by the price increase in the volume of products applied for investigation, the domestic sales revenue growth of similar products in the domestic industry has been clearly suppressed and is suffering further impact.

3.7 Changes in pre-tax profits of similar products in domestic industries

Changes in pre-tax profits of similar products in domestic industries

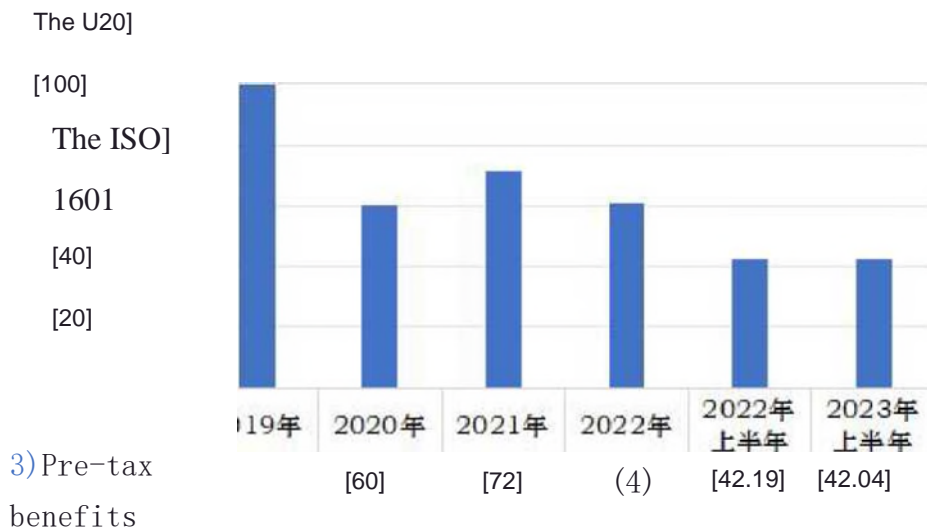
The Unit:It's a dollar.

During the period	Pre-tax profits	Magnitude of change
2019 in	(The 100)	
2020	[60]	39.52%
In 2021	(72)	18.22%
In 2022	[61]	14.83%
First half of 2022	(42.19)	-
First half of 2023	(42.04)	0.35%

Note to:The data are derived from "Annex X:Financial data and statements of the company.

[The pre-tax profit of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. The following charts or texts on trends of change indicate that the same data are also replaced by table indices. Oh, yeah. - Yeah.

Chart of changes in pre-tax profit holes for similar products in domestic industries



During the application survey period, the overall pre-tax profit of similar products in the domestic industry showed a significant downward trend, down

39.52% from 2019 in 2020, an increase of 18.22% in 2021, 14.83 percent less than 2021 in 2022, 39.10% less in 2022 than in 2019, and a further decrease of 0.35% in the first half of 2023 compared to the first half of 2022.

And, as shown in the following chart data: In the first half of 2023, in the case of a 7.30% year-on-year increase in demand from the previous year, due to the rapid growth in the number of imports of products applied for investigation, resulting in a 1.19 per cent reduction in the number of domestic industry sales, and a corresponding reduction in pre-tax profit of 0.35%. In the second quarter of 2023, compared with the first quarter of 2023, the number of imports of products applied for investigation increased by 69.61%, the domestic sales of similar products in the domestic industry decreased by 38.11%, and the corresponding reduction in pre-tax profits by 82.10%.

It can be seen that, affected by the increase in price increase of products applied for investigation, the index of pre-tax profits of similar products in the domestic industry is suffering further impact.

Changes in pre-tax profits of similar products in 2023

The Unit: It's a dollar.

During the period	Pre-tax profits	Magnitude of change
First half of 2022	(42.19)	-
First half of 2023	(42.04)	0.35%
1st quarter of 2023	[36]	-
2nd quarter of 2023	[6]	82.10%

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The pre-tax profit of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. Oh, yeah. - Yeah.

3.8 Changes in the return on investment of similar products in the domestic industry

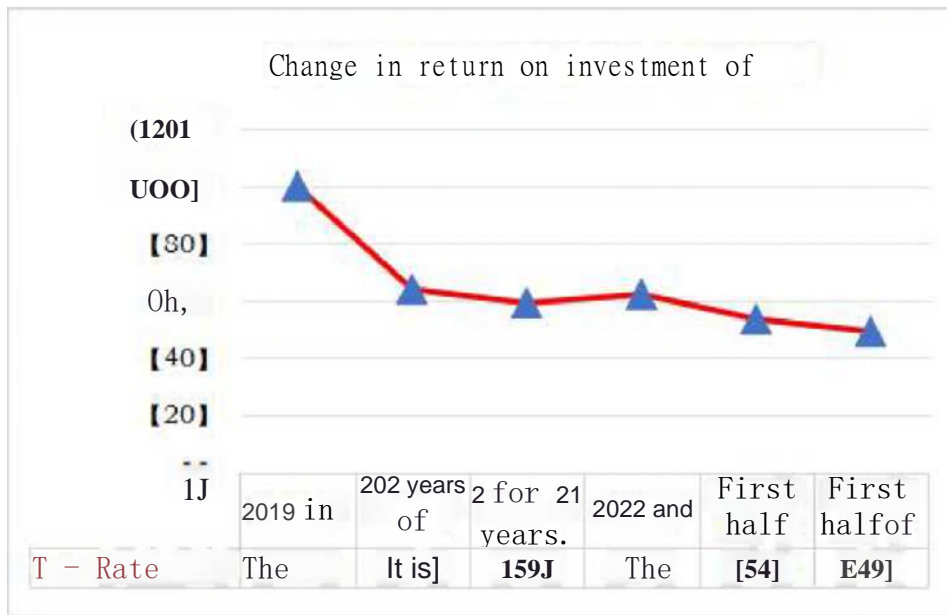
Changes in the return on investment of similar products in the domestic industry

Unit of amount: It's a dollar.

During the period	Total investment	Pre-tax profits	Rate of return on investment	Magnitude of change
2019 in	(The 100)	(The 100)	(The 100)	-
2020	And 95	[60]	And 64	Decreased by 36 percentage points
In 2021	(121)	(72)	[59]	Decreased by 5 percentage points
In 2022	[98]	[61]	[62]	Increase by 3 percentage points
First half of 2022	79 is	(42.19)	[54]	-
First half of 2023	[86]	(42.04)	[49]	Decreased by 4 percentage points.

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The total investment, pre-tax profit and return on investment of similar products in the domestic industry in the above table are derived from the applicant's membership unit Zhang Yu Corporation, involving trade secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, after which the period is calculated by multiplying the actual data ratio from the initial period 2019 by the index for 2019. The following are trend charts or textual descriptions of changes that are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.



Adversely affected by the overall sharp reduction in pre-tax profits, the return on investment of similar products in the domestic industry also showed a downward trend. Among them: 2020 is down [36] percentage points from 2019, down [5] percentage points in 2021 from 2020, rebounding in 2022 compared to 2021 [3] percentage points, and 2023 is down [38] percentage points from 2019. In the first half of 2023 compared to the first half of 2022, the return on investment fell further [4] percentage points.

3.9 Changes in net cash flows related to business activities for similar products in domestic industries

Changes in net cash flow of similar products in domestic industries

The Unit: It's a dollar.

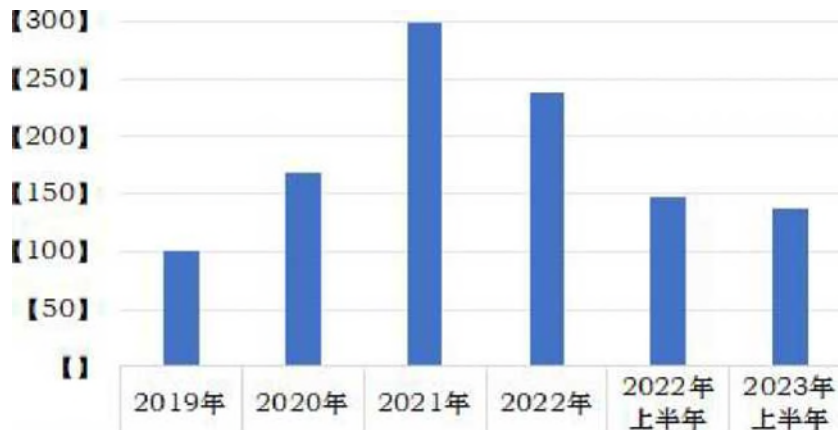
During the period	Net cash flow	Magnitude of change
2019 in	(The 100)	-
2020	[168]	68.26%

In 2021	(299)	77.83%
In 2022	(237)	-20.65%
First half of 2022	(147)	-
First half of 2023	(137)	7.06%

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The cash flow of similar products in the domestic industry in the above table comes from the applicant's membership unit Zhang Yu Corporation, involving trade secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated by multiplied by the index for 2019 compared with the actual data for the first period. The following charts or textual descriptions of trends are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.

Changes in cash flow of similar products in the domestic industry



Cashflow U00] [106] 12ggi [237]

1147] [137]

During the application survey period, the cash flow of similar products in the domestic industry showed a trend of increase and decline, including an increase of 68.26% over 2019 in 2020, 77.83% in 2021, and 20.65% less in 2022 than 2021. In the first half of 2023 compared to the first half of 2022, cash flow was further reduced by 7.06%.

3.10 Changes in wages and employment of similar products in domestic industries

Changes in gross wages, employment and per capita wages for similar products in the domestic industry

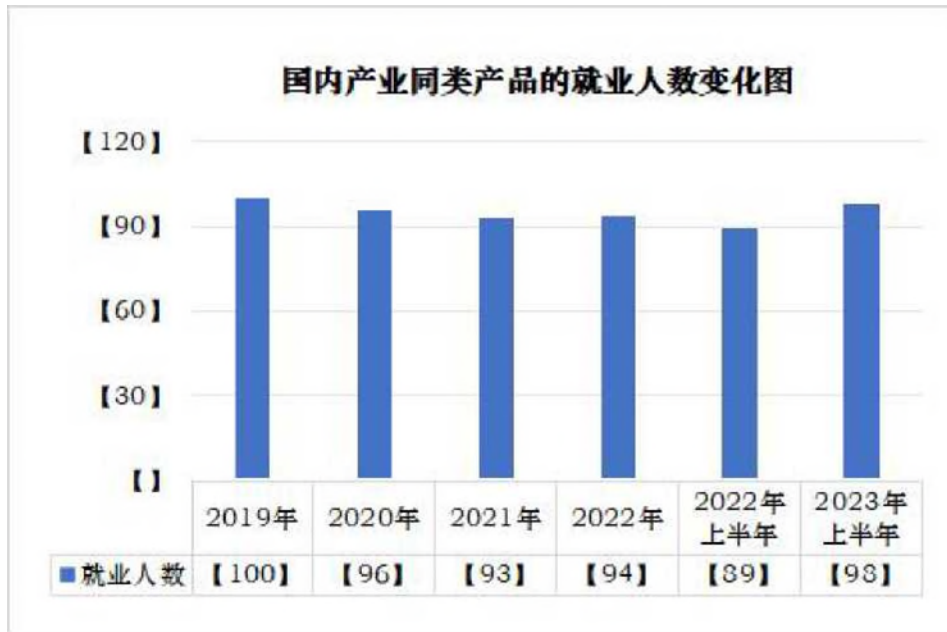
The Unit:The dollar;The people;The dollar/person.

During the period	Total salary	Number of employed	Magnitude of change	Salary per capita	Magnitude of change
2019 in	(The 100)	(The 100)		(The 100)	
2020	[71]	It's 96	4.46%	And 74	25.86%
In 2021	And 82	[93]	-2.80%	[88]	18.63%
In 2022	And 94	And 94	0.96%	(The 100)	13.93%
First half of 2022	[36]	And 89	-	[41]	-
First half of 2023	[48]	[98]	10.00 %	[49]	20.96%

Note to:(1) Data from "Annex 10:Zhang Yu Company's Financial Data and Statements

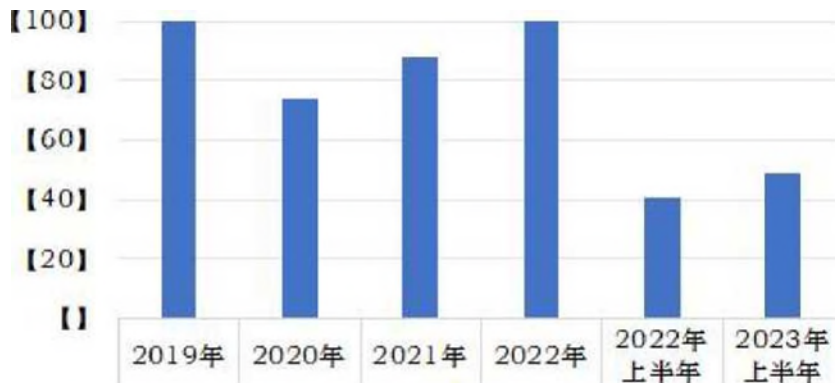
(2) The per capita wage = total wage / number of employed persons.

[The number of employment and wages of similar products in the domestic industry in the above table comes from the applicant member unit Zhang Yu Company, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after each period multiplied by the index for 2019 compared with the actual data for the first period. The following charts or texts on trends of change are also replaced by table indices if the same data are involved. Oh, yeah. - Yeah.



Changes in the per capita industrial competition of similar products in the domestic industry

The wo



Average salary of 1100 [174] [S3] 1100 [41] (The 49th)

During the application survey period, the number of employment of similar products in the domestic industry was relatively stable, but decreased. Among them: It is 4.46% less in 2020 than in 2019, 2.80% less in 2021 than in 2020, an increase of 0.96% in 2022 compared to 2021, and a 10% increase in the first half of 2023 compared to the first half of 2022. In the first half of 2023, employment decreased by 1.79% compared to 2019.

During the same period, the per capita wages of domestic industrial workers showed a trend of rising first. Among them: Per capita wages decreased 25.86% from 2019 in 2020, an increase of 18.63% in 2021, 13.93 percent in 2022 over 2021, 0.21% growth in 2022 over 2019 and 20.96% in the first half of 2023 compared to the first half of 2022.

Because the market share of similar products in the domestic industry is crowded out by the application survey products, the start rate is at a low level, and the number of sales is greatly reduced, and the cost increase caused by rising wages will not be reasonably shared, which will have an adverse impact on the company's pre-tax profit, investment yield and cash flow indicators.

3.11 Changes in labour productivity of similar products in domestic industries

Changes in labour productivity of similar products in domestic industries

The Unit: Tons/persons

During the period	Productivity of labour	Magnitude of change
2019 in	(The 100)	-
2020	And 105	4.67%
In 2021	(108)	2.88%
In 2022	(107)	0.95%
First half of 2022	[56]	-
First half of 2023	[51]	9.09%

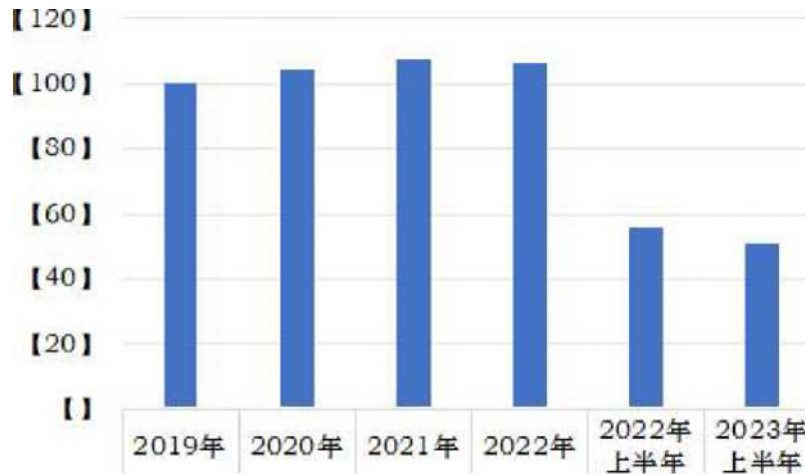
Note to: (1) Data from "Annex 10: Financial data and statements of Zhang Yu Company";

(2) Labour productivity = output/employment.

[The labor productivity of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the

subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. The following charts or texts on trends of change indicate that the same data are also replaced by table indices. Oh, yeah. - Yeah.

Changes in labour productivity of similar products in domestic industries



Productivity of 1100J U05J1107 15G 151]

During the application survey period, the labor productivity of the domestic industry generally showed an upward trend and declined in the later period. The increase in labour productivity is mainly due to a significant reduction in production, as employment is relatively stable. Among them: Labour productivity is 4.67% higher in 2020 than in 2019, 2.88% higher in 2021 and 0.95% in 2022 compared to 2021. Labour productivity increased by 6.67% in 2022 compared to 2019. In the first half of 2023 compared to the first half of 2022, labor productivity fell by 9.09%.

3 Summary of 12

Through the above analysis and description, it can be seen that: During the application survey period, a number of economic indicators of similar products in the domestic industry have shown different degrees of downward trend or adverse performance, specifically manifested in:

1, the start-up rate is at an extremely low level and the overall trend is showing a decline in the first half of 2023 compared to 2019 [53] percentage points;

2, total production overall downward trend, 2022 compared with 2019 decreased

39.27%, although the first half of 2023 rebounded, it is still at a low level;

3, the overall downward trend in the number of domestic sales, decreased by 29.94% in 2022 compared with 2019 and 1.19% in the first half of 2023 compared with the same period in 2022;

4, market share overall downward trend, the first half of 2023 compared with 2019 cumulative decline [11] percentage points;

5, the end of the period inventory is at a high level, the proportion of production in the same period continues to rise, from [100] in 2019 to the first half of 2023 [247], a cumulative increase of [147] percentage points;

6, the overall downward trend of domestic sales revenue, decreased by 7.54% in 2022 compared to 2019;

7, pre-tax profit overall showed a significant downward trend, down 39.10% from 2019 in 2022, and a further decrease of 0.35% in the first half of 2023 compared with the same period in 2022;

8, the overall downward trend of return on investment, 2022 compared with 2019 decreased [38] percentage points, 2023 in the first half of 2023 compared with the same period in 2022 further [4] percentage points;

Cash flow decreased by 20.65% in 2022 compared to 2021, and a further 7.06% reduction in the first half of 2023 compared with the same period in 2022;

The number of employed persons decreased by 1.79% in the first half of 2023 than in 2019.

Labor productivity declined 9.09% in the first half of 2023 compared to the first half of 2022.

Moreover, it can be seen through the above analysis and explanation that: The Chinese market with huge demand potential has always been very attractive to EU manufacturers, application for survey products from 2019 to 2022, although the overall number of imports is downward trend, but always maintained a large scale, since 2021,

the number of imports has exceeded China's total production of similar products since 2021, and to seize more market share, resulting in the domestic industry market share overall decline trend, application for survey products on the domestic industry impact and threat is constantly increasing.

In particular, in the first half of 2023, in the context of a 7.30% year-on-year increase in demand, good market conditions have not led to the domestic industry-related economic indicators, such as sales, sales income, pre-tax profits, etc., to achieve due growth. On the contrary, under the impact of the quarterly import "increasing price" of the application to investigate products, these should be positive indicators are further deteriorating, and other economic indicators, such as the start rate, output, end inventory, sales price, investment return, cash flow, etc., are also showing varying degrees of negative performance.

Overall, during the application survey period, the domestic industry has obvious vulnerabilities, poor production and financial performance, especially the negative performance of multiple economic indicators in the first half of 2023 and the obvious growth of market demand in the same period, and production and business conditions are deteriorating. The large number of low-priced dumping applied for investigation products has caused a certain impact and impact on the domestic industry, and is causing a threat of material damage to the domestic industry. If the application to investigate the further large number of low prices on the Chinese market, it will cause further impact and adverse effects on the domestic industry, and the domestic industry is very likely to suffer severe material damage.

(3) Substantive threat of damage

According to the relevant provisions of the Anti-Dumping Industry Damage Investigation Provisions, the threat of material damage means that the domestic industry has not yet produced material damage, but there is evidence that if no measures are taken will lead to material damage to the domestic industry is clearly foreseeable and imminent. In anti-dumping investigations, when determining the threat of material damage, the investigating authority shall examine the following factors:

- (1) the substantial growth rate of dumped imports indicating that imports are

likely to undergo substantial growth;

(2) The increase in the productive capacity of producers of dumped imports indicating a substantial increase in imports. In applying this indicator, consideration should be given to the existence of other export markets to absorb any additional exports;

(3) whether imported products are being imported at prices that will significantly reduce or inhibit the prices of similar domestic products, and will likely lead to an increase in demand for imported products;

(4) The inventory of the products under investigation.

In conjunction with the above legal provisions, the applicant's dumping of the products applied for investigation is causing substantial damage to the domestic industry. The problem of the threat is as follows:

1, with the support of the huge subsidies of the EU and Member States, the EU brandy industry will use these competitive advantages to step up the application to investigate the dumping of products to the Chinese market, which will cause further impact and impact on the domestic industry, already fragile domestic industry is facing a huge threat of material damage.

The EU is the world's largest brandy-producing region and the world's largest brandy export market. The reason why the EU brandy property industry is extremely competitive in the global market has an important relationship with the support and huge subsidies of the EU and its member states.

Grapes, grape juice, wine, grape slag, etc. can be used as raw materials for the production of brandy. For the wine sector, including products such as grapes, grape juice, wine, by-product distillation, etc., the EU has implemented a series of supportive measures through the formulation of a common agricultural policy, including Regulation 1307/2013, Regulation No. 1308/2013, Regulation 2021/2115, implemented jointly by the EU and Member States, which provides substantial subsidies to wine grape producers, wine producers, etc., which promotes the healthy development of the wine sector and enhances the competitiveness of the wine sector. These subsidy

projects include:

Basic Payment Scheme/Basic Income Support (2) GreenSubsidy (Greening)

(3) Crisis distillation (Crisis distillation)

(4) Marketing (Promotion)

Restructuring and Conversion of Vineyards

The Green Harvesting (Green Harvesting)

(7) Mutual Fund

(8) Harvesting Insurance

(9) Investment Subsidy (Investments)

(10) Innovation in the Wine Sector

(11) By-product distillation

Because the relevant products of the wine sector, including grapes, grape juice, wine, grape slag, etc., are raw materials for the production of brandy, the EU and Member States support the wine sector and huge subsidies, the market competitiveness of its brandy has played a very important supporting role, not only to ensure the stability of the raw materials supply, but also promote the brandy to hold the raw material cost advantage, the brandy industry has obtained a huge subsidy benefit. So far, the EU brandy industry in the global market has obvious production scale advantages, brand effect advantage, export competitive advantage, etc., in terms of price also has a very strong pricing power and initiative. This is also an important reason why the EU applied for investigation products to increase exports to the Chinese market and seize more market share.

According to the applicant's preliminary understanding, in the future, EU manufacturers will still benefit from the EU and Member States' further support and supplements, it is bound to use these competitive advantages to increase the dumping of application investigation products in the Chinese market, will have a further impact and impact on the domestic industry, already more vulnerable domestic industries are facing the threat of substantial damage.

The specific contents and benefits of these 11 subsidy projects can be found below.

1.1 Specification of subsidy projects

Basic Payment Scheme/Basic Income Support

The Fundamental Payment Scheme, the most important subsidy scheme under the EU Common Agricultural Policy 2015-2022, derives from the authorization of Chapter I of Section III of EU Regulation 1307/2013 (see Annex XI). The basic income subsidy is the final subsidy scheme of the EU's New Common Agricultural Policy from 2023 to 2027, which derives from the authorization of Title 2, Chapter 2, Section 2 of Regulation 2021/2115 (see Annex XII).

The basic income subsidy under the New Common Agricultural Policy is an alternative to the previous basic payment scheme, retaining and continuing many elements of the basic payment scheme, but in essence both provide direct financial supplements to eligible farmers through the EU budget to operate on the basis of the right to pay, amount equal to the farmer's agricultural land area. According to the data provided by the European Commission in the final review of the second countervailing period of potato starch in China, the average amount of subsidies per hectare in the EU in 2019 was 219.1 euros.¹ For historical reasons, there are differences in the subsidy standards of different member countries.

(2) Green Subsidy (Greening)

Green subsidies are another important subsidy scheme under the EU Common Agricultural Policy, and the basic payment plan is aimed at environmental protection, climate change, promote greening, in line with the public interest, maintain the long-term competitiveness of EU agriculture, and promote sustainable development. Subsidies for 2015-2022 are derived from the authorization of Chapter III of EU Regulation 1307/2013 (Annex XI) and from 2023 to 2027 from the authorization of Title 2 Chapter 2, Section 4 of Regulation 2021/2115 (see Annex XI).

According to the relevant provisions of Regulation No. 1307/2013, the budget for

¹The amount of subsidy data is derived from the questionnaire (public version) of the Government of the European Union submitted to the Ministry of Commerce in November 2022 to the Ministry of Commerce at the end of the review of the potato starch countervailing measures.

green subsidies accounts for approximately 30 per cent of the total direct payment budget, and the value of the right to pay is determined on the basis of 45 per cent of the right to pay under the base payment plan. Article 97 of Regulation 2021/2115 regulates the total amount of the budget, which in principle is not less than 25% of the total direct payment budget.

As with the basic payment plan/basic income subsidy, the implementation of green subsidy projects is also based on the right to pay. Farmers are eligible for funding under the project in full with the conditions of the ecological plan formulated by the Member States. For example, under Regulation 2021/2115, each ecological plan will contain at least two specific requirements for climate, environment and animal welfare: (1) Mitigating climate change, such as reducing greenhouse gas emissions from agricultural activities; (2) Adaptation to climate change, such as actions to provide food production systems and diversity of animals and plants; (3) Protect and improve water quality; (4) Prevent soil degradation, improve soil fertility, etc.; (5) Protecting ecological diversity; (6) Reduce the use of pesticides; (7) Improve animal welfare and take anti-antibiotic behaviors, etc.

Green subsidies are linked to the Basic Payment Scheme/Basic Income Subsidy, and the European Commission and Member States will review farmers' planting conditions, no green subsidies will be paid if conditions are not complied with, and the basic payment plan/basic income subsidy funding will no longer be paid. Accordingly, farmers who meet the conditions and receive green subsidies will also receive funding under a basic payment plan/basic income subsidy, and the two projects complement each other.

3) Crisis Distillation (Crisis Distillation)

Crisis distillation comes from the mandate of the introduction to EU Regulation 1308/2013, No. 182 (Annex XIII). In response to the post-transition crisis, member states can subsidize producers through crisis distillation to support their grape producers in order to alleviate the crisis of excess wine.

Crisis distillation is part of the EU's direct intervention in the wine sector under the Common Agricultural Policy and is part of a state-sponsored project. Funding under crisis distillation is 15% of the total budget paid directly by Member

States. Before the subsidy is paid, each Member State shall notify the European Commission and be approved.

According to information obtained through open channels (Annex XIV), in the 2023 season, the French government disclosed two rounds of crisis distillation subsidies, the total subsidy amount of up to 200 million euros to support domestic wine producers to alleviate the risk of excess wine. It is understood that excess wines are commonly used for the production of brandy and other distilled wines by distillation.

(4) Marketing (Promotion)

Marketing is committed to providing financial subsidies to the wine sector on two fronts, namely, informing consumers about ways of eliminating wines and systems of origin and geographical indications; It is about increasing the competitiveness of EU wine products in third-country markets. The subsidy for 2015–2022 is derived from the authorization provided for in Article 45 of Chapter II of Regulation No. 1308/2013 (Annex XIII) and from 2023 to 2027 from Chapter II, Title III of Regulation 2021/2115, section II, paragraph 1 (i-k) of Regulation 2021/2115 (Annex XII).

Receiving subsidies usually consists of 5 situations (1) public relations, promotional and advertising measures, in particular highlighting the quality, food safety and environmental advantages of EU products; (2) Participation in important international events, promotions and exhibitions; (3) Market information on competition, in particular on the origin, geographical indication and organic production of the EU system; (4) carry out research on new markets, if necessary, in order to expand market output; (5) Evaluation of information promotion and marketing through research. According to the regulations, the amount of the subsidy does not exceed 50% of the eligible funds for promotion activities.

5) Restructuring and Conversion of Vineyards

The EU subsidizes wine producers through projects for the reconstruction and transformation of wine gardens. Subsidies for the period 2015–2022 derive from the authorization under section IV, section 4, section 46 of Regulation No. 1308/2013 (Annex XIII), supplements from 2023 to 2027 are derived from the authorization under Article 58,

paragraph 1(a) of Title III, Chapter II, Section 4 of Regulation 2021/2115 (Annex XII).

Projects for the reconstruction and transformation of vineyards should aim to improve the sustainable development of production mechanisms and to meet the ecological needs of one or more of the following: Replacement of grape varieties, including grafting; Relocation of vineyards; Upgrading of vineyard management techniques. Normal (or old and new) renewal of vineyards cannot be subsidized. The subsidy is divided into two forms, one is compensation for loss of income, and the other is the cost of providing reconstruction or transformation.

The Green Harvesting (Green Harvesting)

The EU provides financial subsidies to the wine sector through green harvesting projects. Subsidies for the period 2015–2022 are derived from the authorization under Section 4 of Section 4 of Regulation No. 1308/2013 (Annex XIII) and from 2023 to 2027 are derived from the authorization provided in Article 58, paragraph 1(c) of Title III, Chapter II, Section 4 of Regulation 2021/2115 (Annex XII).

Green harvest refers to the destruction or extraction of grapes before the grapes are ripe, thereby reducing yields in a certain region, in order to restore the supply and demand balance in the wine market within the EU to avoid a market crisis. Damage or extraction of grapes requires cost and can result in loss of income, which the EU compensates for by subsidy, provided that the amount of subsidies must not exceed 50% of the sum of the two.

(7) Mutual Funds

The EU subsidizes the wine sector through mutual funds. Subsidies for 2015–2022 are derived from the authorization under section 4 of section 4 of Article 1308/2013 (Annex XIII) and from 2023 to 2027 are derived from the authorization under Article 58, paragraph 1(i) of Title III, Chapter II, Section 4 of Regulation 2021/2115 (Annex XII).

Mutual funds were established to provide financial support to producers in order to prevent market fluctuations and damage to producers. Support for the establishment of common funds could be provided in the form of temporary and diminishing assistance

to cover the administrative costs of the Fund.

(8) Harvest Insurance

The EU subsidizes the wine sector through the Harvest Insurance Program. Subsidies for the period 2015–2022 are derived from the authorization provided for in Article 49 of Chapter II, Section 4 of Regulation No. 1308/2013 (Annex XIII), and from 2023 to 2027 from the authorization of Article 58, paragraph 1(d) of Title III, Chapter 2 of Regulation 2021/2115 (Annex XII).

The harvest insurance subsidy is designed to ensure income stability for wine producers and to avoid crop failures due to natural disasters, severe weather and insects. If the damage is caused by severe weather and can be absorbed by natural disasters, the amount of the subsidy shall not exceed 80 per cent of the insurance premium, and if the damage is caused by severe weather or pest disasters, the subsidy shall not exceed 50% of the premium, and the subsidy shall be granted only if the insurance agency does not pay 100% of the loss of income suffered by the producer (as compared to other insurance items).

(9) Investment Subsidy (Investment)

The EU subsidizes the investment of wine producers. Subsidies for 2015–2022 are derived from the authorization under Section 4, Section 50, Chapter II of Article 1308/2013 (Annex XIII), and from 2023 to 2027 from Article 2021/2115 Title III, Chapter II, Section 2, Paragraph 1(b) (m) of Article III (Annex XII).

Investment projects are mainly aimed at processing equipment, infrastructure and market development for winemaking, whether it is investment in tangible assets or intangible assets. The investment should aim to improve the business situation of the enterprise and to adapt it to the needs of the market. At the same time, it should be related to the production and market development of wine products, including improved energy conservation, efficient global energy use and sustainable production processes.

Different investment projects apply different subsidy criteria. For example, the maximum subsidy rate for investment projects in fixed or intangible assets associated

with wine-growing systems usually ranges from 40 to 75 percent, while investment projects with sustainable wine production usually do not exceed 50% of the project's funding.

(10) Innovation in the Wine Sector

The EU subsidizes innovation projects in the wine sector. Subsidies for the period 2015–2022 are derived from the authorization provided for in Article 51 of Chapter II, Section 4 of Regulation No. 1308/2013 (Annex XIII), and from 2023 to 2027 from the authorization of Article 58, paragraph 1(e) of Title III, Chapter 2 of Regulation 2021/2115 (Annex XII).

The subsidies aim to enhance the market capacity and competitiveness of the EU wine sector, whether it is investment in tangible or intangible assets, including the development of new products, processes, technologies, and the transfer of intellectual property rights. According to Regulation 2021/2115, the maximum subsidy rates vary from 40 to 80 percent in different regions.

(11) by-product distillation

The EU subsidizes the wine sector through by-product distillation projects. Subsidies for the period 2015–2022 are derived from the authorization under section II, section 4, section 52 of Regulation No. 1308/2013 (Annex XIII), and from 2023 to 2027 from the authorization of Article 58, paragraph 1(g) of Title III, Chapter II, of Regulation 2021/2115 (Annex XII).

In the winemaking process, distillation of by-products, whether compulsory or voluntary, can receive financial support as long as the relevant legal conditions are met. The subsidy amount is determined per 100 litres of alcohol, but not all by-product distillation is funded, requiring that the level of alcohol after distillation must not exceed the alcohol contained in the wine produced.

10% of the degree. Subsidies shall be granted to distillation producers who use by-products from the wine manufacturing process for processing and distillation to no less than 92% alcohol.

1.2 The amount of subsidy

Although it is not possible to grasp the actual amount of the subsidy items mentioned above, the applicant has reason to believe that the amount of subsidies provided by the EU and Member States is huge and that the same subsidy will continue to be implemented over the next five years (2023-2027).

For example, for the national budget of the right to pay (including the basic payment plan/basic income subsidy and green subsidies), the total national budget for 2022 under Regulation 1307/2013 is €382.29 billion, and the total national budget under Regulation 2021/2115 is €386.08 billion, €387.15 billion, €387.15 billion, €388.22 billion, €388.22 billion, €03 billion and €3 billion, respectively, from 2023 to 2027. The Common Agricultural Policy, for example, is a series of interventions specifically targeting the wine sector, with an annual subsidy of about €1 billion. In addition, under the crisis distillation project, France's 2022/2023 replenishment amounted to 200 million euros.

As mentioned above, the relevant products of the wine sector, including grapes, grape juices, wines, grape scum, etc., are raw materials for the production of brandy. The support and huge subsidies of the European Union and Member States for the wine sector have played a very important role in improving the market competition for brandy, which not only ensures the stability of the raw material supply of brandy, but also promotes the low cost advantage of brandy to retain raw materials. The brandy industry can benefit from subsidized projects in the wine sector.

Benefit from the long-term huge subsidies, the EU brandy industry in the global market has obvious production scale advantage, brand effect advantage, export competitive advantage, etc., also has a very strong pricing power and initiative in terms of price. This is also an important reason why the European Union applied for investigation products to increase exports to the Chinese market and seize more market share.

However, the large number of subsidies provided by the EU and Member States has seriously distorted the market environment of fair competition, in the context of

subsidies will continue, EU manufacturers are likely to use these competitive advantages to increase the dumping of investigation products in the Chinese market, will cause further impact and impact on the domestic industry, already fragile domestic industries are facing a huge threat of material damage.

2, the development potential of the Chinese market is huge, has great attraction for EU manufacturers, the EU application to investigate products to China has the possibility of substantial growth

China is the world's largest spirits market, of which brandy is in its infancy. Moreover, with the Chinese market more and more international and diversified, consumers for the pursuit of quality of life, the rise of young consumer groups, dealers for the pursuit of new categories, brandy to the masses and improve the market penetration trend is becoming more and more significant, these factors will be conducive to the growth of brandy in the Chinese market consumption growth, the Chinese market has great potential for development.

In the initial stage of development, compared to many countries (regions), the demand for Chinese brandy remains at a relatively large scale. From 2019 to 2022, domestic brandy demand was 72,048 tons, 56,829 tons, 69,004 tons and 57,166 tons, respectively. During this period, although the demand for brandy fluctuated, with a 21.12% decrease from 2019 in 2020, an increase of 21.43% in 2021, and 17.16% less in 2022 than 2021, but the market outlook is still good, with demand returning to 27,027 tonnes in the first half of 2023, an increase of 7.30% over the first half of 2022. The industry is also optimistic about the development prospects of the Chinese market. The head of the relevant business of the World Wine Federation (Beijing) International Wine Industry Co., Ltd. believes that "in the long run, with the gradual recovery of the economy, the consumption power continues to increase, the future of the wine market must be an upward trend"².

In fact, the Chinese market with great market growth potential has always been very attractive to EU manufacturers. The head of the Greater China business of the global wine giant Diageo Group said on relevant occasions that "the penetration rate of wine in the Chinese market is still at a low level, which means huge room for growth"³. Reiss strategic positioning consultancy global related business person also

Please contact us at ² http://pinpai.9998.tv/xinxi/kongfujiajiu_146366.html
Please contact us at ³ https://www.sohu.com/a/715688820_116132

believes that "China as the world's largest spirits consumer market, although still dominated by liquor consumption, but has great market potential for foreign wine enterprises"⁴.

Even if China's market demand decreased in 2022 compared to 2019, EU manufacturers are still a large number of exports to China to request survey products, accounting for the proportion of its total exports has always remained at a high level of 13%, especially in 2021 EU manufacturers seize the opportunity of significant improvement in the Chinese market, exported more application survey products to China, exporting 36,813 tons, a significant increase of 18.81% compared to 2019. In the first half of 2023, in the context of the substantial reduction in the number of EU exports to other countries (regions), the gradual recovery of the Chinese market is undoubtedly more attractive to EU manufacturers, and the EU has once again increased its exports to the Chinese market, the number of exports in the first half of 2023 compared to the first half of 2022 increased significantly by 15.06%.

In addition, EU manufacturers also attach great importance to the Chinese market and will further expand the Chinese business market in the future. For example, Martell's current Chinese business is mainly concentrated in the southeast market, but it believes that "the brand still has great potential in geographical expansion, in the past focused on the first, second, third-tier markets, but has now begun to sink to four or even below the market"⁵. For example, Paolo Liga recently introduced nearly 70 Cognac and whiskey products to the Chinese market, the first two products of Martell's single-producing area Chen Grade Cognac, the distribution model has also changed rapidly, through online and offline linkage, the full use of diversified channels and more types of social media platforms to seamlessly reach consumers. Launching custom products around the specific needs of the Chinese market, from taste to bottle body design, will be based on the diversified needs of Chinese consumers.

Be tailor-made⁶.

Therefore, the applicant believes that the development potential of the Chinese

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Please contact us at ⁶ <http://www.news.cn/fashion/20231108/7598c517a2b04e7aba77da62388ceca2/c.html>

market is huge, has great attraction for EU manufacturers, the Chinese market will become the necessary place for EU manufacturers to transfer excess production, the EU application to investigate the number of imports of products there is a huge possibility of further substantial growth.

The sharp growth rate of EU applications for survey product imports suggests that its exports to China are likely to grow substantially.

As noted in the relevant section above: On the one hand, from 2019 to the first half of 2023, the overall upward trend of application survey products in China's market share. Among them, 2022 was 5.46 percentage points higher than in 2019, an increase of 3.10 percentage points in the first half of 2023 compared with the same period in 2022, and maintained a higher market share of more than 43 percents since 2019.

On the other hand, from 2019 to the first half of 2023, the ratio of application survey products relative to the total domestic production of similar products is generally increasing significantly, with a cumulative increase of 40.65 percentage points over 2019 in the first half of 2023, and the proportion has reached 116.79% in the first half of 2023.

The above facts show that compared with similar domestic products, the supply capacity and impact of applying for investigation products in the Chinese market are constantly improving.

Changes in the number of imports applying for survey products since 2022

Number of units: Tons of

During the period	Number of imports	Change from previous year	Change from the previous quarter
January-September 2022	18,542	-	-
January-September 2023	22,768	22.79%	-
1st Quarter 2022	4,899	-	-
2nd quarter of 2022	5,891	-	20.24%
3rd Quarter 2022	7,752	-	31.59%
4th Quarter 2022	9,163	-	18.21%
1st quarter of 2023	4,605	6.01%	-
2nd quarter of 2023	7,810	32.59%	69.61%
3rd Quarter 2023	10,353	33.55%	32.55%

Note to: The amount of imported products applied for investigation comes from "Annex VI: Chinese brandy customs import and export data statistics."



Moreover, from the relevant data for the most recent period listed in the chart above, the increase in the number of imports of products applied for investigation is still increasing:

On the one hand, in January-September 2023, the number of products imported from the EU for investigation was 22,768 tons, a significant increase of 22.79% over the same period last year. The volume of imports by quarter also continued to grow significantly, up 69.61 percent in the second quarter from quarter 1 and a significant increase of 32.55% in the third quarter. The volume of imports in the third quarter of 2023 was 10,353 tonnes, the highest quarterly import level since 2022.

On the other hand, import volumes are still growing significantly in the quarters of 2023 compared to the same period last year. In addition to a 6.01% decrease in the first quarter of 2023 from the 1st quarter of 2022, the second quarter of 2023 increased significantly by 32.59% from the second quarter of 2022, and a further significant increase of 33.55% in the third quarter of 2023 from the third quarter of 2022. Moreover, the second quarter of 2023 increased significantly by 69.61%, the 3 quarter-on-quarter growth of 32.55% was significantly higher than the second quarter of 2022's quarter-on-quarter growth of 20.24%, 3 quarter-on-quarter growth of 31.59%.

It can be seen that since 2023, the number of imports of EU applications for investigation products is increasing significantly, and the number of imports is increasing quarter by quarter. These facts point to the huge possibility of further substantial and substantial growth in China's exports to apply for investigation.

The sharp increase in the production and export capacity of the EU brandy and the sharp decline in the ability of other global markets to absorb EU excess capacity suggest that its exports to China are likely to grow substantially.

4.1 Growth in the production capacity of EU brandy

Due to limited information, the applicant is temporarily unable to obtain the actual production capacity of EU brandy. However, taking into account the changes in production and demand side, the applicant believes that the production capacity of the EU brandy industry is constantly improving, and the ability to export is also growing.

Changes in the production of brandy in the EU

During the period	2019in	In2020	In2021	In2022
Total production of (Thousand liters of alcohol content 100%)	194,092	169,469	203,042	230,674
Total production of (Thousand liters of alcohol content 50%)	388,184	338,938	406,085	461,347
Total production (converted tone)	354,023	309,112	370,349	420,749
Tons of change	-	12.69%	19.81%	13.61%

Note to:(1) Total EU production data (thousand litres, 100% alcohol content) comes from the official website of Eurostat, see "Annex XV:Eurostat statistics on the production of brandy";

(2) Given that the amount of brandy imported and exported by Eurostat is based on the "weight unit" and the normal "alcohol content" of consumer goods, in order to maintain the same calibre, the applicant will uniformly convert the above-mentioned total production volume unit (thousand liters, alcohol content 100%) into the production data of weight units and normal alcohol content. According to the definition of EU Regulation 2019/787, the final consumer product of brandy is usually a beverage with no more than 50% alcohol content. Based on the principle of robustness, the applicant first converts the total production of 100% alcohol content to 50%. The applicant considers the estimated total production data to be more objective and

accurate, as 406,085,000 litres converted in 2021 is basically consistent with the 2021 brandy production data (406 million litres) disclosed by Spirits Europe (European Spirits Industry Association) in the relevant report (see Annex XVI). On this basis, according to 1 liter of brandy alcohol equals about 0.912KG, the applicant further converts the total production to tons.

The EU is the world's largest cognac-producing region with strong production capacity. During the application period, the total production of EU brandy showed a significant growth trend, from 354,023 tons in 2019 to 420,749 tons in 2022, a significant increase of 18.85%. Although applicants are temporarily unable to obtain total production data since 2023, preliminary evidence suggests that this production is likely to grow further.

On the one hand, the EU and its member states impose strict restrictions on the right of grape cultivation and access to grape cultivation, that is to say, the Portuguese planting area is relatively stable, these industrial policies can ensure a stable supply of grape bases and raw materials. On the other hand, the production of grapes used for brandy has increased significantly, for example, according to reports, "the overall production in France is still stable this year (2023), which is mainly due to the huge increase in grape production of brandy in the Charlotte region to 17%"⁷.

On the other hand, the downturn in global and European wine consumption markets has led to a severe excess of wine production in the EU. According to reports, the French Ministry of Agriculture initially estimated that "wine production in the range of 4.4 billion to 4.7 billion litres in 2023, reaching or even exceeding the average between 2018 and 2022"⁸, but "France's excess wine is as high as 300 million litres, if poured, enough to fill more than 1000 Olympic-sized swimming pools"⁹. "Due to a severe excess wine production, the French Ministry of Agriculture will provide €200 million in crisis distillation subsidies in 2023"¹⁰, encouraging the use of excess wine for distillation of other products.

In the context of a substantial increase in the production of brandy and a

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Please contact us at http://fr.china-embassy.gov.cn/ljfg/202308/t20230818_11128826.htm

Please contact us at <https://new.qq.com/rain/a/20230903A05SGT00>

Please contact us at <https://wallstreetcn.com/articles/3699353>

serious excess of wine production, given that grapes and wines are direct raw materials for the production of brandy, these growth conditions will lead to a further increase in the production capacity of the EU brandy, which can guarantee its continued large foreign exports, and increase the possibility of EU applications to investigate the real growth of China.

4.2 Growth in EU brandy's ability to rely on exports

The applicant is temporarily unable to obtain the actual production capacity and demand data of EU brandy, thereby accurately calculating the idle capacity of EU brandy as a basis for analysing the changes in the EU's ability to rely on exports. However, the applicant believes that in the context of the growing EU brandy production capacity, the ability of EU brandy to rely on exports will grow further due to declining consumption levels at the end of local liquor demand.

According to the World Health Organization (WHO) (see Annex XVII), per capita alcohol¹¹ consumption in Europe declined from "12L in 2000 to 9.5L in 2019" and "this downward trend will continue until 2025" According to reports, alcohol sales at all retailers in the EU decreased by 4% in 2022 compared to the previous year¹³.

In addition, the consumption power of the relevant cognac-producing areas in the EU is very limited and relies heavily on the export market. As discussed below, the average share of EU brandy exports in total production reached 59 per cent, meaning that on average only 41% of production is consumed in the home market, far less than the export market. For example, according to reports, "the total production of French brandy in 2021 is 867 million litres... 97% of the production of French brandy for export market"¹³ 14, "only about 2.8% of the cognac produced in the whole Cognac region is digested by France, and the remaining 97.2% is used for export"¹⁵.

The above facts show that the EU brandy industry is heavily dependent on the

¹¹A variety of alcohols, including spirits (such as brandy), wine and beer, are folded alcohol units.

Please contact us at ¹²<https://spirits.eu/spirits-society/reducing-alcohol-related-harm-in-europe>

Please contact us at ¹³<https://www.thespiritsbusiness.com/2023/01/alcohol-sales-in-europe-lower-than-pre-pandemic/>

Please contact us at ¹⁴http://fr.china-embassy.gov.cn/chn/ljfg/202201/t20220122_10631940.htm

¹⁵<https://www.cognac.fr/presse/cognac-apres-une-periode-exceptionnelle-une-normalisation-des-expeditions-en-2022-et-des-ambitions-reaffirmees>

export market, in the context of further growth of production capacity, with the local alcohol consumption capacity will further decline, brandy capacity and production will be further excess, increasing its ability to rely on the export market, increasing the possibility of the EU application to investigate the real growth of China.

4.3 The ability of other global export markets to absorb EU brandy production is gradually declining

Export of EU brandy

The Unit:Tons of

During the period	2019in	In2020	In2021	In2022	Firsthalf of2022	Firsthalf of2023
Total number of exports	234,336	193,532	212,518	207,678	102,899	78,724
Total production of	354,023	309,112	370,349	420,749	-	-
Total exports as a	66.19%	62.61%	57.38%	49.36%	-	-
Among them:Number of	31,132	24,950	31,146	27,283	12,927	13,998
Proportion of	13.29%	12.89%	14.66%	13.14%	12.56%	17.78%
Among them:Number of exports to other	203,204	168,582	181,372	180,395	89,972	64,726
Proportion of	86.71%	87.11%	85.34%	86.86%	87.4 percent	82.22%

Note to:Data on total EU exports are from the official website of Eurostat, see Annex XVIII:Eurostat's report on brandy

Statistics of data.

The EU is the world's largest brandy export market with a strong export capacity. From 2019 to 2022, the export volume of EU brandy remained at an extremely high level of around 20 million tons, with exports accounting for about 49% to 66% of its total production, with an average of up to 59%. These facts show that EU brandy is a typical export-oriented industry, with more than half of its output dependent on overseas markets, otherwise the home market cannot absorb such a huge surplus.

Between 2019 and 2022, the EU's share of exports to China and other countries (regions) changed little, with China's share of total EU exports remaining at around 13%, while other countries (regions) remained at around 87 percent.

However, in the most recent period of the application period, i.e. the first half of 2023, the above situation began to materially change, compared to the first half of 2022, the volume of EU brandy exports to China increased significantly by 8.29%, while exports to other countries (regions) decreased significantly by 28.06 percent. China's share of total EU exports has risen to 17.78%, while the share of other countries (regions) of total EU exports has fallen to 82.22%.

In addition, according to relevant reports: Luweisuan Group's spirits and cognac business revenue decreased by 11% in the first half of 2023¹⁶, mainly due to "high inventory in U.S. retail channels and weak consumer demand"¹⁷; In the first half of 2023, U.S. sales were similarly sharply reduced by 35%, while sales to the Asia-Pacific region, including China, rose sharply. The Chinese market demand will continue to warm up¹⁸. Martell's world's largest single market is the Chinese market, with China being the brand's growth engine and half of global business growth¹⁹.

Changes in the number of EU brandy exports to the United States since 2022

Number of units: Tons of

During the period	Number of exports	Change from previous year	Change from the previous quarter
First half of 2022	44,746	-	-
First half of 2023	20,236	(54.78%)	-
1st Quarter 2022	18,347	-	-
2nd quarter of 2022	26,400	-	43.89%
3rd Quarter 2022	23,640	-	10.45%
4th Quarter 2022	12,893	-	45.46%
1st quarter of 2023	11,530	(37.16%)	-10.58%
2nd quarter of 2023	8,707	67.02%	24.48%

Note to: EU export data to the United States comes from the official website of Eurostat, see Annex XVIII: Eurostat closes

Export statistics for brandy.

Changes in EU brandy exports to the U.S.

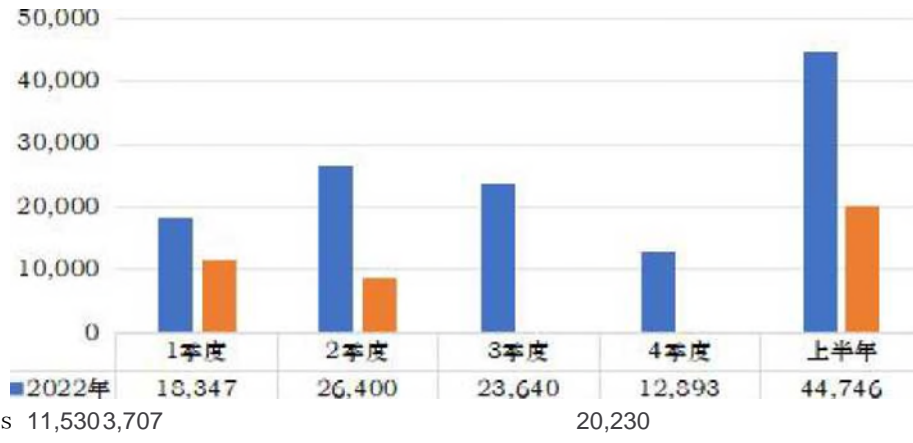
The Unit: Tons of

Please contact us at¹⁶ <https://www.bevnet.com/spirits/2023/lvmh-cognac-sales-continue-to-drop-in-first-half-of-2023/>

Please contact us at¹⁷ <http://www.stcn.com/article/detail/944558.html>

Please contact us at¹⁸ <https://www.bnnbloomberg.ca/remy-cointreau-sales-drop-35-as-us-cognac-demand-skids-1.1950141.amp.html>

Please contact us at¹⁹ <https://www.foodtalks.cn/news/41141>



2 ounces 23 troops 11,530 3,707

The United States is the EU’s largest export market for brandy. However, since the third quarter of 2022, EU brandy exports to the United States have continued to decline significantly. On the one hand, the volume of exports in the third quarter of 2022, 4 quarter and 2023, these second quarter was significantly reduced by 10.45%, 45.46%, 10.58% and 24.48% respectively. On the other hand, exports in the first quarter, second quarter and first half of 2023 decreased significantly by 37.16%, 67.02% and 54.78% year-on-year, respectively.

The above facts show that the overall decline in demand in other global markets such as the United States and other global markets, high inventory, the ability of other global markets, including the United States, to absorb the EU brandy excess capacity and excess production is falling sharply, unable to absorb the new output of the products applied by the EU for investigation. This is also an important reason why EU manufacturers have relied more on the Chinese market than ever since 2023, which is shifting more excess production to the Chinese market for digestion, which will continue to occur in the foreseeable time, increasing the possibility of EU applications to investigate real growth in China.

4.4 Summary

Based on the above analysis, the applicant believes that the EU brandy industry has a strong production capacity, and the production capacity is greatly increased, which can guarantee its further increase in exports to China. The EU brandy industry also has a strong export power, is a typical export-oriented industry, more than half of the excess production is heavily dependent on foreign (regional) markets. China is the main export market of the EU brandy, during the recent period of the application survey period, the EU exports to other countries, including the

United States, the volume of exports to other countries (regions) is greatly reduced, and the export volume to China is greatly increased, their respective proportion of total EU exports is showing the trend of "this long-term" change trend, further indicating that the absorption capacity of other countries (regional) markets to the EU surplus production is declining, EU manufacturers can only transfer more excess capacity to the Chinese market.

As a result, the sharp increase in the EU's brandy production and export capacity and the ability to absorb excess EU production in other markets in the world are declining, the substantial increase in the number of EU export applications to China in the future is obvious.

Foreseeable and imminent, its dumping will cause greater adverse effects and threats to the domestic industry.

EU applications for investigation products will be further imported in a way that lowers, inhibits and reduces prices for similar products in the domestic industry, and will likely lead to an increase in demand for applications to investigate imports.

As mentioned above, since 2023, the import prices of EU applications to investigate products have shown a significant downward trend quarter by quarter, down 9.58 percent in the first quarter of 2023 from the fourth quarter of 2022, and a 3.81% decline in the second quarter of 2023 from the 1st quarter of 2023, which has caused price pressure, reduction and suppression of similar products in the domestic industry.

Due to the price reduction behavior, the price competitive advantage of the EU application to investigate products relative to domestic similar products is constantly improving, leading consumers to choose the application survey products with brand advantage and price advantage. In the first half of 2023, the number of imports applying for inspection products continued to increase significantly, up 15.06% year-on-year, and 69.61% in the second quarter.

Application to investigate changes in import prices of products

The Unit: Tons, United

During the period	Number of imports	Amount of imports	Prices of imports	Magnitude of price change
4th Quarter 2022	9,163	533,503,017	58,221	-

1st quarter of 2023	4,605	242,429,376	52,644	9.58%
2nd quarter of 2023	7,810	395,502,340	50,637	3.81%
3rd Quarter 2023	10,353	532,572,482	51,443	1.59%

Note to:(1) The data sources in the table above can be found in Annex VI:China brandy customs import and export data statistics (2) import price = import amount / number of imports.



Moreover, as shown in the chart above, according to customs data from January-September 2023, the import prices of EU applications for survey products are still in a downward trend, with import prices in the third quarter of 2023 falling significantly from their highs in the fourth quarter of 2022 by 11.64%.

Changes in prices of similar products in China since 2023

During the period	VO (dollars/tonnes)	VSOP (dollar / ton)	XO (dollars/tonnes)
1st quarter of 2023	(The 100)	(The 100)	(The 100)
2nd quarter of 2023	79 is	And 99	(107)
3rd Quarter 2023	And 89	(97)	(97)
3 quarters vs 1 quarter	-10.93%	-2.80%	-2.66%

Note to:Price data for similar products in the domestic industry is derived from "Annex X:Financial data and statements of the company.

[The domestic price of similar product specification products in the table above comes from the applicant member unit Zhang Yu company, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and

Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, after which the period is calculated by multiplying the actual data from the first period by the index for the first period. The text below indicates that the same number of references is also replaced by tabular indices. Oh, yeah. - Yeah.

Adversely affected, the sales price of more specification products in China has been pushed down. In the 3rd quarter of 2023, prices for VO products fell 10.93 percent, VSOP products fell 2.80%, and XO products 2.66%. It can be seen that the price reduction of the products applied for investigation is further depressing the sales price of similar products in the domestic industry.

Moreover, the price reduction caused by application survey products to similar domestic products is further intensified, because the price reduction behavior has led to the application of survey products to obtain more market opportunities, and further squeeze the market share of the domestic industry. In January-September 2023, the number of imports of products applied for survey was as high as 22,768 tons, an increase of 22.79% year-on-year, significantly higher than the 15.06% increase in the first half of the year. In contrast, in January-September 2023, sales of similar products in the domestic industry decreased by 3.40% year-on-year, up from 1.19% in the first half. These facts show that the low-priced behavior of applying for investigation products has significantly contributed to the increase in the number of imports.

Comparison of prices and costs of similar products in the domestic industry in 2023

The Unit: Dollars / ton

During the period	Average internal prices	Cost per unit	Difference in price	Magnitude of change year-on-year
January-September 2022	(139)	(148)	And 114	
January-September 2023	[151]	[164]	And 114	- 0.15 percent
1st quarter of 2023	(147)	(138)	[173]	-
2nd quarter of 2023	[153]	[190]	[50]	71.08%
3rd Quarter 2023	[154]	[178]	[86]	72.54%

Note to: For the above data from Zhang Yu, please refer to Annex X. The unit cost is the unit cost of sales plus the share of unit taxes and For additional and temporal costs, the price difference is equal to the internal price minus unit cost.

[The domestic price, unit cost and price difference of similar products in the table above are derived from the applicant's membership unit Zhang Yu Corporation, involving trade secrets, external disclosure of these data will cause a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period 2019 is set at 100, and the subsequent periods are calculated as compared to the actual data for the initial period 2019 multiplied by the index for the first period. The text below indicates that if the same data are involved, it is also replaced by tabular indices. Oh, yeah. - Yeah.

In the unfavourable market environment where import volumes continue to grow, product prices are further depressed and reduced, the production and sales of similar products in the domestic industry have been seriously adversely affected, resulting in the overall upward trend of the unit cost of similar products in China, which in turn has a negative impact on the operating efficiency of similar products. From the above table data, it can be seen that the price cost difference of similar products in China has generally declined, although the third quarter relative to the lowest point of the second quarter rebounded sharply, but still a sharp decline of 50.10% from the first quarter, and the price difference in January-September 2023 was also down 0.15% year-on-year. Therefore, please investigate the price reduction of products is still further inhibiting prices for similar products in the domestic industry.

According to the current market situation and the future development trend of the domestic industry, in the foreseeable time, the EU application to check the possibility of further substantial price reductions, will cause further price reduction, reduction and suppression of similar domestic products.

On the one hand, in the high-end market, several French brandy brands (such as head horse, Martell, Hennessy, etc.) basically form a monopoly in the Chinese market, but as the domestic industry continues to exert efforts to produce and promote brandy products in this field, the European Union's application to investigate products and domestic similar products competition will continue to intensify. On the other hand, in the low-end market, EU manufacturers are also constantly exerting strength and penetration, its geographical expansion has

gradually sunk from the original first, second, third-tier cities to the four and four lines of cities, and the competition with the domestic industry is also intensifying.

EU manufacturers in the global market have obvious brand advantages, scale advantages, cost advantages, etc., but also have strong market promotion ability, and are encouraged and subsidized by EU and member governments. It is likely that EU manufacturers will continue to use a variety of marketing tools, including promotional activities on major sales platforms, to continue dumping in the domestic market and unfair competition. Moreover, for products of the same or similar quality grade, price plays an important role in the choice of consumers. At present, with the rapid development of domestic offline physical stores and online e-commerce sales platform, the market has been relatively transparent, consumers are very sensitive to the price changes of the sales platform, will because of the price reduction and more choice of brand advantage, price advantage application survey products. For example, the person in charge of Ma Jundu related business analysis, "due to the recovery of ready-to-drink channels, the strong growth brought about by e-commerce, the Chinese market achieved double-digit growth in the second quarter, and the 2019-2020 fiscal year sales nearly doubled compared to Cognac in the same period²⁰."

The above market environment and market activities greatly exacerbate the competition relationship between application survey products and domestic similar products in the Chinese market, not only in the middle and high-end markets will intensify competition, but also further extend to the competition in the low-end market. In order to continue the monopoly of the high-end market, and in order to further open up the low-end market, EU manufacturers are likely to further achieve these goals by cutting prices. Affected by this, the domestic industry will have to be forced to further reduce prices in order to maintain market share and maintain production stability to compete with it, and similar products in the domestic industry are likely to be forced to decline significantly.

Therefore, the applicant believes that similar products in the domestic industry are being pushed down, reduced and suppressed by the price of the products

²⁰ Please contact us at <http://www.stcn.com/article/detail/944558.html>

applied for investigation, in the case of EU manufacturers have a clear competitive advantage and are highly likely to further reduce prices, the possibility of EU application for investigation products to increase exports to China.

Inventory of EU applications for survey products could grow significantly, suggesting that its exports to China are likely to grow substantially.

Due to limited information, the applicant was temporarily unable to obtain the actual end of inventory of the EU brandy industry during the period of the application investigation period, and implore the investigating authorities to investigate this further in the future investigation process.

However, from the perspective of production needs, the applicant believes that there is a huge possibility of a significant increase in the EU brandy industry's end-of-life inventory. On the one hand, EU brandy production has generally increased during the application period and there is a possibility of further growth in 2023. On the other hand, the ability of EU consumers to consume alcohol continues to decline, and according to WHO projections, this decline will continue until 2025, while EU brandy exports to other markets around the world, including the United States, have generally declined significantly. These unfavourable market conditions will lead to a serious excess of EU brandy production.

On the contrary, the Chinese brandy market is in the initial stage of development, with great growth potential, and always has great attraction for EU manufacturers. And, since 2023, demand in the Chinese market has resumed growth, and EU manufacturers have also.

Continue to increase the volume of exports to the Chinese market, and are laying out new market strategies to expand the four and four-tier markets.

Therefore, the applicant believes that the end-of-term inventory of EU brandy is likely to grow further in the foreseeable future, with excess production likely to shift more to the Chinese market, increasing the possibility of EU applications for investigation products to increase exports to China.

Application for investigation products may have further impact on the domestic industry

As mentioned in the relevant sections above, during the application investigation period, the dumping behavior of the products applied for investigation caused a certain impact and impact on the domestic industry. The total number of imports from 2019 to 2022, although the total number of imports from 2019 to 2022 has maintained a large scale, the number of imports since 2021 has exceeded the total national output of similar products in China, and this seizes more market share, resulting in the domestic industry market share overall downward trend, application survey products on the domestic industry impact and threat are increasing. Moreover, since 2019, a number of economic indicators of similar products in the domestic industry have shown varying degrees of downward trend or adverse performance.

Especially in the first half of 2023, in the context of a 7.30% year-on-year increase in demand, good market conditions have not led to the domestic industry-related economic indicators, such as sales, sales income, pre-tax profits, etc., to get due growth. On the contrary, under the impact of the quarterly import "increasing price" of the application to investigate products, these should be positive indicators are further deteriorating, and other economic indicators, such as the start-up rate, output, end inventory, sales price, investment yield, cash flow, etc., are also showing varying degrees of negative performance.

Moreover, if you look at the operating situation in January-September 2023, you can find that the import behavior of applying to investigate the product "increasing price decline" is still causing further impact and impact on the domestic industry. Specifically as follows:

7.1 Further changes in production capacity, production and start rate of similar products in the domestic industry

Changes in production capacity, output and start rate of similar products in the domestic industry

Number of units: Tons of				
During the period	Actual production capacity	Production of	Rate of work	Increase and decrease the rate of work by a
January-September 2022	And 75	[32]	[43]	-

January-September 2023	And 75	[39]	[51]	Increase by 8 percentage points.
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Note to:(1) Data from "Annex 10:Financial data and statements of Zhang Yu Company";
 (2) Start rate = production / actual production capacity.

[The production capacity, output and start rate of similar products in the domestic industry are derived from the applicant member unit Zhang Yu Corporation, related and trade secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application is not listed again. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set to 100, after which the period is calculated by multiplying the 2019 index by the actual data ratio for the first period. The text below indicates that if the same data are involved, it is also replaced by tabular indexes. Oh, yeah. - Yeah.

In January-September 2023, by the impact of the application for investigation products, the production capacity of the domestic industry is still unable to effectively release, although the construction rate increased [8] percentage points year-on-year, but compared with the previous year is still at a low level, the increase of 1-September 2023 [8] percentage points is also significantly smaller than the first half of 2023 [18] percentage point increase, production growth has been further inhibited.

7.2 Further changes in the number of domestic industry-specific products

Changes in the number of internal sales of similar products in the domestic industry

The Unit:Tons of

During the period	Number of internal sales	Magnitude of change
January-September 2022	[50]	-
January-September 2023	[48]	-3.40%
1st quarter of 2023	[21]	-
2nd quarter of 2023	[13]	(38.11%)
3rd Quarter 2023	[15]	15.50%

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The number of domestic industry similar products in the above table comes from the applicant's membership unit Zhang Yu Corporation, involving business secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first

period is set at 100, and the subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. The following text notes that if the same data are involved, they are also replaced by tabular indexes. Oh, yeah. - Yeah.

In January-September 2023, the domestic industry lost more market opportunities, the number of internal sales decreased by 3.40% year-on-year, the decline of 3.40% in January-September 2023 is also higher than the first half of 2022 1.19 percent decline, and the number of internal sales in the third quarter of 2023 was also significantly reduced by 28.52% compared to the first quarter. The internal sales volume indicator is being hit further.

7.3 Further Changes in Domestic Revenue of Similar Products

Changes in domestic revenue of similar products

The Unit: It's a dollar.

During the period	Number of internal sales	Internal Revenue	Magnitude of change
1st quarter of 2023	[21]	[30]	
2nd quarter of 2023	[13]	[20]	-35.43%
3rd Quarter 2023	[15]	(23)	16.21%

Note to: The data are derived from "Annex X: Financial data and statements of the company."

[The domestic sales income of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, and the subsequent periods are calculated as compared to actual data for the first period multiplied by the 2019 index. The following text notes that if the same data are involved, they are also replaced by tabular indexes. Oh, yeah. - Yeah.

In January-September 2023, due to the overall reduction in the number of quarterly sales of similar products, and adversely affected by the lower price pressure, reduction and suppression of the products applied for investigation, resulting in the 3rd quarter's internal sales revenue also decreased significantly compared to the first quarter, a decrease of 24.97%.

7.4 Further changes in pre-tax profits of similar products in domestic industries

Changes in pre-tax profits of similar products in domestic industries

The Unit:It's a dollar.

During the period	Pre-tax profits	Magnitude of change
January-September 2022	[57]	-
January-September 2023	[55]	3.54%

Note to:The data are derived from "Annex X:Financial data and statements of the company.

[The pre-tax profit of similar products in the domestic industry is derived from the applicant's membership unit Zhang Yu Corporation, involving business secrets, the external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application for confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index.The index for the first period is set at100,and the subsequent periods are calculated ascomparedto actual data for the first period multiplied by the2019index.The following text notes that if the same data are involved, they are also replaced by tabular indexes.Oh, yeah. - Yeah.

InJanuary-September2023, due to the suppression of production and the continuous decline in the number of domestic sales, the domestic industry has caused a greater principal pressure, and pre-tax profits are still showing a downward trend, a decrease of3.54%year-on-year. 3.54%declineinJanuary-September2023

This is higher than the0.35%decline in the first half of2022.

7.5 Further changes in the return on investment of similar products in the domestic industry

Changes in the return on investment of similar products in the domestic industry

Unit of amount:It's a dollar.

During the period	Total investment	Pre-tax profits	Rate of return on investment	Magnitude of change
January-September 2022	It's 96	[57]	[59]	-
January-September 2023	[98]	[55]	[56]	Decreased by 3 percentage points

Note to:The data are derived from "Annex X:Financial data and statements of the company.

[The total investment, pre-tax profit and return on investment of similar products in the domestic industry in the above tableare derived from the applicant's

membership unit Zhang Yu Corporation, involving trade secrets, external disclosure of these data will have a serious adverse impact on the applicant and Zhang Yu company, so the application confidentiality is no longer listed. The applicant indicates the changes in the above data in the form of an index. The index for the first period is set at 100, after which the period is calculated by multiplying the actual data ratio from the initial period 2019 by the index for 2019. The text below indicates that if the same data are involved, it is also replaced by tabular indexes. Oh, yeah. - Yeah.

In January-September 2023, the return on investment of similar products in the domestic industry is still showing a downward trend, down [3] percentage points from the previous year.

7.6 It's a knot.

Judging from the recent data changes in the above-mentioned period, the number of imports of products applied for investigation continues to grow significantly, and the increase has further expanded, and the supply capacity and influence of the domestic market is also increasing. At the same time, the import price of the products applied for investigation is still in a downward trend, still causing further price reduction, reduction and restraint to the domestic industry, and thus seize more market share. Affected by this further adverse impact, the relevant economic indicators of similar products in the domestic industry, such as the start-up rate, production, sales, sales income, pre-tax profit, investment yield, etc., are still suffering from different degrees of impact and impact, and the vulnerability is further deepened.

As mentioned above, given the scale of production and export capacity of the EU brandy, in the foreseeable and immediate period of time, there is a huge possibility of further substantial growth in the number of imports of the EU applying to investigate products, the possibility of further decline in import prices, and dumping will likely cause further price reductions, reductions and restraints on similar domestic products.

In this case, if appropriate measures are not taken in time, the production and operation of the more vulnerable domestic industries will likely deteriorate

further as further price increases and declines in the application for investigation products. At that time, the relevant economic indicators of similar products in the domestic industry will likely decline overall, and indicators such as output, capacity utilization, sales and market share may decline further. Moreover, in order to maintain production and stable employment, domestic industries will have to be forced to sell further at the expense of profits, and sales income, pre-tax profits, investment yields, etc. are likely to deteriorate further. Due to this adverse impact, the survival of the domestic industry will face a great threat, and it is likely that it will eventually suffer serious material damage.

(4) Conclusions: Application for investigation products poses a threat of material damage to the domestic industry

According to the above analysis, it is clear that:

1, with the support of the huge subsidies of the EU and Member States, the EU brandy industry will use these competitive advantages to step up the application to investigate the dumping of products to the Chinese market, which will cause further impact and impact on the domestic industry, which is already more vulnerable domestic industries are facing a huge threat of material damage;

2, relevant evidence and facts show that the development potential of the Chinese market is huge, with the gradual recovery of the economy and the continuous improvement of consumption power, brandy market demand will further increase, which is very attractive for EU manufacturers, China market will become the EU manufacturers to transfer excess production must be the place, indicating that there is a huge possibility of substantial growth in the number of imports of products applied by the EU;

Since 2023, the number of imports of EU applications for survey products is increasing significantly, and the number of imports is increasing quarter by quarter. These facts show that there is a great possibility of further substantial and substantial growth in the export of the products applied for investigation to China;

The European Union is the world's largest cognac-producing region with strong production capacity. Moreover, the EU brandy production capacity is growing significantly, reduced demand may lead to a further increase in its end-of-term inventory, and the fact that the ability to absorb excess EU production in other markets around the world shows that the number of EU export applications for investigation products to China material growth is clearly foreseeable and imminent;

5, the application for investigation products and the price trend of similar products in the domestic industry have a clear correlation. EU application survey products in the domestic market have the right of pricing discourse, the domestic industry can only accompany the city, following the changes in the import price of the products applied for investigation. Since the fourth quarter of 2022, the overall decline in import prices of products applied by the EU to investigate has caused price reduction, reduction and suppression of similar products in the domestic industry, and this unfavorable situation may be further compounded. Due to the price competitive advantage of applying for investigation products, the possibility of applying for investigation products to further increase exports to China;

During the application investigation period, the dumping behavior of applying for investigation products has caused a certain impact and impact on the domestic industry.

On the one hand, a large number of imports applying for survey products have squeezed the domestic industry's market share, and since 2019 a number of economic indicators of similar products in the domestic industry have shown varying degrees of downward trend or adverse performance. On the other hand, since 2023, the "increasing price" behavior of the application for survey products has caused a further impact on the domestic industry, leading to the domestic production industry in the case of demand growth can not get the recovery and development, relevant economic indicators such as the start-up rate, output, market share, sales, sales income, pre-tax profit, etc. There have been different degrees of downward trend or adverse performance. Moreover, this unprofitable performance has continued into the most recent period of January-September.

In view of the foregoing, the applicant considers that the dumping of products applied by the EU to investigate is creating a threat of material damage to the domestic industry, and that the threat of such material damage is highly realistic and urgent. If measures are not taken in a timely manner, the production situation and financial situation of the domestic industry will most likely deteriorate further and will suffer serious material damage.

六、 Causal relationship between dumping and the threat of material damage

(1) Application to investigate the cause of the threat of real damage to the domestic industry caused by the product

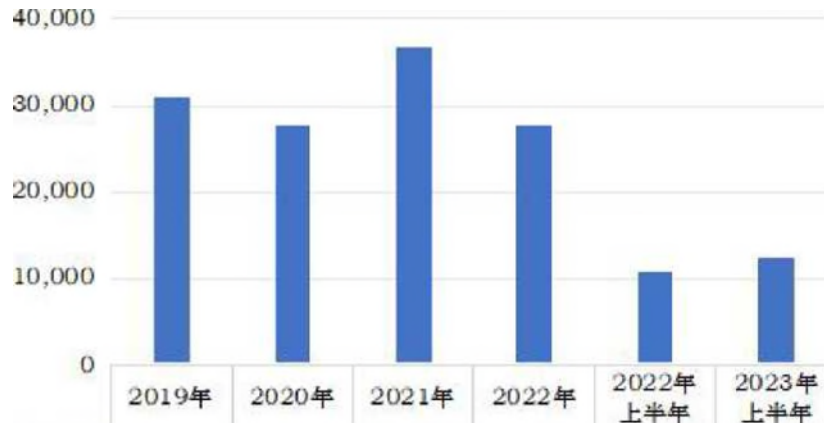
China is the world's largest spirits market, of which brandy is in its infancy. Moreover, with the Chinese market more and more international and diversified, consumers for the pursuit of quality of life, the rise of young consumer groups, dealers for the pursuit of new categories, brandy to the masses and improve the market penetration trend is becoming more and more significant, these factors will be conducive to the growth of brandy in the Chinese market consumption growth, the Chinese market has great potential for development.

In the initial stage of development, compared to many countries (regions), the demand for Chinese brandy remains at a relatively large scale. From 2019 to 2022, domestic brandy demand was 72,048 tons, 56,829 tons, 69,004 tons and 57,166 tons, respectively. During this period, although the demand for brandy fluctuated, with a 21.12% decrease from 2019 in 2020, an increase of 21.43% in 2021, and 17.16% less in 2022 than 2021, but the market outlook is still good, with demand returning to 27,027 tonnes in the first half of 2023, an increase of 7.30% over the first half of 2022. All parties, including EU manufacturers, are also optimistic about the development prospects of China's cities.

The Chinese market with huge growth potential has always been very attractive to EU manufacturers. Even if China's market demand decreased in 2022 compared to 2019, EU manufacturers are still exporting a large number of survey products to China. In 2021 and in the first half of 2023, the number of imports applying for survey products

has also always increased significantly, with a significant increase of 33.37 percent in 2021 from 2020 and 15.06% in the first half of 2023 compared to the same period last year. Moreover, prima facie evidence also shows that there is a clear dumping of the export of the products applied for investigation to the Chinese market, with a preliminary estimate of the dumping margin of 15.88%.

European Union Application for Input Induction of Products Change Chart
Tons per unit



Enter the MouoDance 30,935

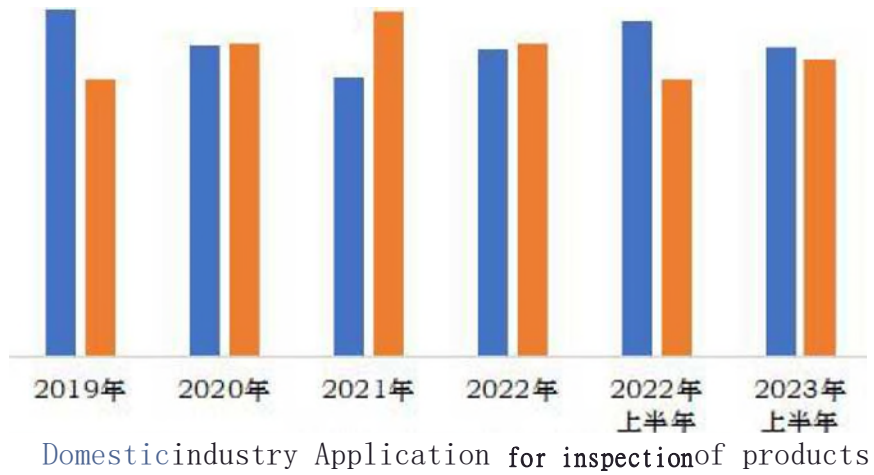
27 and GUI 3G, S13 27, 70G 10,7^0 12, 41G

Moreover, the overall upward trend of EU application survey products in China's market share increased from 43.01% in 2019 to 48.47% in 2022, an increase of 5.46 percentage points in 2022 compared to 2019. In the first half of 2023, as imports rebounded, China's market share was 45.94%, an increase of 3.10 percentage points over the first half of 2022.

In the process of applying to investigate the overall growth trend of product imports, the domestic industry is facing the EU application to investigate products competition pressure and threat is increasing, and has been affected by a certain impact and influence. On the one hand, the EU application survey products accounted for China's market share squeezed the domestic industry's market share, and the domestic industry's market share fell from [100] in 2019 to 2022 [88], down [12] percentage points, the market share in the first half of 2023 was 89, compared with the first half of 2022 decreased [8] percentage points. Moreover, the number of imports applying for survey products as a proportion of China's total production has continued to rise, from 76.14% in 2019 to 116.79% in the first half of 2023, a significant increase of 40.65 percentage points, and the competitiveness and

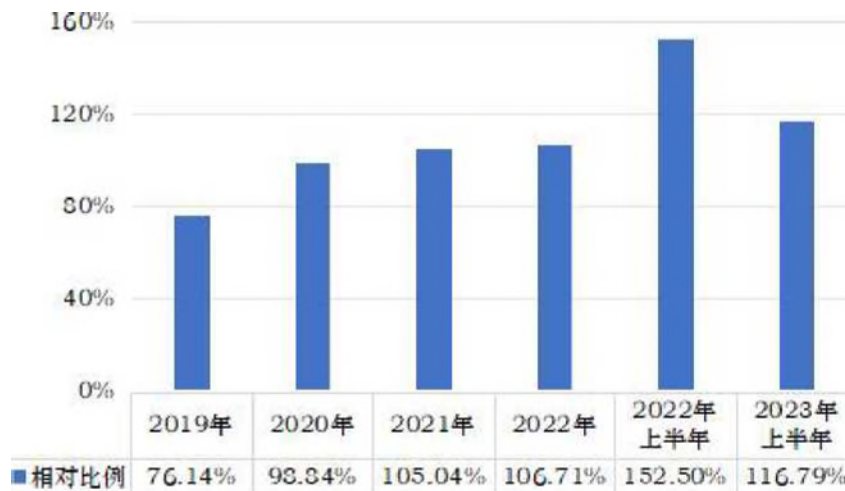
influence of the Chinese market continue to increase. On the other hand, since 2019, a number of economic indicators of similar products in the domestic industry (including start-up rate, production, domestic sales volume, market share, end-of inventory, domestic revenue, pre-tax profit, investment yield, cash flow, employment, labor productivity, etc.) have shown varying degrees of downward trend or adverse performance.

Comparison of market share of domestic industry and application survey products



The number of imported products applied for adjustment is relative to the total national output

Figure of change in proportion



Especially in the first half of 2023, in the context of an increase of 7.30% in domestic demand year-on-year, good market conditions have not led to the domestic industry-related economic indicators, such as sales, sales income, pre-tax profits, etc., to obtain due recovery and growth. On the contrary, under the impact of the quarterly import "increasing price decline" of the application survey products, these should be positive indicators are further deteriorating, and other economic indicators, such as the start-up rate, output, end inventory, sales price, investment yield, cash flow, etc., are also showing varying degrees of negative

performance.

In the first half of 2023, quarterly import prices for products applied for investigation continued to decline, down 9.58 percent in the first quarter of 2023 from the fourth quarter of 2022, and a further 3.81 percent decline in the second quarter of 2023 from the first quarter of 2023. Due to the EU application for survey products to take the lead in price reduction and price reduction, leading to three different quality grades of similar products in the domestic industry began to reduce prices in the second quarter of 2023, compared to the first quarter of 2023, VS products price reduction of 3.71%, VO products price reduction 20.99%, VSOP products price reduction of 1.45%. The price reduction of the products applied for investigation has caused price reduction, reduction and suppression of similar products in the domestic industry.

Due to the price competitive advantage, the number of imports applying for survey products continues to grow significantly. The first half of 2023 increased by 15.06% year-on-year, and in the second quarter of 2023, a significant increase of 69.61%. Conversely, in the favorable market environment where domestic demand grew 7.30% year-on-year in the first half of 2023, the number of domestic industry-like products decreased by 1.19%, while the second quarter of 2023 was significantly reduced by 38.11%. The unfavourable performance of the decline in the number of domestic industry sales and sales prices is related to the incremental dumping of products applied for investigation, and the domestic industry is being affected and threatened by the application of investigation products.

Adversely affected, in the first half of 2023, more domestic industry economic indicators showed varying degrees of downward trend or adverse performance. For example: The start-up rate is only [47], and significantly lower than the start rate from 2019 to 2022, production growth has been significantly inhibited and overall is at a low level; Market share decreased [8] percentage points year-on-year; End-of-period inventory increased 3.17% year-on-year; Internal sales revenue decreased 38.11% sharply in the second quarter compared to the first quarter, and growth was suppressed; Pre-tax profit decreased 0.35% year-on-year, and a significant decrease of 82.10% in the second quarter compared to the first quarter; The return on investment fell [4] percentage points year-on-year; Cash flow decreased by 7.06 percent year-on-

year; Labour productivity declined 9.09% year-on-year.

The negative performance of these economic indicators points to the apparent vulnerability of the domestic industry, which is being impacted and affected by applications for survey products. Prima facie evidence also shows that the substantial increase in the number of EU exports to China to investigate products is predictable and very imminent, and will cause further threats and shocks to the domestic industry, and may even lead to serious material damage to the domestic industry.

The EU is the world's largest brandy-producing region and the world's largest brandy export market. The reason why the EU brandy property industry is extremely competitive in the global market has an important relationship with the support and huge subsidies of the EU and its member states. Moreover, the EU and Member States will continue to implement subsidies in the future, which is conducive to maintaining and improving the EU brandy production scale advantage, brand effect advantage, export competitive advantage, etc., which is conducive to maintaining its market pricing power and initiative. EU manufacturers are likely to use these competitive advantages to increase the dumping of survey products in the Chinese market.

If you look at the fact that EU brandy's production capacity, export capacity, inventory and changes in EU exports to other markets around the world can be expected in the future, it is highly likely that EU manufacturers will apply for further large exports to China for survey products.

The applicant is temporarily unable to grasp the actual production capacity data of the EU brandy industry, but its production overall showed a significant growth trend during the application period, from 354,023 tons in 2019 to 420,749 tons in 2022, a significant increase of 18.85%. As grape production for brandy grows significantly in 2023 and a significant excess of wine, a large increase in raw material production will lead to a further significant increase in EU brandy production in the future. The fact that the large increase in production shows that the production capacity of the EU brandy is increasing significantly, which can further increase the EU's application for investigation products to provide

protection to China's exports and increase the likelihood of a substantial increase in EU applications to investigate exports to China.



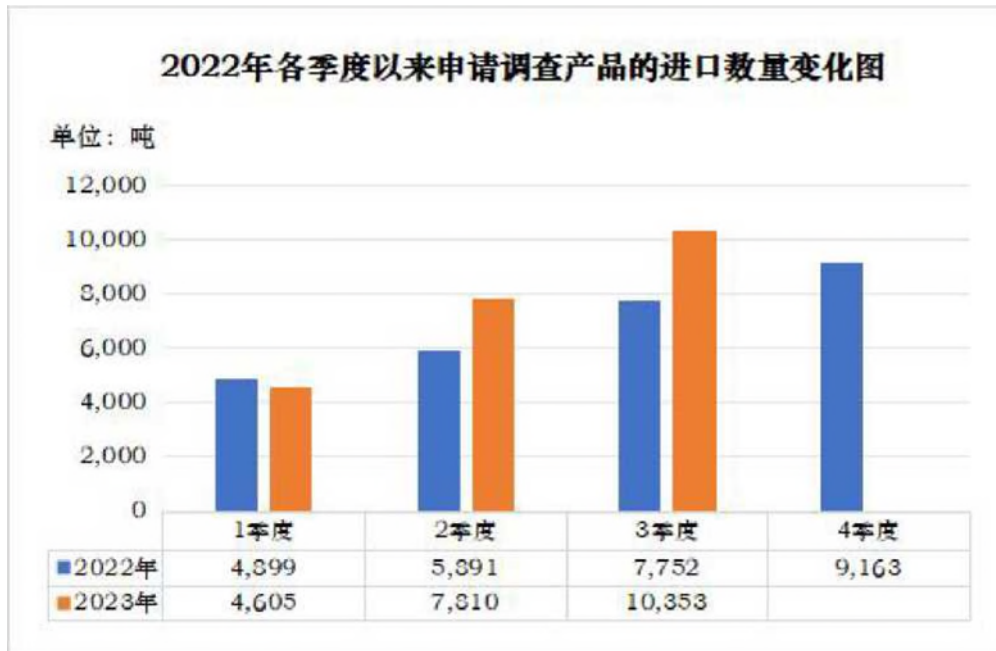
Prima facie evidence also suggests that the EU's ability to rely on exports has increased significantly. On the one hand, the EU brandy industry is a classic export-oriented industry, export volume accounted for the average proportion of its total output reached 59%, that is, on average only 41% of the output in the EU local market consumption, especially France, brandy production 97% foreign exports, indicating that the EU brandy demand is far smaller than the output, there is a large amount of excess capacity, excess production depends on exports. On the other hand, in the future, the EU brandy production is likely to further increase, and the EU consumer alcohol consumption power is declining, including the United States in the global market demand export volume is also generally reduced, the EU brandy capacity, production will be further excess, inventory will be further increased, which will lead to a substantial increase in the ability to rely on exports, excess capacity, excess production may shift more to the Chinese market.

In addition, if the EU brandy exports to China and other third countries (regional) markets, it can be seen that in the first half of 2023, EU manufacturers are more dependent on the Chinese market than in the past. In the first half of 2023, compared with the first half of 2022, the number of EU exports to other countries

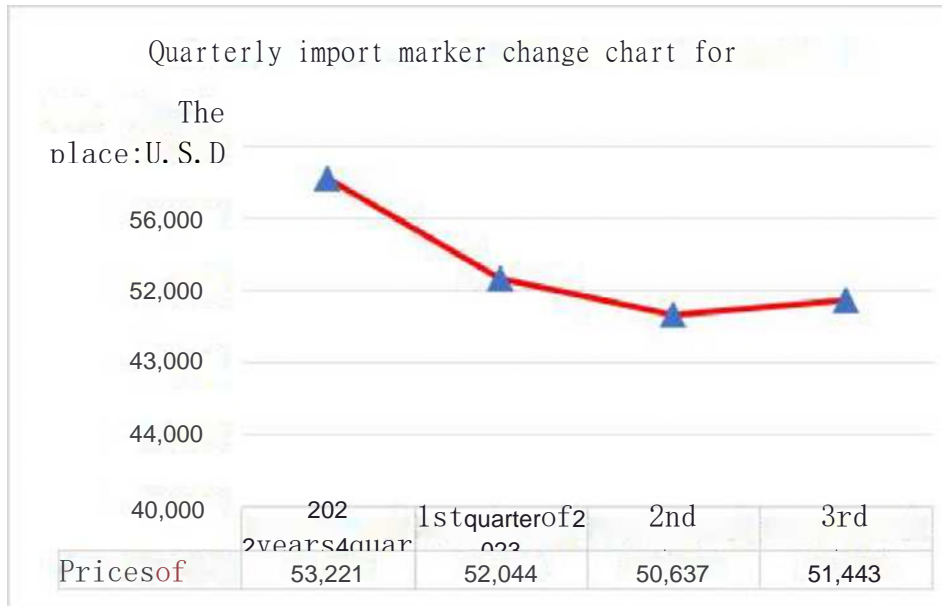
(regions) decreased significantly by 28.06%, while exports to China increased significantly by 8.29%, the proportion of other countries (regions) of total EU exports has fallen from 87% to 82.22% in the first half of 2023, while the Chinese market's share of total EU exports rose from 13% to 17.78% in the first half of 2023. The evidence further shows that due to reduced demand in the United States, the world's largest market, has led to a decline in sales of major European Union manufacturers (such as Luwexisu, head horse jundu). These facts further demonstrate that the ability of other global markets, including the United States, to digest the EU's cognac overcapacity and excess production is significantly reduced and unable to absorb.

The addition of new production of products applied by the EU has increased the possibility of EU applications to investigate the real growth of products in China.

Indeed, the number of imports of EU applications for survey products continues to grow significantly during the recent period. On the other hand, in January-September 2023, the number of products imported from the EU for investigation was 22,768 tons, a significant increase of 22.79% over the same period last year. The volume of imports by quarter also continued to grow significantly, up 69.61 percent in the second quarter from the first quarter and a significant increase of 32.55% in the third quarter. The volume of imports in the third quarter of 2023 was 10,353 tonnes, the highest quarterly import level since 2022. On the other hand, imports will continue to grow significantly in the quarters of 2023 compared to the same period last year. In addition to a 6.01% decrease in the first quarter of 2023 from the 1st quarter of 2022, the second quarter of 2023 increased significantly by 32.59% from the second quarter of 2022, and a further significant increase of 33.55% in the third quarter of 2023 from the third quarter of 2022. Moreover, in the second quarter of 2023, a significant increase of 69.61%, the 3-quarter-on-quarter growth of 32.55% was significantly higher than the second quarter of 2022's quarter-on-quarter growth of 20.24%, 3-quarter-on-quarter growth of 31.59%.



Moreover, in January-September 2023, the import prices of EU applications for survey products are still in a downward trend, with a cumulative decline of 11.64 percent in the third quarter of 2023 from the fourth quarter of 2022, still causing price reductions, reductions and restraints on similar domestic products. The price reduction of the products applied for investigation results in its price competitive advantage over domestic similar products, which has contributed to a further substantial increase in the number of imports.



At the same time, the further price increase and fall behavior of applying for investigation products has caused further impact and impact on similar products in the domestic industry. In January-September 2023, the production status and financial situation of similar products in the domestic industry have not changed materially, and the relevant economic indicators such as the start-up rate, production, sales, sales price, sales price, sales income, pre-tax profit, investment yield, etc. are still suffering from different degrees of impact and impact, and the vulnerability is further deepened.

Based on the current market situation and the future development trend of the domestic industry, in the foreseeable and immediate period of time, the EU requests to investigate the possibility of further substantial price reductions for products. On the one hand, in the high-end market, several French brandy brands (such as head horse, Martell, Hennessy, etc.) basically form a monopoly in the Chinese market, but as the domestic industry continues to exert efforts to produce and promote brandy products in this field, the EU application to investigate products and domestic similar products competition will continue to intensify. On the other hand, in the low-end market, EU manufacturers are also constantly working and penetrating, and its geographical expansion has gradually sunk from the original first, second and third-tier cities to the cities below the fourth and fourth lines, and the competition with the domestic industry is also intensifying.

In order to continue to monopolize the mid-to-high-end market and to further open

up the low-end market, the substantial growth in the number of European Union exports of brandy to China is predictable and very imminent. Moreover, EU manufacturers are likely to further adopt price reduction and low-priced dumping methods to seize China's market share, and thus suppress the development of the domestic industry, will cause further price reduction, reduction and suppression of similar products in the country, and may cause more serious damage to the domestic industry. At that time, the relevant economic indicators of similar products in the domestic industry will likely decline overall, and indicators such as output, capacity utilization, sales and market share may decline further. Moreover, in order to maintain production and stable employment, domestic industries will not be forced to further reduce sales in the form of profit, sales income, pre-tax profits, investment rate, etc. are likely to deteriorate further. Due to this adverse impact, the survival of the domestic industry will face a great threat and is likely to eventually suffer serious material damage.

Therefore, based on the above, if the corresponding measures are not taken in time, the EU application for investigation products is likely to enter a large number of low prices dumping into the Chinese market, and will cause more serious impact and impact on the domestic industry, and the unfair competition behavior of applying for investigation products will be the direct cause of material damage to the domestic industry. There is a direct causal relationship between dumped imports and the threat of material damage to domestic industries.

(2) Analysis of other factors that may cause damage to the domestic industry

Impact of imports from other countries and regions

According to customs statistics, in addition to the European Union, China also imports a small amount of similar products from Moldova, Albania, South Africa, Turkey and other countries (regions). From 2019 to 2022 and the first half of 2023, the import volume is divided into 514 tons, 372 tons, 713 tons, 455 tons and 285 tons, accounting for only about 2% of China's total imports, which is negligible. Therefore, the applicant believes that changes in imports of similar products in other countries (regions) have not caused damage to the domestic industry and will not become a material threat to the domestic industry's operating conditions in the foreseeable future.

Impact of Changes in Market Demand

During the application period, domestic brandy demand declined from 72,048 tonnes in 2019 to 57,166 tonnes in 2022, down 20.66% in 2022 compared to 2019. However, the applicant's impact is temporary and, in the long run, does not affect the positive growth trend of the Chinese market.

On the one hand, demand in the first half of 2023 was 27,027 tonnes, an increase of 7.30% over the first half of 2022, and the market rebounded and resumed growth. On the other hand, preliminary evidence shows that all parties in the industry remain optimistic about the development prospects of the Chinese market, believe that the Chinese market potential is huge, with the gradual recovery of the economy, the consumption power continues to increase, the market will show a trend of growth in the future.

Therefore, the applicant believes that changes in market demand will not become a material threat to the situation of the domestic industry in the foreseeable future.

Impact of Changes in Consumption Mode

So far, there have been no policy changes restricting the use or consumption of brandy products. Moreover, as the Chinese market becomes more and more international and diversified, the trend of brandy to the masses and improve the market penetration rate is becoming more and more significant. Consumers' pursuit of quality of life, the rise of young consumers, and dealers' pursuit of new categories and greater profit margins are conducive to promoting the growth of brandy in the Chinese market. Therefore, the applicant believes that changes in consumption patterns will not be a material threat to the operating conditions of the domestic industry in the foreseeable future.

Impact of changes in exports

According to customs data statistics, during the application survey period, China's total export volume of similar products is very little, little change, the annual export volume is about 1000 tons, accounting for the average proportion of the country's total output is only about 5%. Similar products in the domestic industry are

mainly based on the domestic market. As a result, changes in exports will not be a material threat to the operating conditions of domestic industries in the foreseeable future.

Impact of normal competition at home and abroad

As mentioned above, the materialization characteristics and sales channels of application survey products and similar domestic products are basically the same, and there is a cross between the sales area and the customer group. Moreover, domestic production enterprises have been committed to improving the technical level of enterprises, the same or similar quality grade of domestic brandy and application for survey products production process, drinking scene, target population, product price highly coincide. In terms of production management, domestic production enterprises are also generally committed to the regulation and upgrading of management. At the same time, enterprises also generally attach importance to the comprehensive utilization of resources and energy conservation and emission reduction, and make significant progress in the comprehensive utilization of by-products such as winemaking grape slag and waste water treatment and recycling, which improves the economic benefits of enterprises.

It can be seen that the domestic industry has good market competition in terms of product quality or production and management. If the EU imports and similar products of the domestic industry to compete fairly, the domestic industry fully has the local advantage, in the foreseeable future will not become a material threat to the domestic industry's operating conditions.

Commercial channels of circulation and the impact of trade policies

With the further deepening of reform and opening up and the continuous improvement of the market economy system, at present, domestic brandy products fully implement market-oriented price mechanism, production and operation is completely regulated by market laws. Similar products in the domestic industry in the sales channel and the application for investigation products, in the field of commercial circulation, there are no factors that hinder the sale of similar products in the country or cause damage to the domestic industry.

In addition, so far, China has not promulgated other relevant policies restricting the trade behavior of the industry, and the domestic industry has not been negatively affected in this regard.

(3) Conclusions

Based on the above analysis, the applicant believes that the dumping of products originating in the EU application for investigation has been on the domestic industry structure.

It becomes a threat of material damage, and other factors do not become a material threat to the operation of the domestic industry.

七、 Considerations of public interest

The applicant believes that anti-dumping is to correct the unfair trade competition of imported dumped products and eliminate the harmful effects of dumping caused by the domestic brandy industry. The purpose of anti-dumping measures is to maintain and regulate the normal trade order and restore and promote fair competition by not regulating low-priced import behavior that undermines the normal market order. According to national trade remedy practices, special attention should be given to restoring distorted market order and protecting effective competition when considering public interest issues. In view of the fact that applications originating in the EU are dumping unfair competition in the domestic market, it undermines the order of fair competition in the domestic market and has caused shocks and threats to domestic industries. In this case, the adoption of anti-dumping measures will help restore this distorted competition order, which is conducive to maintaining the security of the domestic industry and thereby safeguarding the security of the national economy, which is in the public interest of the country.

Secondly, the main production areas of China's brandy are distributed in Shandong, Hebei, Ningxia, Xinjiang and other provinces, and the industry is closely related to vine cultivation and involves the fundamental interests of the majority of farmers. The development and protection of the brandy industry can play a good guiding role in the development of regional economy and the growth of pillar advantage industries, and

can play an important driving role for local and surrounding farmers to get rich out of poverty and increase income. Therefore, the protection of the healthy development of the brandy industry through anti-dumping measures is also in line with the national policy and the fundamental interests of farmers.

Second, the development and protection of the brandy industry also has positive significance for the active extension of the industrial chain, can promote enterprises to take advantage of unique ecological, geographical, cultural and other advantages, accelerate the development of grape picking, brandy tasting, leisure tourism and other related industries, and then drive the industry to form a diversified industrial development model.

Finally, anti-dumping targets products imported in a price-discriminatory manner, does not resist normal foreign trade, nor does it create obstacles to legitimate and fair imports. The purpose of anti-dumping measures is to adjust the price of dumped imports to a level of competition, and not to keep the imported products completely out of the country. Therefore, if the relevant anti-dumping measures are taken in the future, the EU application for investigation products can also be exported to the Chinese market at a fair and normal price level, and its proper import behavior will not be restricted. Even if due to the adoption of anti-dumping measures, the import of products applied by the EU for investigation has a certain impact, the import of brandy from other countries (regions) can supplement and meet market demand.

In summary, the applicant believes that it is in the public interest of the People's Republic of China to carry out anti-dumping investigations on imported brandy originating in the EU and taking anti-dumping measures.

八、 Conclusions and requests

(1) Conclusions

On the basis of the above facts and reasons, the applicant believes that imported brandy products originating in the EU are dumped and have caused substantial damage to the domestic industry.

In such cases, timely and effective anti-dumping investigations and taking corresponding anti-dumping measures are conducive to restoring the distorted market competition order, protecting the legitimate rights and interests of the domestic brandy industry, and ensuring the healthy development of the domestic industry. At the same time, it is in the public interest to carry out anti-dumping investigations on imported brandy products originating in the EU and taking anti-dumping measures.

(2) The request

In order to protect the legitimate rights and interests of the domestic brandy industry and the future development prospects, in accordance with the provisions of the Foreign Trade Law of the People's Republic of China and the Anti-Dumping Regulations of the People's Republic of China, the applicant requests the Ministry of Commerce of the People's Republic of China to conduct an anti-dumping investigation of brandy originating in the European Union and exported to China, and based on the results of the survey to make recommendations to the State Council Tariff Commission to impose anti-dumping duties on brandy products originating in the EU and exported to China.

Part II Application for Confidentiality

一、 Application for Confidentiality

In accordance with the provisions of Article 22 of the Anti-Dumping Regulations of the People's Republic of China, the applicant requests the confidential handling of the materials and annexes contained in this application, i.e., that this part of the material may be kept confidential in any way other than that provided for in the investigation authorities in this case and the anti-dumping regulations of the People's Republic of China, and the anti-dumping regulations of the People's Republic of China may be kept confidential in any way, prohibited from contacting, reviewing, retrieving or understanding in any way.

二、 Non-confidential summary

In order for the interested parties in this case to understand the comprehensive information of this application and the annex, the applicant hereby prepares the application and the public text of the annex, while the materials and information relating to the application's confidentiality are described or a non-confidential summary in the public text of the application and the annex.

三、 Description of the confidential approach

For the data and information relating to the trade secrets of the applicant's membership units in the public text of this application and the data that can be used to calculate the trade secrets of the applicant's membership, the applicant shall process confidentially in accordance with the following methods:

First, for the confidential data presented in the table, replace the original numbers in the form of an index and indicate the change of the original number. The data involved include: Production capacity, output, start rate, sales volume, market share, end-of-term inventory, internal sales price, sales cost, sales income, pre-tax profit, profit margin, average investment, investment

return, net cash flow, total wage, number of employment, per capita wages, labor productivity, etc.;

Second, for confidential information and data involved in the text, the original data and information are hidden in square brackets "[]" and provide relevant non-confidential summaries in the form of indexes in tables or in a text summary.

Part III List and List of Evidence

- Annex I: Certificate of registration of the applicant's social group legal person and power of attorney
- Annex II: Statement of the applicant regarding the application for a trade remedy investigation into EU brandy
- Annex III: Letter of assignment of counsel and certificate of practice of counsel
- Annex IV Customs Import and Export Tax of the People's Republic of China, 2019–2023 Edition**
- Annex V: List of Excise Tax Rates
- Annex VI: Chinese brandy customs import and export data statistics
- Annex VII: Sea freight and insurance premiums
- Annex VIII: Report of the World Bank Group
- Annex IX: Singapore Brandy Customs Import Statistics
- Annex X: Zhang Yu Company's Financial Data and Statements
- Annex XI: Regulation No. 1307/2013**
- Annex XII: Regulation 2021/2115**
- Annex XIII: Regulation No. 1308/2013**
- Annex XIV: French crisis distillation subsidies
- Annex XV: Eurostat statistics on the production of brandy
- Annex XVI: Related Market Reports of the European Spirits Industry Association
- Annex XVII: Who Reports Decreasing Alcohol Consumption in Europe**
- Annex XVIII: Statistics on exports from Eurostat on brandy