

Ministry of Commerce of the People's Republic of China  
Preliminary decision on anti-dumping investigations  
on POM Copolymer originating in the EU, USA, Taiwan and Japan

In accordance with the provisions of the Anti-Dumping Regulations of the People's Republic of China (hereinafter referred to as the Anti-Dumping Regulations), on May 19, 2024, the Ministry of Commerce (hereinafter referred to as the investigative organ) issued Proclamation No. 18 of 2024, decided to carry out anti-dumping investigations on imports originating in the United States, the European Union, Taiwan and Japan.

The investigation organs investigated whether the product was dumped and dumped, whether the product was investigated, whether the product was causing damage and damage to the formaldehyde industry in mainland China, and the causal relationship between dumping and damage. In accordance with the results of the investigation and the provisions of Article 24 of the Anti-Dumping Regulations, the investigating organ makes a preliminary decision as follows:

I. Proceedings of Investigation

**(1) Formation and notification.**

**1 Initiating the case.**

On April 22, 2024, Yunnan Yun Tianhua Co., Ltd., National Energy Group Ningxia Coal Industry Co., Ltd., Kaifeng Longyu Chemical Co., Ltd., Tangshan Zhonghao Chemical Co., Ltd., Tangshan Zhonghao Chemical Co., Ltd., China Petroleum (Inner Mongolia) New Materials Co., Ltd. (hereinafter referred to as the applicant) on behalf of mainland China co-converged formaldehyde industry, officially brought to the investigative authorities the application for anti-dumping investigation of imports originating in the United States, the European Union, Taiwan and Japan.

The investigative organ reviewed the application materials and found that the application in this case meets the provisions of Articles 11, 13 and 17 of the Anti-Dumping Regulations relating to the application for anti-dumping investigation by mainland Chinese industries. At the same time, the application contains the contents and relevant evidence required for anti-dumping investigations under Articles 14 and 15 of the Anti-Dumping Regulations.

In accordance with the above review results and the provisions of Article 16 of the Anti-Dumping Regulations, the investigation machine issued a notice on May 19, 2024, and decided to conduct an anti-dumping investigation on imports of co-polymerized formaldehyde originating in the United States, the European Union, Taiwan and Japan. The dumping investigation period is from January 1, 2023 to December 31, 2023, and industrial damage investigation period from January 1, 2021 to December 31, 2023.

**2 Notice of filing.**

Before deciding to open the investigation, in accordance with the provisions of Article 16 of the Anti-Dumping Regulations, the investigative organ notified the United States Embassy in China, the European Union Mission to China, the Embassy of Japan in China, and through the Permanent Mission to the World Trade Organization notified the Permanent Mission of Taiwan, Penghu, Kinmen, and Matsu's separate customs territory to the World Trade Organization.

On May 19, 2024, the investigative organ issued a bulletin to the U.S. Embassy in China, the European Union Mission to China, the Japanese Embassy in China, and through the Permanent Mission to the World Trade Organization to Taiwan, Penghu, Jinmen, and Mazu's separate customs area Permanent Mission to the World Trade Organization, officially provided the public text of the filing announcement and application. On the same day, the investigating authority notified the applicant of the case and the United States, the European Union, Taiwan and Japanese companies listed in the application.

### **3 ...Public information.**

In the bulletin of the case, the investigative organ informs stakeholders that they can be downloaded on the subsite of the Trade Relief Bureau of the Ministry of Commerce website or go to the Ministry of Commerce's Trade Relief Public Open Information Review Room to view the public text of this anti-dumping investigation.

On the day of the case, the investigative organ through the Trade Relief Public Information Review Room of the Ministry of Commerce released the open text of the application submitted by the applicant in the case, and posted electronically on the website of the Ministry of Commerce.

### **4 ...With regard to comments.**

The European Commission submitted comments on the filing of the case, arguing that the application did not provide sufficient evidence to initiate an anti-dumping investigation.

After review, the investigative organ concluded that the investigation organ reviewed the application in accordance with the relevant provisions of the Anti-Dumping Regulations and found that the application in this case conforms to the contents and relevant evidence required in the case of anti-dumping settlement. Accordingly, the investigating authority decided not to accept the foregoing claims of the European Commission.

### **(2) Pre-primary investigation.**

#### **1 ...Registering to participate in the survey.**

Within the specified time, the EU delegation to China, the Japanese Embassy in China, the United States producer Tycon Polymer Company, the EU producer Serranis production Germany limited and two companies, Taiwan producers Taiwan Baoli Plastic Co., Ltd., Taiwan Plastic Industry Co., Ltd., Japanese producer Baoli Plastic Corporation, Xu Cheng, and the applicant in this case to register with the investigation organs to participate in the investigation.

#### **2 Distribution and recovery of questionnaires.**

On June 18, 2024, the investigation authorities issued to stakeholders the Questionnaire for Exporters or Producers outside the Mainland China, the Mainland China Producer Survey Questionnaire and the Mainland China Importer Questionnaire, requesting that accurate and complete responses be submitted within the specified time. The investigation organ will publish the notice of the questionnaire and the electronic version of the questionnaire on the Trade Relief Bureau sub-site of the Ministry of Commerce website, and any interested party can view and download the relevant questionnaire on the relevant website. On the same day, the investigative authorities also distributed questionnaires through the Trade Relief Survey Information Platform (<https://etrb.mofcom.gov.cn>) to stakeholders registered to participate in the survey and other registered with the Platform.

Within the specified period, Tycon Polymers Company, Serranis Production Germany Limited and Two Company, Taiwan Baoli Plastics Co., Ltd., Taiwan Plastic Industry Co., Ltd., Baoli Plastics Co., Inc., Xuhua Corporation applied to the investigative organ to submit the

relevant questionnaires and explained the reasons. After the review, the investigating organ agrees to give the above companies appropriate extensions. By the end of the submission of the questionnaire, the Tycona Polymer Company and its affiliates, the Serranis Production Germany Limited and its affiliates, the Taiwan Plastic Industry Co., Ltd. and its affiliates, the Taiwan Plastic Industry Co., Ltd., Baoli Plastic Corporation and its affiliates, Axei Corporation and its affiliates submitted to the survey machine the "Exporter or Producers Survey Questionnaire Outside China", and the applicant submitted the questionnaire to the survey organ.

In August 2024, the investigative authorities issued additional questionnaires to Tycona Polymers Company, Celanese Production Limited and Dual Company, Taiwan Baoli Plastic Co., Ltd., Tai Bay Plastic Industry Co., Ltd., Baoli Plastics Co., Inc., and Asachi Corporation. Within the specified deadline, Tycona Polymers Company, Celanese Production Germany Limited and Two Company, Baoli Plastics Co., and Xuhua Corporation applied to the investigative authorities for an extension to submit the relevant supplementary questionnaires and explained the reasons. Upon review, the investigating organ agrees to give the above-mentioned company an appropriate extension. To the deadline for submission of supplementary questionnaires, Tycona Polymer Company, Serranis Production Germany Limited and Two Company, Taiwan Baoli Plastic Limited Company, Taiwan Plastic Industry Co., Ltd., Baoli Plastics Corporation, and Xuhua Corporation submitted a supplementary questionnaire to the investigative organ.

In September 2024, the investigation agency issued a second supplementary questionnaire to Tycona Polymer Company, Celanese Production Limited and Dual Company, Taiwan Baoli Plastic Co., Ltd., Tai Bay Plastic Industry Co., Ltd., Baoli Plastics Corporation, and Asahua Corporation. Within the specified deadline, Tycona Polymer Company, Celanese Production Limited and Dual Company, Baoli Plastics Company and Xuhua Corporation applied to the investigative authorities for an extension to submit the relevant supplementary questionnaire and explained the reasons. Upon review, the investigating organ agrees to give the above companies an appropriate extension. By the end of the second supplementary questionnaire submission deadline, Tycona Polymer Company, Celanese Production Germany Limited and Dual Company, Taiwan Baoli Plastic Co., Ltd., Taiwan Plastic Industry Co., Ltd., Baoli Plastics Corporation, and Axei Corporation submitted a supplementary questionnaire to the investigation authorities.

In October 2024, the investigation authorities issued a third supplementary questionnaire to Taiwan Baoli Plastic Co., Ltd. and Baoli Plastics Co., Ltd. Within the prescribed deadline, Taiwan Baoli Plastic Co., Ltd., Baoli Plastic Corporation submitted the third supplementary questionnaire to the investigation organ.

In December 2024, at the request of the investigative authorities, Tycona Polymer Company, Celanese Production Germany Limited and Two Company, Taiwan Baoli Plastic Co., Ltd., Taiwan Plastic Industry Co., Ltd., Baoli Plastics Corporation, and Xuhua Corporation submitted additional public information and non-confidential summaries of the responses to the investigation organs. Yunnan Yun Tianhua Co., Ltd. submitted supplementary materials for the answer.

### **3 Listening to stakeholders.**

On July 9, 2024, the investigating authorities should meet with representatives of the company Tycona Polymers, Serranis Production Germany Limited and Dual Company to hear their views on the case. After the meeting, the relevant company submitted written material after the statement of comments.

On August 29, 2024, the investigative authority should meet with a representative of Taiwan Plastic Industry Co., Ltd. to hear his views on the case. After the meeting, the relevant

company submitted written material after the statement of comments.

On August 30, 2024, the investigative authority should meet with a representative of Poli Plastic Co., Ltd., Taiwan, to hear his opinions on the case. After the meeting, related companies.

Written submissions following submission of comments.

On October 9, 2024, the investigative authorities should meet with representatives of the Telcona Polymer Company, Celanese Production Limited and Dual Company in Germany to hear their views on the case. After the meeting, the relevant company submitted written material after the statement of comments.

#### **4 ...Receive comments from stakeholders.**

On July 10, 2024, the European Commission submitted its Comments on the Initiation of Cases.

On October 22, 2024, Tecona Polymers, Celanese Production Germany Limited and the two companies submitted their Opinions and Requests on the scope of the products being investigated.

On October 22, 2024, the applicant submitted a Comment on Celanese's so-called unstabilizing chemical intermediate powders not part of the product being investigated.

On November 4, 2024, Tycona Polymers, Celanese Productions Limited and the two companies submitted their Opinion on the Applicant's Comments on Celanese Products.

On November 7, 2024, Tecona Polymers, Celanese Production Germany Limited and the two companies submitted their Supplementary Intentions and Requests for the scope of the products being investigated.

On November 19, 2024, Tycona Polymers filed its Non-Damage Defense.

On November 19, 2024, the Seranis Producer Limited and Dual Company submitted the Non-Damage Defense.

On November 25, 2024, Taiwan Plastic Industry Co., Ltd. submitted the "No Damage Defense Opinion".

On November 27, 2024, the applicant submitted the Comments on Celanese's Views on the scope of the product being investigated.

On December 10, 2024, Tycona Polymers, Celanese Productions Germany Limited and the two companies submitted a "Refutation on Applicant's Comments on Product Scope".

#### **5 ...Pre-determination field verification.**

In accordance with the provisions of Article 20 of the Anti-Dumping Regulations, from November 20 to November 22, 2024, the investigation authorities carried out real verification of mainland Chinese producer Yunnan Yunnan Yun Tianhua Share Co., Ltd., and the State Energy Group Ningxia Coal Industry LLC. The investigation organ inspected the production site of the verified enterprise and checked the relevant information in the company's submissions. After the verification, the verification enterprise submitted field verification materials to the investigative authorities.

#### **6 ... A survey of non-market conditions affecting price comparability in the calculation of dumping margins in the United States.**

On September 9, 2024, the applicant submitted to the investigative organ the application for "converging formaldehyde anti-dumping case in the calculation of US dumping margins in non-market conditions affecting price comparability", and submitted an electronic version through the "Trade Relief Investigation Information Platform". On the same day, the

investigative authority placed the application in the open letter reading room.

On September 10, 2024, the investigative authorities notified U.S. stakeholders in writing that they had received the relevant application and gave them a seven-day comment period. On September 12, 2024, Tycona Polymers submitted a Letter to the Investigation Authority on the Application for Extension of Applications for Non-Market Conditions. On September 13, 2024, the search authority wrote to Tycona Polymers Company, extending the deadline for the company's submission of comments until September 23, 2024. Within the specified deadline, the U.S. government and Tycona Polymers submitted comments to the investigative authorities.

On September 18, 2024, the investigation agency issued a questionnaire on non-market conditions in the case of co-polymer formaldehyde anti-dumping cases to various stakeholders in the United States. Within the specified period, Tycona Polymers submitted the questionnaire on non-market conditions to the investigative authorities.

## 7 ...Public information.

In accordance with the provisions of Article 23 of the Anti-Dumping Regulations, the investigative organ has promptly sent all public materials received and produced during the investigation process to the Ministry of Commerce's trade relief public information reference room. Stakeholders can find, read, copy and copy relevant public information.

### II. Products being investigated

#### (A) the product being investigated and the scope of the investigation.

Scope of investigation: Imports originating in the United States, the European Union, Taiwan and Japan co-polymerized formaldehyde

Name of the product under investigation: Polyformaldehyde, also known as polyoxymethyl copolymer, or polymethyl oxide copolymer

The English Name The Polyformaldehyde Copolymer or Copolymer

Polyoxymethylene Copolymer, or Copolymer-type Acetal Resin, or Acetal Copolymer, commonly referred to as POM Copolymer

Chemical Molecular Types:  $[\text{CH}_2 - \text{O}]_n - [\text{CH}_2 - \text{O} - \text{CH}_2 - \text{CH}_2]_m$  ( $n > m$ )

Physical and chemical properties: Copolymerized formaldehyde is composed of formaldehyde with a thermoplastic resin with  $-\text{CH}_2 - \text{O}-$  main chain and  $-\text{CH}_2 - \text{O} - \text{CH}_2 - \text{CH}_2 - \text{CH}_2 - \text{CH}_2 - \text{CH}_2 - \text{O}-$  containing greater than 50%, while meeting the following performance indicators:

Solution mass flow rate (190, 2.16 kg) / ( g/10min)	$\leq 4$	$4<\cdot \leq 7$	$7<\cdot \leq 11$	$11<\cdot \leq 16$	$16<\cdot \leq 35$	$35<\cdot \leq 60$	$> >60$
Melting temperature/	$160 \leq \cdot \leq 170$						
Density/(g/cm <sup>3</sup> )	1.38to1.43						
Succumbing to stress/ MPa	$\geq 58$				$\geq 60$		
Fractured nominal stress/MPa	$\geq 20$				$\geq 15$		
Modulus of elasticity / MPa	$\geq 2400$						
Shortfall Impact Strength/(kJ/m <sup>2</sup> )	$\geq 5.5$		$\geq 4.5$		$\geq 3.0$		

1.8 MPaloaddeformati	$\geq 85$
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Main uses:Co-polymerized formaldehyde has high mechanical strength, high fatigue resistance, high creep resistance and other good mechanical comprehensive properties, can partially replace copper, zinc, tin, lead and other metal materials, can be directly used or modified for automotive accessories, electronic appliances, industrial machinery, daily supplies, sports equipment, medical appliances, pipe fittings, building materials and other fields.

The product is attributed to the Import and Export Tax of the People's Republic of China (2023): 39071010and 39071090.Other products such as polyformaldehyde and modified polyformaldehyde under these two tax numbers are not in the scope of this investigation.

## **(2) Relevant comments.**

### **1 Withregard to the Tycona Polymers Company, Seranis produces chemical intermediate powders produced by the German limited and two companies.**

After the filing of the case, Tycona Polymers Company, Celanese manufactures written materials after the German limited and joint submissions by the two companies, arguing that its production of chemical intermediate powder is the upstream raw material of the products under investigation;Made through the unique production process of Celanese, used only for the production of polyformaldehyde;Density does not meet the scope of the corresponding performance indicators of the products investigated in this case, and due to the characteristics of the product can not be tested on yield stress, fracture nominal strain, tensile elastic modulus, short beam gap impact strength, 1.8 MPaload deformation temperature etc. This case was tested by the other5performance indicators of the product, so it is not the product being investigated.

The applicant submits comments on this, arguing that there is no material difference between the process of production process of Tecona Polymer Company, Celanese production limited in Germany and the two companies, and the chemical intermediate powder and the products being investigated are co-polymerized formaldehyde products;After the preparation of the chemical intermediate powder sample, the performance measurement can be determined, and the performance indicators obtained are in line with the description of the product being investigated in this case.

The Telcona Polymer Company, Selanis Production Limited in Germany and the two companies again jointly submitted comments advocating that the applicant's judgment on the process of production of the product under investigation was incompatible with the facts;Chemical intermediate powder and inspected product in physical form, chemical composition and final application are very different, and cannot be directly used for downstream applications;Applicant's performance measurements on specimen preparation The fixed method is only suitable for molding and extrusion materials, but the chemical intermediate powder is not molded and the test method is not applicable.

Upon review, the investigating body concluded that:First, the performance indicators of chemical intermediate powders do not meet the relevant description of the product being investigated in this case.Second, chemical intermediates powder is the intermediate product in the production of the product under investigation, used for the production of the products being investigated, and further made into the investigated products can be applied to automotive accessories, electrical appliances, industrial machinery, daily supplies, sports equipment, medical appliances, pipes, building materials and other fields.Therefore, the investigating authority decided in the preliminary ruling that

Tycona Polymers Company, Celanese production of chemical intermediate powders produced by limited German and two-integrative companies are not the products under investigation.

## **2 Withregard to Tycona Polymers, Seranis produces some special-purpose copolymer formaldehyde produced by the German limited and two companies.**

After the filing of the case, Tycona Polymer Company, Celanese Production Germany Limited and the joint submission of the two companies after the written materials, asserting that its partial co-aggregation formaldehyde serves a special end market, can better meet downstream demand, should be excluded from the scope of the investigation.

After review, the investigative organ found that the relevant claims did not provide sufficient explanation and support evidence, and decided not to accept the above claims of the relevant company in the preliminary ruling.

## **3 ... Therest.**

After the filing of the case, Tycona Polymer Company, Celanese Production Limited in Germany and the two companies jointly submitted written materials and comments after the joint submission of comments, advocating further clarification of modified polyformaldehyde according to the national standard on the definition of modified plastics, It also proposed six categories of modified polyformaldehyde, and proposed quantitative indicators for some of the categories of modified polyformaldehyde.

The applicant submitted comments on this, arguing that the various types of non-modified polyformaldehyde advocated by Seranis mostly lack an enforceable, quantified definition of scope and differentiator method, on some of the categories of modified polyformaldehyde threshold thresholds, pointing out that chemical composition modified polyformdehyde should be understood as the product being investigated.

Tycona Polymer Company, Serranis Production Germany Limited and the two companies jointly submitted comments to accept the applicant's views on the threshold of quantitative indicators, stressing that chemical composition modified polyformaldehyde is not the product being investigated.

Upon review, the investigating body concluded that: The national standard definition of modified plastics is a general and qualitative expression of all modified plastics, and is not explicitly applicable to modified polyformaldehyde, nor does it include quantitative definition methods. The relevant description of the product under investigation details the product name, chemical molecular formula, physicochemical characteristics, performance indicators, main use, etc., and determined that the product scope should be described according to the investigation of the product. Therefore, the investigative authority decided not to accept in the preliminary ruling the foregoing claims of Tycona Polymers, Celanese Production Limited and Dual Company in Germany.

### **III. margins of dumping and dumping**

#### **(1) Normal value, export price, adjustment project preliminary determination.**

##### **Category: American companies**

#### **Non-markets affecting price comparability in the calculation of dumping margins by U.S. companies**

##### **Situation of the place.**

The applicant in this case argues that there is a situation in the United States that caused the production cost of the products and similar products under investigation to

deviate from the normal market level, and that the composition and price of similar products in the United States market cannot be used as the basis for fair comparison. Specifically, it includes: (1) The United States government has always regarded energy security as a key area of government work, federal and state governments have promulgated laws, regulations and guiding documents, through industrial planning, support and subsidies to intervene in the basic energy industry such as oil, natural gas, coal and other basic energy industries, encourage the development of domestic oil, gas, coal industry, and reduce external dependence. (2) U.S. natural gas, oil and coal supply and demand and prices have been severely distorted by a series of US government strategies, stimulus policies and huge subsidies and other supportive measures, and there are non-market conditions. (3) The U.S. government has supervision and control over the power industry, controls electricity exports and electricity prices, and provides a large amount of financial support to the power industry, and the price of electricity in the United States does not fully reflect the true level of normal market articles. (4) Natural gas, oil, coal are the source of the production chain of petrochemical products, electricity is the main fuel power of petrochemical products, federal and local governments on domestic oil and gas, electric power enterprises to implement a series of incentives and huge subsidies, through the conduction of the product chain, greatly reduce the raw materials and fuel power costs of chemical products, including methanol products from the source of government intervention and subsidies, and so U.S. methanol manufacturers have been directly subsidized by the government, the cost of downstream products and prices are clearly contained in government support and subsidy, including the U.S. methanol manufacturers have been affected by government supply and raw materials. (5) Considering the important proportion of primary raw materials methanol and fuel power in the production cost of copolymerized formaldehyde, the United States co-polymer formaldehyde product manufacturers obtained raw materials (methanol) and fuel power at unreasonably low prices, resulting in the cost and price of co-polymerized formaldehyde products distorted, deviating from the normal market level, distorted non-market conditions, can not reasonably reflect the normal market competition conditions, the dumping margin calculation of the products investigated in the United States has a significant impact.

For the above reasons, according to the relevant provisions of Article 6 of the Anti-Dumping Regulations, the applicant requests the investigation authority to investigate the non-market conditions affecting the calculation of the dumping amplitude of the investigated products in this case, to exclude the impact of non-market factors on the cost and price of similar products, so as to ensure that the production cost and price data used in the normal value are not distorted by the market and are comparable.

The U.S. government submitted on September 18, 2024, "Review of the U.S. government on the joint formaldehyde anti-dumping investigation" of originating in the United States asserted that the application for "non-market conditions" investigation submitted by the applicant lacks the WTO and Chinese legal basis, and may violate China's relevant obligations under the World Trade Organization; The applicant failed to sufficiently demonstrate that the prices of the U.S. oil, gas, coal and electricity companies were in any way distorted or failed to reflect market prices, and the applicant's claim that there is a non-market condition in the U.S. methanol and polyformaldehyde industry is lacking sufficient evidence. A similar view was expressed by the Tycona Polymer Company on September 23, 2024, "On the non-market situation investigation application for import co-polymer formaldehyde anti-dumping investigation case originating in the United States", the company also pointed out that the applicant "Co-polymer formaldehyde anti-dumping case in the calculation of dumping margins in the U.S. application for non-market conditions affecting price comparability" was submitted only a few months after the filing of the non-market situation, and the non-market situation questionnaire was also issued



before the company's comments on the applicant's application, which harmed Tyner Polymer's due process. In addition, there are no other stakeholders to submit relevant comments to the investigative organ.

A preliminary examination of these comments was carried out by the investigating authorities. Article 41 of the Foreign Trade Law of the People's Republic of China provides that products of other countries or regions enter China's market by dumping less than normal value, cause material damage to established domestic industries or cause material damage, or cause material damage to the establishment of domestic industries, the State may take anti-dumping measures to eliminate or mitigate the threat or obstruction of such damage or damage. Article 3 of the Anti-Dumping Regulations stipulates that dumping refers to the entry of imported products into the market of the People's Republic of China at an export price lower than its normal value during the normal trade process. Article 6 of the Anti-Dumping Regulations stipulates that for the export price and normal value of imported products, all kinds of comparability factors affecting prices shall be considered and compared in a fair and reasonable manner. The non-market conditions in the U.S. market asserted by the applicant may affect the input of the main factors of production of the products under investigation and similar products in this case, and thus have a significant impact on the cost and price of the products and similar products under investigation. Accordingly, in accordance with the foregoing provisions, and in view of the prima facie evidentiary requirements submitted by the applicant, the investigating authority decided to investigate these factors that could affect normal value calculations. The applicant also specified its application under Article 6 of the Anti-Dumping Regulations. As for Tycon Polymers' concerns about the time of the relevant applications and questionnaires, China's relevant laws and regulations do not limit the time for applicants to submit relevant non-market status survey applications, the investigation authorities notified the relevant stakeholders and gave them a 10-day comment period at the first time after receipt of the relevant application, and in addition, throughout the investigation process, all stakeholders may continue to submit comments on relevant issues, and the procedural rights of interested parties are fully guaranteed.

The investigation authorities conducted questionnaires on the relevant questions, and within the prescribed deadline, Tycon Polymers submitted relevant answers to the investigative authorities, except that the investigation agency did not receive responses from any other U.S. stakeholders. Tycon Polymers pointed out in its reply that the company does not agree with the non-market situation in the United States claimed by the applicant from the macro-economic level, and the various subsidies and support measures listed by the applicant in the application are not related to the company's production and operation, in order to fully cooperate with this non-market situation survey, the company has been based on limited understanding of the energy, upstream and power industries, and made every effort to answer the relevant questions based on publicly available information.

Following a preliminary review, the company did not respond to some of the questionnaire's questions in the questionnaire, did not answer, simply provided a brief introduction or provided only a link to the website, and was unable to provide complete and accurate answers as required by the questionnaire. Accordingly, the Investigation Authority has not been able to obtain all relevant information about the industry in which the products are surveyed and their upstream raw materials and energy industries through the Company's responses. For the unanswered part of the company's answer, no U.S. stakeholders responded or submitted relevant letters. In the opinion of the investigative authorities, the information requested in the questionnaire is directly related to the determination of the production and cost of the normal value of the product being investigated, and that for the part of the relevant stakeholders' responses that did not respond as required, the investigating body decided to review and evaluate the facts and

the best available information, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, including the materials submitted by the applicant and the relevant facts and information held by the investigative authorities in previous cases. The investigation authorities conducted a preliminary review of the relevant material evidence and concluded that it could reflect the basic situation of the relevant markets in the United States.

## **1 Management and restrictions on resources such as oil, gas, and coal energy by the U.S. government or the public sector.**

The applicant argues that the U.S. government through legislation and policymaking, the overall planning and high control over strategic resources such as oil, natural gas, coal and other strategic resources has promoted the production growth and price decline of related products.

In its reply, Tycona Polymers reported information on the relevant departments of the U.S. government with regulatory responsibilities for oil and gas, coal and other industries. Regarding the specific regulatory content, although the questionnaire explicitly requires the specific regulatory behavior of the government or the public sector and the specific supervision of the relevant manufacturers in investment, production and other business activities, the company only made a general presentation of the responsibilities of various departments in the answer, or provided a link to the website, did not provide the complete answer as required by the questionnaire. Other U.S. stakeholders did not submit responses or respond.

After preliminary review, based on the application materials, the Tycona Polymer Company answer and the relevant factual information available to the investigative authorities, the investigation agency found that the United States government through relevant legislation and industrial planning and policies, as well as financial support measures, import and export controls, etc., has strengthened the energy industry management, constraints and incentives, in the allocation of resources played an important impact, and achieved overall planning and high control over oil, natural gas and coal resources.

Government departments or public agencies that regulate and restrict oil, gas, and coal include the U.S. Federal Energy Regulatory Commission, the Department of Energy, the Environmental Protection Agency, the Department of the Interior's Marine Energy Administration, the Department of the Interior's Land Administration, the Department of Safety and Environmental Enforcement, the Office of Natural Resources Revenue, the Indian Bureau of Energy and Mineral Development, the Department of Transportation Pipeline and Hazardous Substances Safety Administration. At the state level, agencies include the Texas Environmental Quality Commission, the Texas Railroad Commission, the Texas Insurance Authority, the Texas Public Service Commission, the Texas Land Office, the Pennsylvania Environmental Protection Agency and others.

Legislative and policy documents relating to the management and restriction of resources such as oil, gas, and coal in the United States include: Natural Gas Policy Law, Crude Oil Profit Tax Law, Energy Policy Law, Taxpayer Limitation Act, Energy Independence and Security Act, Revival and Reinvestment Law, Blueprint for Future Energy Security, Comprehensive Appropriations Law, Mineral Leasing Law, Outer Continental Shelf Land Law, Priority Energy Plan, Tax Cuts and Employment Law, Priority Offshore Energy Strategy, Gas Infrastructure Export Initiative, etc.

## **2 ... The implementation and impact of plans and strategies for the oil, gas and coal industries.**

The applicant argues that because the United States has long raised "energy independence", "energy security" and even "energy-led" to the strategic height of national security, successive governments have spared no effort to implement policies to intervene and stimulate local energy production, and long-term implementation of this industrial policy has seriously distorted US energy production and supply.

In its reply, Tycona Polymers said that it does not use oil and coal when producing copolymerized formaldehyde, so it did not fully answer the question as required by the questionnaire, only briefly introduced some of the questions or provided website links. Other U.S. stakeholders did not submit responses or respond.

After preliminary review, the investigative authorities believe that the U.S. government has long raised "energy independent" and "energy security" to the strategic height of national security, and has a comprehensive and systematic industrial plan for the energy industry to achieve its energy policy goals. The U.S. government continues to strengthen the management, constraints and incentives of the energy industry through legislation and policymaking to achieve overall planning and high control over strategic resources, affecting resource allocation and distorting U.S. energy production and supply.

The U.S. government's focus on "energy independence" and "energy security" has been clearly reflected in successive U.S. government national security strategy reports (hereinafter referred to as the report). For example, in a 2006 report, the U.S. government stated that "our comprehensive energy strategy prioritizes reducing dependence on foreign energy." In its 2010 report, the U.S. government emphasized "reducing dependence on foreign oil" in the Overview of the National Security Strategy. In its 2015 report, the U.S. government re-emphasized "promoting energy security" and "must promote diversification of energy fuels, sources and routes and encourage local energy supplies." Achieving greater energy security and independence within the United States is at the heart of the effort. The 2017 report clearly proposed "embracing energy dominance (status)" and "promoting energy exports" to continue to promote the shale gas revolution, support the development and innovation of coal clean technology, and revive the US coal industry.

Based on the materials provided by the applicant, the contents of Tycona Polymers' responses and other relevant information already available to the investigative authorities, as early as the 1970s, the United States enacted a series of laws, such as the Natural Gas Policy Act of 1978, the Oil Profit Tax Act of 1980, the Energy Policy Act of 1992, the Taxpayer Reduction Act of 1997 to support the development and production of unconventional energy sources such as shale gas, shale oil and other non-fuel uses, including the use of coal by-products into chemical products and gas. Entering this century, the U.S. government has comprehensively strengthened the management and restraints of the energy industry, and the United States has issued a series of laws, regulations, decrees, and policy texts to achieve the management, restraint and incentives of the energy industry. In 2005, the United States enacted the Energy Policy Act, which explicitly refers to oil shale as an emerging strategic resource, instructed the Department of Energy to coordinate to promote the commercial development of oil shale resources, tax and fee relief for related oil and gas companies, and authorized the United States Department of the Interior to provide loan guarantees for gas projects. In 2007, the United States enacted the Energy Independence and Security Act, and in 2009, the United States enacted energy policy guidance documents such as the Revival and Reinvestment Act. These legal documents explicitly support increased supply of oil and gas production and reduced reliance on imported oil and gas.

In 2011, the United States released the Blueprint for Future Energy Security, emphasizing that "U.S. oil and gas are an important part of national energy planning." Their development ensures national energy security and the development of the country's

economy. In order to ensure the future energy supply and security of the United States, the U.S. government has proposed three major strategies: First, add domestic oil and gas development and production to lead the global clean and safe supply of energy; Second, provide consumers with more options and reduce cost spending and energy consumption; The third is to encourage clean energy technology innovation. In 2017, the United States released its Priority Energy Plan to eliminate policies such as the Climate Action Plan, give play to the rich advantages of energy mineral deposits, embrace the shale oil and shale gas revolution, develop clean coal technology, and revive the U.S. coal industry. In the same year, the United States issued the Tax Cuts and Jobs Act, which reduced the corporate tax rate from 35% to 21%, and the federal government opened the Arctic National Wildlife Refuge to the oil and gas industry to allow oil and gas drilling activities. In 2020, the United States introduced the Coronavirus Assistance, Relief and Economic Security Act (CARES) Act, which significantly reduced domestic corporate taxes and benefited the oil and gas industry.

As the U.S. government has comprehensive and systematic strategic planning for the oil, gas and coal industries, and implemented a series of specific incentives, distorted the allocation of resources in related industries, promoted the growth of U.S. oil, gas and coal production and reduced product prices. According to the U.S. Energy Administration, U.S. oil production increased from 20.7 billion barrels in 2011 to 47.18 billion barrels in 2023, a large increase of 128%, and natural gas production from 2848 million MMCF (million cubic feet) in 2011 to 4563 million MMCF in 2023, a significant increase of 60%. The United States has become the world's largest producer of natural gas and oil. Meanwhile, U.S. crude oil prices fell 21% from \$95.73/barrel in 2011 to \$76.1/barrel in 2023, and natural gas industry prices fell 11 percent from \$5.13/1000 cubic feet in 2011 to \$4.59/thousand cubic feet in 2023.

Under the stimulation of the above industrial policies, the production of domestic oil and natural gas in addition to meeting its domestic consumption demand, has begun to export a lot to foreign markets. Taking natural gas as an example, Tycona Polymers stated in its response that "the United States has been a net exporter of natural gas since 2017, with natural gas production reaching 1.4 times domestic consumption by 2023." These excess natural gas is exported to Canada or Mexico through pipelines or converted into liquefied natural gas exported abroad".

### **3 ... The regulation, precipitation and impact of the United States Government on the allocation of oil, gas and related resources.**

#### **(1) U.S. government market access controls, import and export controls, and price controls on oil and gas.**

The applicant argues that the U.S. government through a series of policy measures to achieve comprehensive intervention and strict control in the oil and gas industry, indicating that the U.S. oil and gas market is not fully marketized and has been distorted.

The Tycona Polymers answer simply lists the names of federal and state government agencies with regulatory responsibilities and outlines their relevant functions, or submits only links to the relevant legal documents and does not provide all necessary information as requested by the investigative authorities.

U.S. government market access controls on oil and gas.

After preliminary investigation, the U.S. government has controlled market access for its domestic oil and gas industries, while at the same time having jurisdiction over market access for oil and gas resources on government-owned land. The government intervened in the normal allocation of market resources through the control of access to these markets.

The U.S. government has strict market regulations on oil market access, mainly including certification review of qualifications, organizing oil and gas resource exploration, development tenders and licensing. At the same time, the United States granted the Federal Energy Regulatory Commission jurisdiction in part of the Natural Gas Act over market access for companies engaged in natural gas sales or resale and inland transportation. The Federal Energy Regulatory Commission authorizes natural gas companies to transport and sell natural gas by issuing certificates of public convenience and necessity. The U.S. government has controlled oil market access and natural gas sales and transportation access, affecting the resource allocation role of the market.

The U.S. government has jurisdiction over market access to oil and gas resources on government-owned land. Mineral interests in the United States, such as oil and gas, are usually owned by individuals, companies, or government units that own surface land. The U.S. government has ownership and control over oil and gas resources on all of its government-owned lands. The U.S. Department of the Interior Land Administration has jurisdiction over the rental, exploration, distribution and production of oil and gas on land belonging to the United States Government. The Land Administration reviews and approves requests for drilling and mining on federal soil. The U.S. Postal Service and General Services Administration have the right to lease oil and gas on all federal land. Through the above measures, the U.S. government supervises the rational development and utilization of mineral use and oil and gas resources in order to achieve its industrial policy and strategic objectives.

Therefore, the investigative authorities believe that the U.S. government has imposed market access controls on its domestic oil and gas industries; The U.S. government has jurisdiction over market access to oil and gas resources on government-owned land, which accounts for an important part of all oil and gas resources. In order to achieve its industrial policy, the government has predetermined the role of market allocation of resources through the relevant access control.

U.S. government controls on the import and export of oil and gas.

In 1975, the United States promulgated the Energy Policy and Protection Act, the import and export management of U.S. crude oil is mainly under the responsibility of the United States Department of Commerce, which stipulates that the export of U.S. crude oil needs to obtain prior authorization from the U.S. government, issued by the U.S. Department of Commerce. Export controls authorized by the U.S. government through this law achieve the purpose of controlling domestic oil prices in the United States and ensuring the security of oil supply.

In December 2015, the United States introduced the 2016 Comprehensive Appropriations Act, which officially lifted a 40-year ban on crude oil exports. Crude oil exports no longer require permission from the U.S. Department of Commerce. However, according to the Comprehensive Appropriations Act, the export ban is still not unconditional and fully market-oriented. First, export liberalization does not affect the U.S. government's restrictions on exports based on other regulations, such as the Energy Policy and Protection Act, the National Emergency Act, etc. In addition, the United States only allows oil companies to export light crude, while exports of heavy crude remain restricted by the U.S. government. Second, the President of the United States can impose licensing restrictions or other restrictions on crude oil exports under certain conditions. For example, if the U.S. Commerce Secretary reports to the President that crude oil exports have caused a persistent and substantial shortage of oil supply or that U.S. oil prices are higher than the world market oil prices due to U.S. crude oil exports, then the President of the United States may impose restrictions on crude oil exports. Moreover, if the President of the United States or Congress imposes sanctions or trade restrictions on one or more countries for reasons of

national security they believe, the President of the United States may also impose licensing restrictions on a country or a number of countries.

For natural gas, under the Natural Gas Act 1938, U.S. liquefied natural gas exports must obtain dual approval from the Department of Energy's Office of Fossil Energy and the Federal Energy Regulatory Commission. Export enterprises submit an application to the Ministry of Energy, the Ministry of Energy must examine whether exports are in the public interest, and for enterprises whose total natural gas exports are not in the public interest, the license can be refused. If the importing country is a country that has signed a Free Trade Agreement (FTA) with the United States, it is automatically considered in the public interest. The Confederate Energy Regulatory Commission's safety review includes consulting with the Coast Guard, meeting the requirements of the Maritime Transport Safety Act 2002 and the Department of Transportation's Pipeline Safety Office.

The investigative authorities believe that the U.S. government's import and export control system on oil and gas has seriously interfered with the normal trade in oil and gas and caused distortions in its market prices.

The U.S. government regulates oil and gas prices.

In terms of oil prices, the U.S. government, on the basis of strict market access controls and export controls, strictly regulates the price of oil sales, including: Overseeing the operation and rates of pipeline oil companies, pipeline services and opening,

Monitor pipeline delivery prices, formulate rates and price formulas, propose maximum prices and minimum prices, etc.

In terms of gas prices, on the basis of market access controls and export controls, under the U.S. Gas Act, prices and charges for all natural gas are regulated by the Confederate Power Board, and no gas company may change the price and fees of natural gas unless otherwise notified by the Federal Power Board. Under the Natural Gas Act, downstream users can only purchase natural gas from regulated natural gas agencies at regulated prices.

Therefore, the investigative authorities believe that the U.S. government through the above transportation and sales rate supervision, approval jurisdiction and provide a large amount of financial support, caused interference in the formation of U.S. stone oil and natural gas prices, resulting in the price of related products to be distorted and can not reflect the normal market conditions.

## **(2) The intervention and support of the U.S. government in the allocation of oil and gas-related resources.**

Federal government support measures.

At the federal level, the U.S. government has introduced a series of measures to support the technical development of the oil and gas industry. According to the supplemental notification submitted by the U.S. government to the World Trade Organization, the United States promulgated the Department of Energy Organic Act in 1977, authorizing the Office of Chemical and Petroleum Energy of the Department of Energy to be responsible for fossil energy research and development projects and commercialization operations, and the funding for natural gas technology research and development in 2013 and 2014 was \$13.6 million, respectively; The 2005 U.S. Energy Act states that over the next 10 years, the government will invest \$45 million annually to support the development of unconventional natural gas, including shale gas.

In addition, in order to encourage and support the fossil energy industry, the U.S. government has used financial subsidies, tax breaks and other methods to reduce fossil energy exploration and production costs, and help U.S. oil and gas producers maintain a

good capital flow, attract more social capital into the oil and gas industry. The U.S. crude oil profiteering tax law, the Energy Policy Act, etc. formulated a subsidy policy for energy sources such as natural gas; In 1995, the U.S. federal government and Congress unified the cost of deep-sea mining rights. U.S. government support items for the oil and gas industry include resource depletion subsidies, intangible drilling cost deductions, geometry and prospecting expenses that can be amortized within 2 years, tax credits to increase oil recovery rates, and marginal well tax credits. Among them, the intangible drilling cost deduction project, the U.S. government acknowledged the existence of this provision in its Report on U.S. Fossil Fuel Subsidy Self-Report to the G20 Peer Review Panel in December 2015 and explicitly acknowledged that the clause "would distort the market and encourage more capital to enter the oil and gas industry than under a neutral tax regime." The U.S. government's financial support under this provision was approximately \$16.29 billion in 2016 and about \$15.9 billion in 2017.

Local government support measures.

In order to comply with energy policy guidance documents such as the Rehabilitation and Reinvestment Act of 2009 and the Clean Energy Security Act of the United States, state governments have also matched the corresponding support policies, promulgated and implemented a series of tax support policies and incentives such as exemptions from production taxes, foreign subsidies and other fiscal support policies and incentives to encourage oil and gas enterprises to invest in drilling and promote the development of the oil and gas industry. Texas, for example, has been exempt from production taxes on shale gas development since 1992, with state subsidies of 3.5 cents per cubic meter. These subsidy policies do not conflict with federal government policies and have largely encouraged oil and gas companies to develop shale resources.

According to statistics from the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA) "fossil fuel subsidy database", between 2013 and 2022, the total support funding provided by federal and state governments to the oil industry amounted to \$500 billion, an average of \$5 billion annually, and the total support funds provided to the natural gas industry amounted to \$364 billion, an annual average of US\$36.4 billion.

In addition, according to the Oil Change International (OCI), the federal and state governments issued an average of about \$20.5 billion in annual production subsidies to the oil, gas and coal industries in 2015-2016, including \$147 billion in federal subsidies and 8.5 billion state government incentives. Of the more than \$20 billion in subsidies, more than \$16 billion is used to subsidize the production of stone oil and natural gas.

Investigation organs believe that the US government's intervention and support for oil, gas, shale gas, shale oil and related resource allocation has affected the production and operation of the oil and gas industry, stimulated the oil and gas industry production investment, affected the normal market supply and demand relationship and price level, distorted the oil and gas market.

#### **4 U.S. government intervention and impact on coal and related resource allocation.**

The applicant believes that coal is an important petrochemical energy in the United States, the United States to achieve "energy independence" and "energy security" is an important guarantee, successive U.S. government has paid ten points to the encouragement and support of coal mining and utilization, distorting the U.S. coal market. In its reply, Tycona Polymers argued that it neither procures coal as an energy source nor coal as a raw material for methanol and downstream copolymerized formaldehyde, so the company did not reply to questions related to coal in the questionnaire. Other U.S. stakeholders did not

submit responses or respond.

**(1) The U.S. government offers low-priced mining rights to state-owned coal resources.**

Leases of coal mines on federal land are subject to competitive bidding. The U.S. Powder River sector accounts for 44% of the country's coal production, and the U.S. federal government owns almost all coal mines in the region, and the U.S. Department of the Interior Federal Land Administration is responsible for the leasing of coal mines in the Powder River Basin. A report by the U.S. Institute of Energy Economics and Financial Analysis shows that because the Federal Land Administration accepts only very few competitive offers for lease offers, the lack of competition for coal leasing bids has allowed lease applicants to obtain lease rights to coal mine land at significantly below market fair prices, and to lease land in a non-competitive manner, giving coal producers an unfair advantage. At the same time, the Federal Land Administration abolished the Powder River Basin as an official "coal production area" in 1990, avoiding compliance with the corresponding regional system management process regulations. These factors have led to lower lease prices for coal mines. According to the U.S. Institute of Energy Economics and Financial Analysis, over the past 30 years, the reduction of land lease prices has saved coal producers in the Powder River basin nearly \$30 billion in mining costs, and the cost of coal mining fell by \$2.59 per ton.

**(2) U.S. government support measures in coal-based technology research and development.**

The U.S. government has long supported research into coal mining, fuel conversion, or gasification. The Energy Policy Act 2005 and the American Recovery and Reinvestment Act of 2009 introduced a number of support measures for the coal industry, including Clean Coal Dynamics Program, Clean Energy Projects, Coal and Related Projects, Federal Coal Leasing, Fossil Energy-Coal and Related Technology Projects, Research and Development of Fossil Energy-Coal Mining Technologies, Energy Policy Tax Preferences-Tax Benefits on Investment in Clean Coal Facilities, Fossil Energy Research and Development. According to the Organisation for Economic Cooperation and Development (OECD), between 2005 and 2011, the U.S. government funded coal-related research and development more than \$1 billion a year, and the related federal financial support in 2016 and 2017 was about \$65 million per year. In addition, in April 2020, the U.S. Department of Energy announced funding of \$14 million to support advanced coal chemical technology research and development aimed at developing high-performance, low-cost coal-based raw materials chemical processing and conversion technology to achieve efficient and economic conversion of coal-based raw materials to high-value materials.

**(3) U.S. government support measures for investment in coal production.**

The federal and state governments support and encourage coal production and investment through a large number of preferential policies. Under the Energy Policy Act 2005, to encourage energy production and energy efficiency, it was announced that it would reduce taxes by \$14.5 billion over 11 years, of which nearly \$3 billion goes to coal. At the same time, the U.S. government is constantly out of Taiwan policy to reduce the coal consumption tax rate. In 2018, the U.S. government imposed a US\$1.1/ton excise tax on underground coal mining and \$0.55/ton excise tax on surface coal mining, a total not exceeding 4.4% of the sales price. In 2019, the tax rate on underground coal mining has been reduced to \$0.5 per ton, and the tax rate on surface coal mining has fallen to \$0.25/ton, with a total limit to no more than 2% of the sale price.

Incentives at the federal level also include exploration and development fee deduction, mineral commutation at a scale above cost, coal royalties considered as capital



gains, investment tax credits for clean coal facilities, exclusion of special benefits from disabled coal miners, tax credits for mine safety equipment and mine rescue training, and alternative fuel production tax credits. The above incentives are estimated to save coal manufacturers more than \$2 billion a year.

At the local government level, there are incentives such as coal mining tax exemption, coal business tax exemption in North Dakota, there are thin-layer coal tax cuts in West Virginia, there are thin-layer coal tax credits in Kentucky, coal transportation fee deductions, tax credits for mineral sources, alternative fuel or gasification facilities in Colorado, coal mining tax exemption, underground coal mining tax relief, lignite mining tax exemption, low-volume coal mining tax exemption, low-volume coal mining tax exemption in Kentucky. real estate transfer tax exemption from source lease, tax credit for production of alternative energy, etc., there are underground coal mining tax exemptions in Wyoming, coal mining tax exemption, property tax exemption of underground coal mining equipment, property tax exemption of coal mining equipment, property tax exemption of coal gasification equipment and other measures.

According to the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA)'s Fossil Fuel Subsidy Database, between 2013 and 2022, the total support funding provided by federal and state governments to the coal industry was US\$139.41 billion, an average of US\$1394 million annually.

Investigators believe that the U.S. government's support measures have reduced coal companies.

Production costs have stimulated production investment in the coal industry.

#### **(4) U.S. government intervention and support measures in coal-based natural gas.**

Because of energy independence and energy security concerns, the United States started the Great Plains coal-to-gas project in the 1970s. The U.S. government has provided a loan guarantee of \$15.4 billion to the Gasification Associate, which operates the project. After the company declared bankruptcy in 1985, the U.S. government repaid \$16.4 billion in debt. In 1986, the U.S. Department of Energy took ownership of the purpose at a book price of \$1 billion and transferred the project in 1988 while paying \$120 million in cash for the project's operating expenses, which is still in operation.

As a result of the above policy measures, U.S. coal prices fell by 11% from US\$41.01/ton in 2011 to \$36.45/ton in 2021. While global coal prices rose, the U.S. coal price rose to \$54.46 per ton in 2022. But since 2009, coal spot prices in the central U.S. have been significantly lower than coal prices in other markets around the world.

Investigation organs believe that the U.S. government through the above-mentioned series of stimulus policies and support measures has played an important influence in the allocation of resources, and realized the intervention, control, restrictions on the coal (including coal natural gas) industry market distortion, can not reasonably reflect the normal market situation.

## **5 Non-market conditions in the U.S. electricity industry.**

The applicant proposes that electricity is the main fuel power of the products under investigation and upstream petrochemical raw materials, the U.S. government has supervision and control over the power industry, the power outlet and the price of electricity, and provides a large amount of funds to the power industry, the price of electricity in the United States does not fully reflect the true level of normal market conditions.

In its reply, Tycona Polymers introduced the relevant situation in the field of power generation, transmission and distribution in the United States and related regulatory agencies, described the responsibilities of the U.S. Department of Energy, the Federal Energy Regulatory Commission, the Energy Information Administration, the Environmental Protection Agency and the regulation of electricity, provided some relevant data on the U.S. power industry, as well as the U.S. government's regulation of electricity export management and electricity prices. However, the relevant policy documents and specific regulatory practices of the respective regulatory units were not detailed in the answer, only provided links to the website, and did not provide Congressional appropriations for the power industry as requested by the questionnaire. Other U.S. stakeholders did not submit responses or respond.

After preliminary review, the investigative authorities believe that electricity is the main fuel power of the products under investigation and upstream petrochemical raw materials, the U.S. government has supervision and control over the power industry, intervened in electricity exports and electricity prices, and provided a lot of financial support to the power industry.

#### **(1) The U.S. government's regulation and control of the electricity industry.**

The U.S. electricity industry is divided into three major segments: Electricity generation, transmission and distribution. Depending on the type of regulation in a specific state or region where the power plant is located, power plants typically sell their electricity output to the energy wholesale market. Transmission lines in the United States are owned by an investor-owned utility, independent transmission company, or local government entity. Local power distribution companies may be owned by public utilities owned by investors, district electric cooperatives, local municipalities or entities established by municipal authorities for local power distribution. The Federal Energy Regulatory Commission (FERC) regulates interstate electricity sales and wholesale sales, and retail is governed by the state in which it supplies electricity to consumers, and is responsible for setting transmission line usage rates through the corresponding mechanism.

The U.S. Department of Energy, the Energy Information Administration, and the Federal Energy Regulatory Commission are the main government agencies involved in the management of the U.S. power industry. The U.S. Department of Energy is mainly responsible for the US federal government's energy policy development, energy industry management, energy-related technology research and development. The Energy Information Administration regularly publishes weekly, monthly, annual reports and thematic reports on energy production, reserves, demand, imports, and prices, and is the primary source of information on U.S. energy source data and its analytical forecasts. The Federal Energy Regulatory Commission is primarily responsible for overseeing the transmission and wholesale transactions of interstate electricity, reviewing certain mergers and acquisitions and corporate affairs of electric power companies, reviewing applications for location of power transmission facilities in limited cases, issuing licenses and inspections of private, municipal and state hydropower projects, protecting the availability of high-voltage interstate transmission systems through mandatory reliability standards, early warning and investigation of energy markets, regulation of power-related environmental matters, and implementing regulatory requirements through the collection of fines, etc., its main function is to help consumers obtain reliable, efficient and sustainable energy supply at reasonable prices through appropriate regulatory and market means.

Among the regulations that the U.S. power industry needs to implement include the Federal Electricity Act, Clean Air Act, National Hazardous Air Pollution Emission Standard, the Greenhouse Gas Reporting Plan, the Electric Power Company Mercury and Toxic Air Pollution Residues Disposal Regulations, "National Pollutant Emissions

Requirements Requirements Requirements for Cooled Water Structural Construction Requirements in Existing Facilities and Amendment Requirements for Stage 1 Facilities", "Guidelines and Standards for Emissions of Steam Power Generation Power Generation", "Guidelines and Standards for Emissions of Electricity Power Generation ", "The Efficiency Guidelines and Standards for Emissions of Electricity Power Generation ", the Public Service Holding Company Act, the Public Utilities Holding Company Act, the Public Utilities Holding Company Act, the Public Utilities Holding Company Act, the Public Service Holding Company Act, the Public Service Holding Companies Act, the Public Service Holding Company Act, the Public Sectors Act.

**(2) The U.S. government regulates the electricity market in terms of strategic planning and resource requirements.**

As federal and state regulators divide the power industry's jurisdiction, the strategic planning and resource requirements of the U.S. electricity market are regulated in many ways. The U.S. Public Utilities Act of 1935, including the Public Utilities Holding Companies Act and the Federal Electricity Act, established a regulatory mechanism for the power industry in the 1930s, with full control over operating procedures, prices, and access. While many restrictions on the electricity market were gradually liberalized by policies such as the Energy Policy Act, the Federal Energy Regulatory Commission Act 888 and 889, and the Energy Policy Law 2005, it further illustrates the fact that the U.S. federal government, through a series of policies, laws or long-term planning, has in fact achieved its ownership and control over the power industry, affecting the direction of the U.S. power industry and the market.

According to the survey, the strategic planning and resource requirements of the U.S. electricity market are not fully market-oriented, but are regulated and controlled by the U.S. government.

**(3) The U.S. government provides subsidies to the power industry.**

According to the report submitted to Congress by the Office of Government Accountability (GAO), "Federal Electricity Subsidy-Information on Research Funds, Tax Expenditures, and Other Activities Supporting Electricity Production," the US federal government provided \$182 billion in electricity subsidies in the form of taxes between 2002 and 2007, and the U.S. Department of Energy provided \$11.5 billion in power R&D subsidies totaling \$11.5 billion.

According to the U.S. Energy Information Administration's 2007 Federal Financial Intervention and Subsidy for Energy Markets, in fiscal year 2007, the total subsidy provided by the U.S. federal government to the electricity industry was \$675 billion, or \$1.65 per 1,000 kWh. According to a white paper by the University of Austin's Institute of Energy in Texas, Federal Government Financial Support for Power Technologies, total federal subsidies to the power sector have risen to \$142.2 billion in fiscal year 2019 and \$3.36 per kilowattmeter.

On the local government side, according to the White Paper of the University of Austin, Texas Energy Research Institute, State Government Financial Support for Power Technology, in fiscal year 2019, the total subsidy provided to the power sector by the Texas government amounted to \$14.7 billion, or \$3.15 per kilowattah; California's total subsidy to the power sector is \$70.9 billion, with subsidies of up to \$26.1 per 1,000 kWh.

In addition, according to the U.S. Energy Information Administration's Federal Financial Interventions and Subsidies in Energy in Fiscal Years 2016-2022, the amount of subsidies provided by the U.S. federal government only for renewable power generation increased from \$737 billion in 2016 to \$155.9 billion in 2022.

#### **(4) U.S. government controls on the export of electricity.**

Exporting electricity from the United States to abroad requires prior approval from the U.S. Department of Energy (DOE). Similarly, where facilities are needed to be built in order to export electricity to the United States, the Department of Energy must issue presidential concessions to approve the construction and operation of these facilities. The primary purpose of the DOE approval process is to ensure that the proposed exports do not negatively affect the reliability of the power system. The United States does not regulate the electricity imported into the United States.

Investigation authorities believe that the US federal government directly intervenes in the export trade of U.S. electricity, and the export of U.S. electricity has been restricted, affecting the market allocation of U.S. power sources.

#### **(5) The U.S. government's control of electricity prices.**

U.S. electricity prices are governed by the U.S. Federal Energy Regulatory Commission or the State Public Utilities Commission. The U.S. Federal Energy Regulatory Commission is specifically responsible for the interstate transmission price regulation, and the state utility management boards are responsible for the regulation of electricity distribution prices in this jurisdiction. The main pricing procedures include enterprises submitting nuclear price applications, approving transmission prices in accordance with the law, adjusting transmission prices on a regular and irregular basis and listening to interested parties.

U.S. electric utilities include private and non-private power companies, including federal power companies and local utility companies and electric cooperatives. Federal Electricity is owned by the federal government, and local public power companies are owned by local governments. Electricity prices for non-private power companies are set by the company's management committee, which is the highest leading agency responsible for all management matters, including electricity prices. Members are appointed or elected by the Government, and many are appointed part-time by government officials. The objectives and basic principles for setting electricity prices by non-private power companies are common in the relevant laws or charters of the company and can be summarized as: Provide the necessary financial support for the normal operation of the company; [2] It is not allowed to target for profit; [3] Develop the lowest possible electricity price; [4] Reflecting the actual cost of power supply while maintaining the stability, ease of understanding and execution of terminal electricity prices as far as possible; Fair treatment of all categories of users; It helps to save energy and protect the environment.

According to the investigative authorities, non-private power companies in the United States do not actually aim for profit, but instead set the lowest possible price, although the cost of electricity was taken into account in the process, the ultimate principle is to keep electricity prices as stable as possible. As a result, the price of electricity for non-private power companies in the United States does not reflect the normal market price.

The U.S. government imposes a series of controls and approvals on private power providers. Summarized, it mainly includes: The Department of Energy strictly controls U.S. electricity exports, and whoever engages in the export of electricity must obtain government approval. The Federal Energy Regulatory Commission will regulate the transmission and wholesale transactions of interstate electricity, review certain power mergers and acquisitions and corporate affairs of the company, examine applications for location of power transmission facilities in limited cases, issue licenses and travel inspections for private, municipal and state hydropower projects, protect the availability of high-voltage interstate transmission systems through mandatory reliability standards, early warning and investigation of energy markets, supervision of power-related environmental

matters, and implement regulatory requirements through the collection of fines, etc. In addition to approving the prices of power goods and transmission and distribution services, the financing of supply enterprises, bonds, environmental compliance plans, service geographic scope, project construction, acquisition of new plants and installations can also be investigated for pricing and operation of all supply enterprises.

The Federal Energy Regulatory Commission mainly approves pricing for private power companies in two ways. One is a market-based approach and the other is the traditional cost-based approach. Which method depends on the competitive environment in the region where the electricity is sold. If the power company clearly does not have monopoly power or the company's market power will be weakened, the Federal Energy Regulatory Commission will adopt a market-based approach. In areas where there is insufficient competition and power companies have market power, the Federal Energy Source Regulatory Commission adopts a traditional cost-based approach to preventing power companies from charging excessive electricity prices with market forces.

The investigative authorities believe that the U.S. government departments are regulatory and approval departments, and their government functions will be included in their regulatory or approval standards to be realized and implemented by power suppliers. Whether it is a private power company or a non-private power company, the function of the government is to ensure that the price of energy supply is affordable and safe and secure, and it is through a variety of regulations and approvals that the government ensures that suppliers provide affordable and safe, reliable electricity. In areas that lack sufficient competition and where the company has market power, the U.S. Federal Energy Regulatory Commission uses traditional cost-based methods to prevent it from exercising market power and charging excessive electricity prices. In evaluating price proposals, the U.S. Federal Energy Regulatory Commission must prevent companies from charging consumers too much for profit, while ensuring that the company recovers its costs and has access to a reasonable rate of return on capital. The information obtained by the investigative authorities shows that when the electricity company determines the price of electricity in the United States, it is not entirely determined according to market conditions, and the price of electricity in the United States does not fully reflect its market price.

## **6 U.S. government measures 301 and subsidies for methanol companies distort the market for co-polymerized formaldehyde's main raw materials.**

The applicant argues that the U.S. government through 301 and other relevant provisions on China's co-polymerized formaldehyde raw material methanol increased additional import tariffs, at the same time, the US government also directly subsidized methanol manufacturers, resulting in the United States co-polymer formaldehyde main raw material methanol market is disturbed by non-market factors, so that the supply and demand of methanol in the US market and the price of methanol is distorted, can not reflect the normal, reasonable co-polymerized formaldehyde production costs.

In its response, Tycona Polymers argued that imports of methanol from China were subject to a 25% tariff under clause 301, but the United States has been a net exporter of natural gas, with sufficient natural gas capacity to produce downstream products such as methanol, and China is the world's largest methanol consumer market, cannot produce enough methanol to meet domestic consumption needs, so the 301 clause does not distort the competitive conditions of the domestic methanol market, but the company does not provide concrete evidence. As for U.S. government subsidies for methanol businesses, the company said it couldn't talk about whether other methanol suppliers and manufacturers had received support from the U.S. government. Other U.S. stakeholders did not submit responses or respond.

After preliminary review, the investigation found that the United States Trade Act of 1974 and the Comprehensive Trade and Competition Act 1988 stipulate Section 301. Under Section 301, the U.S. government may take unilateral action to protect the interests of the United States by suspending concessions, adopting tariff or import restrictions, and restricting authorizations, thereby limiting other countries' trade and ultimately protecting the interests of the United States. This clause distorts the conditions of competition in the market. In recent years, the U.S. government has imposed high import tariffs on many imported products from China through relevant provisions such as 301, including an additional import tariff of 25% on methanol, the main raw material that aggregates formaldehyde. In September 2020, the WTO Group of Experts determined that the above 301 measures of the United States violated WTO rules.

In addition, based on the evidence submitted by the applicant, the U.S. government also directly subsidizes U.S. methanol producers. For example, the U.S. government subsidy to the US methanol producer Mercedes USA is as high as \$300 million, the direct subsidy of Exxon Mobil is as high as \$1.9 billion, and other subsidies such as loan guarantees are as high as \$50.5 billion.

The investigation organs believe that the U.S. government on co-polymerized formaldehyde's main raw material, methanol, imposed high tariffs in addition to normal tariffs, and the methanol production enterprises, resulting in co-polymerized formaldehyde main raw material methanol market interference by non-market factors. The supply and demand of methanol and the price of methanol in the US market have been severely distorted, and can not reflect normal and reasonable co-polymerized formaldehyde production costs.

## **7 The above factors have caused domestic methanol production costs and price distortions.**

The applicant argues that the U.S. government through legislation and other energy industry strategic planning, export control and price control, as well as a series of supportive measures, finally realized the intervention in the allocation of various basic resources such as oil, gas, coal, electricity, etc., resulting in distortions in these industry markets. Oil, natural gas and coal are the source of the industrial chain of petrochemical products, resulting in the supply, demand and price of related chemical raw materials in the U.S. market have been affected and distorted. Co-polymer formaldehyde's main raw material is methanol, and the upstream raw material of methanol is mainly natural gas, under the support and subsidies of the US government, the United States natural gas production has increased significantly, the price drops or is obviously low, rich and cheap natural gas makes the United States methanol capacity continue to expand. In 2008, the U.S. methanol production capacity was only 98 million tons, and in 2023 it has grown to more than 10 million tons. The large expansion of methanol in the United States has made the US methanol market clearly oversupply, the United States has transformed into a net exporter of methanol. In 2021 to 2023, the net export volume of methanol in the United States is 40 million cubic meters, 228 million cubic meters and 2.15 million cubic meters, respectively. The evidence submitted by the applicant shows that the price of methanol in the United States is closely related to the price of natural gas from the upstream raw material. Affected by the U.S. government support and subsidies, the price of natural gas in the United States is at a low level, low-priced raw material costs echoing downstream methanol, making the price of methanol in the United States lower than the price of other international markets. In the case of export prices, the US methanol export price in 2023 was \$175/ton lower than the EU methanol export price, a difference of 39%.

In its reply, Tycona Polymers pointed out that methanol production is based on natural gas as the main raw material, but the market price of natural gas and methanol in

the United States is not closely related, and the fluctuation of methanol prices is caused by a variety of factors. Global methanol supply and demand dynamics differ from natural gas, leading to a price gap between the two commodities, and changes in natural gas prices over the past 10 years can only affect 25% of the change in methanol prices.

After review, the investigative authorities believe that the U.S. government has played an important role in the allocation of resources such as coal, oil, natural gas and electricity, and through legislation, policymaking and a series of incentives, finally realized the intervention of various basic resource allocations such as oil, gas, coal and electricity, resulting in a substantial increase in the supply and price decline of oil, natural gas and other energy products in the United States, as well as coal and electricity prices in the United States can not reasonably reflect normal market competition conditions. Given that resources such as oil, gas, coal and electricity are strategic and fundamental industries that permeate the entire U.S. economy, price distortions can distort costs and prices in downstream industries. In this case, natural gas is the upstream raw material for the production of methanol, electricity is the main fuel power for the production of methanol, the applicant and Tycona Polymer Company, although the recognition of the degree of impact of natural gas on methanol prices varies, but both acknowledge that natural gas is the main raw material for methanol production, and the price of natural gas has an impact on the price of methanol. The evidence submitted by the applicant shows that the price of methanol exports in the United States rose at the same time as the price of the U.S. gas industry in 2022, and in 2023, there is a positive relationship between the two. Methanol producers in the United States obtain upstream raw materials and fuel power at unreasonably low prices, resulting in a corresponding distortion in the cost and price of methanol.

## **8 ... The conclusions.**

In summary, the agency investigated non-market conditions in U.S. oil, gas, coal, electricity and methanol markets.

The survey results show that the United States implements all aspects of controls and restrictions on stone oil, natural gas, coal, electricity and other resources through special government or public sector, including through legislation and policy formulation and implementation of special industrial planning and tactics, the implementation of import and export controls, and the provision of substantial financial support to strengthen the management, constraints and incentives of the energy industry, interfere with resource allocation, affect the supply and demand relationship and price level of the energy market. In addition, the 301 measures taken by the United States against Chinese-related products further distorted the market for products such as methanol in the United States.

The main raw material for copolymerized formaldehyde is methanol, the main fuel power is electricity, methanol and fuel power account for the total production cost of copolymerized formaldehyde in about 60%, which has a significant impact on the cost and price of co-polymerized formaldehyde. The upstream feedstock of methanol is natural gas or coal, and the production costs and prices of methanol are closely related to the prices of upstream oil, gas, coal and electricity. Distortions in oil, gas, coal and electricity prices lead to downstream methanol costs and price distortions, thus affecting the cost of co-polymer formaldehyde.

As a result, the investigation agency provisionally determined that there are non-market conditions in the U.S. oil, gas, coal, electricity and methanol markets.

### **Tycona Polymer Company**

(Tycona Polymers, Inc.)

## 1 The normal value.

The investigation authorities initially reviewed the classification of the products and similar products under investigation by the company. In the answer, the company advocated that the products under investigation were indiscriminate, and the investigation authorities decided to accept the company's related claims in the preliminary ruling.

The investigation organs initially reviewed the company's domestic sales in the United States, after review, during the dumping investigation period, the company's similar products domestic sales accounted for more than 5% of the proportion of products exported to mainland China during the same period, in line with the quantity requirements as the basis for determining the normal value. During the dumping investigation period, the company advocated that all similar products in the United States be sold to unrelated customers. The investigative authority decided to base its normal value on the basis of the company's sales to non-affiliated customers in the United States.

The investigative authority reviewed the production cost and cost data submitted by the company. Regarding production costs, the investigation agency found that the company did not provide the purchase list of two important raw materials in the form of tables 6-1-1 in the form of tables 6-1-1-1, and the company's responses to tables 6-1-3b and tables 6-1-2 of raw materials B cost data there is a large difference, cannot be matched and complied with each other. The questionnaire specifically requested "Please provide, in the form of a list of the costs of purchasing raw materials in Table 6-1-1-1, a complete list of the raw materials used in the surveyed products and similar products during the survey period... your company should provide ... information on all raw material inputs", and the company did not respond to the questionnaire.

To this end, the investigation agency sent the company the first supplementary questionnaire requesting a list of the procurement of the relevant raw materials and a breakdown of production costs, and explaining the price difference between tables 6-1-3b and tables 6-1-2 in the company's initial responses. In the first supplementary response, the Company submitted a list of purchases of two raw materials A and B in the form of Table 6-1-1 and provided a breakdown of the production costs of raw materials B in the form of Tables 6-1-2. The Company explains that the difference between raw materials B prices between tables is that the concentration varies, but does not provide sufficient evidence of the difference between the prices of raw material B at different concentrations. At the same time, the investigation authorities found that the source of raw materials reported by the company contradicts the contents of the form related to the supplementary answer. To this end, the investigative authority sent a second supplementary questionnaire to the company, asking the company to confirm the actual source of raw materials B and provide supporting documentation for the purchase transactions of Part B of raw materials in Table 6-1-1. In this regard, the Company amended and stated the source of raw materials B in the second supplementary response, but did not provide documentation or supporting documentation for the purchase or transfer of raw material B, and the trading price of raw material B in Table 6-1-1 was not supported by evidence. Investigation organs believe that due to the company's failure to provide relevant supporting documents, the investigation agency can not judge whether the raw material cost data reported by the company can accurately and accurately reflect its cost situation, and the concentration of raw materials lacks a clear quantity and price conversion relationship, the investigation organs can not judge the quantity and consumption of relevant raw materials. Since the relevant raw materials are an important raw material for the production of co-polymerized formaldehyde, the company failed to provide cost proof material, resulting in the investigation organs unable to nuclearize the company's co-polymerized formaldehyde production costs.

Due to the non-market conditions of the raw material market such as methanol in



the United States, its prices were distorted, and the company did not submit complete and accurate cost data and supporting materials for the products and their similar products in accordance with the requirements of the answer, according to the provisions of Article 21 of the Anti-Dumping Regulations, the investigation organ decided not to use the methanol cost data reported in the preliminary ruling. The investigation organs through the examination of applications, public department responses, access to relevant websites and public publications and other channels, to compare and analyze the available information, decided to build production cost data based on the average import price of methanol submitted by the applicant and the EU, Taiwan and Japan respondent enterprises, the average methanol monoconsumption and methanol production costs of formaldehyde production. With regard to sales, management and financial costs, the investigation bodies provisionally decided to accept the company's claims of sharing methods and data.

Based on the above adjusted production cost and cost data, the investigation tested whether similar products were sold in the United States below cost. After review, during the dumping investigation period, the proportion of the company's similar products in the United States below cost sales accounted for less than 20% of the total number of internal sales. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigative organ provisionally decided to use all domestic sales of similar products of the company as the basis for determining the normal value.

## **2 ...Export prices.**

The investigation authority conducted a preliminary review of the company's export of the products under investigation to mainland China during the investigation period. During the dumping investigation period, the company exports to mainland China through a variety of channels, one is to export to mainland Chinese customers through affiliated traders located outside mainland China; The second is to resell to mainland Chinese customers through affiliated traders located in mainland China.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, for the first sales channel mentioned above, the investigative authority decided in the preliminary ruling to determine the export price at the price of the trade brokers that were ultimately resold to non-affiliated customers in mainland China; For the second kind of sales channel, the investigative authority decided in the preliminary ruling to presume the price at which mainland Chinese related traders eventually resell to non-affiliated customers in mainland China.

## **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for fair and reasonable comparison, the investigation authority has reviewed the adjustment project affecting the comparability of the price of the company one by one.

Check it out.

### **(1) The normal value part.**

Regarding the adjustment project of normal value, after preliminary review, the investigative organ decided to temporarily accept the company's other discounts, rebates, inland freight, pre-sale warehousing costs, inland insurance premiums, factory loading and unloading fees, credit costs, other items to be adjusted.

### **(2) The export price portion.**

With regard to the adjustment of export prices, after preliminary review, the investigative authority decided to temporarily accept the company's other discounts, exporting country/region inland freight, pre-sale warehousing costs, export

country/region inland insurance premiums, factory loading and unloading charges, international freight, mainland China inland transport costs, land insurance premiums, credit costs, import customs duties, other items to be adjusted. For transactions that are resold by related related traders, the investigation machine closed in the preliminary ruling to adjust the overhead costs and profits of the related related traders.

#### **4 Onshore Price (CIF Price).**

After preliminary review, the investigating organ decided to temporarily accept the company's onshore price data in the preliminary ruling.

#### **Other American companies**

On May 19, 2024, the investigative authorities launched an anti-dumping investigation into imports of co-polymer formaldehyde originating in the United States, the European Union, Taiwan Bay Area and Japan. On the same day, the investigation organ notified the U.S. Embassy in China, and posted the announcement of the case on the website of the Ministry of Commerce, and any interested party can check the case filing notice on the website of the Ministry of Commerce. After the case is opened, the investigating authority gives all stakeholders 20 days to register to participate in the investigation period, giving all stakeholders a reasonable time to be informed of the circumstances of the case. The investigation organ also posted the questionnaire on the website of the Ministry of Commerce, and any interested party can view and download the questionnaire on the website of the Ministry of Commerce.

The investigating authorities have notified all known stakeholders to the fullest extent possible and to remind all known stakeholders that they do not cooperate with the results of the investigation. For companies that have exhausted their obligation to notify and do not provide the necessary information to cooperate with the investigation, the investigating authority, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, determines its dumping margin on the basis of facts and the best available information. After a comparative analysis of the information obtained in the investigation, the investigation organs believe that the dumping margin of the US response company can more accurately and reasonably reflect the U.S. export to mainland China under investigation of products, and has been initially verified by the investigative authorities, decided to determine the dumping margin of other American companies according to this information in the preliminary ruling.

#### **Category: European companies**

#### **Celanese produces limited and dual companies in Germany**

#### **Celanese Production Germany GmbH & Co. KG**

#### **1 The normal value.**

The investigation organs initially reviewed the classification of the type numbers of the products and similar products being investigated by the company. The company claims that the products and similar products are investigated regardless of model. The Scriptures Review, the investigation organ decided to accept the company's assertion in the preliminary ruling, not to classify the products and similar products under investigation.

The investigation agency conducted a preliminary review of the company's sales in the EU. After review, during the dumping investigation period, the company sold similar products in the EU accounted for more than 5% of the number of products it exported to mainland China during the same period, in line with the quantity requirements as the basis for determining the normal value.

After review, during the dumping investigation period, the company will resell all

similar products to non-affiliated customers in the EU through the two affiliates, and the investigation authority decided to temporarily use the sales of related traders to non-affiliated customers in the EU as the basis for determining the normal value.

The investigation authority initially reviewed the production costs and costs submitted by the company and decided to accept in the preliminary ruling the company's answer on the company's production and costs of similar products, as well as the related costs of participating in the sales of the company's similar products in the EU. On this basis, the investigation authority calculates the complete production costs and costs of the company selling similar products to non-affiliated customers in the EU through the Associated Public Office, and based on the preliminary examination of whether the company's similar products are below cost sales in the EU. After review, during the period of the dumping investigation, the number of companies selling similar products in the EU below the cost did not exceed 20% of the same product sales in the EU. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigative authority decided to use in the preliminary ruling the company's entire sales through affiliates to non-affiliated customers in the EU as the basis for determining the normal value.

## **2 ...Export prices.**

The investigation authorities initially reviewed the company's export of the products under investigation to mainland China. After review, during the dumping investigation period, the company will be exported to non-affiliated customers in mainland China through all related traders, with the following channels: One is to sell to an affiliated trader located in the EU, and then resold by the EU-based trader to an affiliated trader located in a third country (region), and then by an affiliated trader located in a third country (region) to non-affiliated customers in mainland China; The second is to sell to affiliated traders located in the EU, and then resold by the EU-based trader to mainland Chinese affiliated traders, and then by mainland China-linked traders to non-affiliated customers in mainland China.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, for channel 1, the investigating organ decided to temporarily use the sales price of the relevant traders located in third countries (regions) and non-affiliated customers in mainland China as the basis for determining the export price; For channel 2, the investigative organ decided to temporarily presume the export price at the price resold by mainland Chinese traders to non-affiliated customers in mainland China in the preliminary ruling.

## **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for fair and reasonable comparison, the investigation organs have reviewed the adjustment projects affecting the comparability of the price of the company on a case-by-case basis.

### **(1) The normal value part.**

After preliminary review, the investigating organ decided to accept the company's claims of inland freight (factory to distribution warehouse), pre-sale storage costs, inland freight (store to customer), inland insurance premiums, factory handling charges, rebates, credit costs, and credit costs, etc.

Other projects that need to be adjusted.

### **(2) The export price portion.**

After preliminary review, the investigating authority decided to accept the company's claims of inland freight (factory to distribution warehouse), pre-sale storage costs, inland freight (division warehouse to export port), inland insurance premiums,

factory loading and unloading charges, international freight, mainland China freight (warehouse to customer), mainland China insurance premiums, other transportation expenses, import customs duties, rebates, credit charges, other discounts, and other items that need to be adjusted.

For the overhead expenses and profits claimed by the company, the company did not fill in the form required by the questionnaire, nor did it provide details on how to determine the amount of adjustment. After review, the investigative organ decided to recalculate the amount of overhead costs based on the relevant cost data of the company's answer report related to the resale of the products investigated, and provisionally recalculated the amount of the profit adjustment amount based on the company's answer report on the overall profit margin of the related trader.

#### **4 Onshore Price (CIF Price).**

After preliminary review, the investigation organ decided to temporarily accept the company's onshore price data in the preliminary ruling.

#### **Other EU companies**

On May 19, 2024, the investigative authorities launched an anti-dumping investigation into imports of co-polymer formaldehyde originating in the United States, the European Union, Taiwan Bay Area and Japan. On the same day, the investigation organ notified the EU delegation in China, and the announcement of the case was posted on the website of the Ministry of Commerce, and any interested party can check the case filing announcement on the website of the Ministry of Commerce. After the filing of the case, the investigating authority gave all stakeholders 20 days of registration and an investigation period, giving all stakeholders a reasonable time to be informed of the circumstances of the case. The investigation organ also posted the questionnaire on the website of the Ministry of Commerce, and any interested party can view and download the questionnaire on the website of the Ministry of Commerce.

The investigating authorities have notified all known stakeholders to the fullest extent possible and to remind all known stakeholders that they do not cooperate with the results of the investigation. For companies that have exhausted their obligation to notify and do not provide the necessary information to cooperate with the investigation, the investigating authority, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, determines its dumping margin on the basis of facts and the best available information. After a comparative analysis of the information obtained in the investigation, the investigation organs believe that the dumping margin of the EU answering company can more accurately and reasonably reflect the EU's exports to mainland China under investigation of the product, and has been initially verified by the investigative authorities, decided to determine the dumping margin of other EU companies according to this information in the preliminary ruling.

#### **Category: Companies in Taiwan**

##### **Baoli Plastic Co., Ltd.**

(POLYPLASTICS Taiwan Co., Ltd.)

#### **1 The normal value.**

The investigation authority initially reviewed the type classification of the products and similar products investigated by the company. The company's response advocated that the investigation products would be divided into two models, and the investigation authority decided to accept the company's related claims in the preliminary ruling.

The investigation authorities conducted a preliminary review of the company's sales

in Taiwan. After review, during the period of the dumping investigation, the proportion of sales of all similar products and subtypes of the Taiwan area accounted for more than 5% of the corresponding number of products exported to mainland China during the same period, in line with the quantity requirements as the basis for determining the normal value. During the dumping investigation period, the company advocated that all similar products in Taiwan be sold to non-affiliated customers. The investigating authority decided to base its normal value on the basis of the price sold by the company to non-affiliated customers in Taiwan.

The investigative authority reviewed the production costs and sales, management and financial costs data submitted by the company. With regard to production costs, after review, the investigation organ initially concluded that the company's relevant claims can reflect the situation of the products under investigation and similar products, and decided to accept it temporarily in the preliminary ruling. With regard to sales, management and financial costs, the investigation organ decided provisionally to accept the company's claims of sharing methods and data.

The investigation authorities tested whether the company's similar products were sold below cost in Taiwan. After review, during the period of the dumping investigation, the proportion of all models of the company's products below cost sales in Taiwan accounted for less than 20% of the total number of internal sales. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigating organ has provisionally decided on the basis of the company's full sales of all types of products in Taiwan as the basis for determining the positive value.

## **2 ...Export prices.**

The investigation authorities reviewed the company's export of products to mainland China under investigation. During the period of the dumping investigation, the company exported to mainland China through a variety of channels, one was exported to mainland China through non-affiliated traders in Taiwan; Second, direct sales to non-affiliated customers in mainland China; The third is to resell to non-affiliated customers in mainland China through Guanjian traders located in Mainland China.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, for the first and second sales channels, the investigating authority decided to use the price of the company to non-affiliated traders and non-affiliated customers in mainland China as the basis for determining the export price; For the third sales channel, the investigative authority decided to use the sales price between mainland China-linked traders and non-affiliated customers in mainland China to presumptive export prices.

## **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for fair and reasonable comparison, the investigation authority has reviewed the adjustment projects affecting the comparability of the price of the company one by one.

### **(1) The normal value part.**

Regarding the adjustment project of normal value, after preliminary review, the investigation organ decided to temporarily accept the company's early payment discount, inland freight, pre-sale warehousing costs, factory loading and unloading costs, credit costs and other adjustment claims.

### **(2) The export price portion.**

On the export price adjustment project, after preliminary review, the investigation organs decided to temporarily accept the company's early payment discount, inland freight,

pre-sale warehousing costs, factory handling costs, international transportation costs, international transport insurance premiums, port handling charges, credit charges, customs declaration agent fees, mainland China inland transportation costs, pre-sales warehousing costs and other adjustment propositions. For transactions through related trade easy-to-business resales, the investigation organs provisionally decided in the preliminary ruling to supplement the overhead costs and profits of associated traders.

#### **4 Onshore Price (CIF Price).**

After preliminary review, the investigating organ decided to temporarily accept the company's onshore price data in the preliminary ruling.

**Taiwan Plastic Industry Co., Ltd.**

**The Formosa Plastics Corporation**

##### **1 The normal value.**

The investigation authority initially reviewed the division of the product types of products and similar products being investigated by the company. The answer reports on the specific product number and product number principles that were investigated within the company. After review, the investigative authority decided to temporarily accept the product type division provided by the company in the preliminary ruling.

The investigation authorities conducted a preliminary review of the company's sales in Taiwan. After review, during the dumping investigation period, the company exported all and subtypes of the same products to mainland China corresponding to the number of similar products sold in Taiwan during the same period accounted for more than 5% of the products being exported to mainland China, in line with the quantity requirements as the basis for determining the normal value. After review, during the period of the dumping investigation, the company's similar products sold in Taiwan were sold directly to non-affiliated traders or non-affiliated users. The investigative organ decided to use the sales price of the company's similar products to non-affiliated customers in Taiwan as the basis for determining the normal value in the preliminary ruling.

The investigating authority conducted a preliminary review of the production costs and sales, management and financial costs submitted by the company. After review, the investigation organs initially believe that the production costs and sales costs, management costs and financial costs reported by the company can reasonably reflect the production and operation of the products and similar products investigated by the company, and decided to accept it temporarily in the preliminary ruling. Accordingly, the investigation authorities tested whether the sale of similar products of the company's related models in the Taiwan Bay area was lower than the cost of sales. After review, during the dumping investigation period, the sales of some of the company's similar products in Taiwan were lower than cost sales, and the number of transactions below cost sales accounted for the proportion of sales in Taiwan Bay area more than 20%. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigating organ decided provisionally in the preliminary ruling to exclude transactions below cost as the basis for determining the normal value of the model sold below cost; For models sold above cost, use all sales in Taiwan as the basis for determining the normal price.

##### **2 ...Export prices.**

The investigation authorities initially reviewed the company's export of the products under investigation to mainland China. During the period of the dumping investigation, the company's exported products to mainland China were sold directly to non-affiliated traders or non-affiliated users.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, the investigating authority in the preliminary ruling decided to temporarily use the prices sold by the company to non-associated traders and non-associated users as the basis for determining the export price.

### **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for the sake of fair and reasonable comparison, the investigation authorities reviewed the company's adjustment projects affecting the comparability of prices one by one.

#### **(1) The normal value part.**

Investigation Authority Preliminary Review of Taiwan Transaction Adjustments reported by the Company

The eye.

Upon review, the investigative authority temporarily accepts adjustment items such as inland transport-factory/warehouse to customer, packaging costs, credit charges, other items that need adjustment. Regarding the cost of after-sales service, the investigation organ believes that the relevant adjustment project is not based on actual cost adjustment, the relevant services are not directly related to the sale of similar products, there is insufficient evidence to prove the reasonableness of the need for adjustment. The investigative organ decided to temporarily not accept the after-sales service cost adjustment project in the preliminary ruling.

#### **(2) The export price portion.**

The investigative authority initially reviewed the Company's reported export transaction adjustment project to mainland China.

Upon review, the investigative authority provisionally accepts adjustment items such as inland transport-factory/warehouse to export port, international freight, international transport insurance, port loading and unloading fees, packaging charges, credit charges, customs declaration agent fees, other items that need to be adjusted.

### **4 Onshore Price (CIF Price).**

After review, the investigative authority decided in the preliminary ruling to accept the onshore price data reported by the company for the time being.

#### **Other Taiwanese companies**

On May 19, 2024, the investigative authorities launched an anti-dumping investigation into imports of co-polymer formaldehyde originating in the United States, the European Union, Taiwan Bay Area and Japan. On the same day, the investigation organ notified the Permanent Mission of Taiwan, Penghu, Jinmen, and Mazu's separate customs area through the Permanent Mission to the World Trade Organization, and the notice of the case was posted on the website of the Ministry of Commerce, any interested party can check the notice of the case on the website of the Ministry of Commerce. After the case is opened, the investigating authority gives all stakeholders 20 days to register to participate in the investigation period, giving all stakeholders a reasonable time to be informed of the case. The investigation organ also posted the questionnaire on the website of the Ministry of Commerce, and any interested party can view and download the questionnaire on the website of the Ministry of Commerce.

The investigating authorities have notified all known stakeholders to the fullest extent possible and to remind all known stakeholders that they do not cooperate with the results of the investigation. For companies that have exhausted their obligation to notify

and do not provide the necessary information to cooperate with the investigation, the investigating authority, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, determines its dumping margin on the basis of facts and the best available information. After a comparative analysis of the information obtained in the investigation, the investigative organ decided in the preliminary ruling to use the information of the application as the best available information, according to the letter to determine the dumping margins of other Taiwanese companies.

**Category: Japanese companies**

**Poly Plastics Corporation**

(POLYPLASTICS CO., LTD.)

**1 The normal value.**

The investigation organs initially reviewed the classification of the type numbers of the products and similar products being investigated by the company. The company advocated that the investigation products and similar products should be divided into three models, after review, the investigating organ decided to accept the company's claim on model division in the preliminary ruling.

The investigation authorities initially reviewed the company's sales in Japan. After review, during the dumping investigation period, the company sold all and subtypes of similar products in Japan accounted for the proportion of the corresponding number of products exported to mainland China in the same period was more than 5%, in line with the quantity as the basis for determining the normal value.

After review, during the dumping investigation period, the company sold the same products directly to non-affiliated customers in Japan, and the investigative authority decided to take all of the company's domestic sales in Japan as the basis for determining the normal value.

The investigative authority initially reviewed the production costs and costs submitted by the company. With regard to production costs, the investigative organ reviewed the company's response data and supporting materials and decided to accept it temporarily in the preliminary ruling. With regard to costs, the investigation organs after review found that first, some of the costs submitted by the company are not related to the production and sale of the products and similar products under investigation, and should not be counted or apportioned to the products and similar products under investigation. The investigation agency issued a supplementary questionnaire to the company requesting further information and evidence on the above costs, but the company's statement in the supplementary questionnaire is still insufficient to explain the rationality of including or apportioning the above costs to the products and similar products under investigation. The investigation organ decided to recalculate the Japanese domestic product cost data submitted by the company in the preliminary ruling after excluding the above costs. Second, the company apportions the costs as a proportion of the sales volume to the models, but did not explain the methodology in detail as required. The investigation authorities have issued additional questionnaires to the company in this regard, but the company's statement in the supplementary questionnaire is still insufficient to explain the rationality of the above assessment methodology. Investigation organ decides to temporarily recast the company in the preliminary ruling

Re-distributed to the models as a percentage of sales revenue.

Based on the cost of production submitted by the company and the cost of recalculating and splitting, the investigation authorities conducted a preliminary review of whether the company's similar products were sold in Japan below cost. After review, during



the period of the dumping investigation, the number of similar products of the company in Japan below the cost of sales in Japan exceeded 20% of the number of domestic sales of the corresponding model in Japan. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigating organ provisionally decided in the preliminary ruling to exclude sales in Japan below cost sales as the basis for determining the normal value of similar products of the same type.

## **2 ...Export prices.**

The investigation authorities initially reviewed the company's export of the products under investigation to mainland China. After review, during the dumping investigation period, the company exported the products under investigation to mainland China through the following channels: One is to export to non-affiliated customers in mainland China through affiliated traders located in third countries (regions); The second is to sell to affiliated traders located in third countries (regions), and then export to non-affiliated customers in mainland China through non-related traders located in third countries (regions); Third, export to mainland China associated traders, and then resell directly or through other mainland Chinese related traders to non-affiliated customers in mainland China; Four are exported to mainland Chinese companies.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, for channel 1, the investigating organ decided to temporarily use the sales price of the relevant traders located in third countries (regions) and non-affiliated customers in mainland China as the basis for determining the export price; In the case of channel 2, the investigative authority decided, in the preliminary ruling, to use sales prices between affiliated traders located in third countries (regions) and non-associated traders located in third countries (regions) as the basis for determining export prices; For channel three, the investigative organ decided to temporarily presume the export price at the price resold by Chinese mainland related traders to China's large land non-affiliated customers in the preliminary ruling; For channel 4, the investigative organ decided to presumptive export price based on the weighted average price resold to non-affiliated customers in the first three channels in the preliminary ruling.

## **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for fair and reasonable comparison, the investigation organs have reviewed the adjustment projects affecting the comparability of the price of the company on a case-by-case basis.

### **(1) The normal value part.**

After preliminary review, the investigative organ decided to temporarily accept the company's claims of inland freight, pre-sale storage costs, and other discounts.

### **(2) The export price portion.**

After preliminary review, the investigative organ decided to temporarily accept the company's claims of inland freight, pre-sale warehousing costs, international freight, international transportation insurance, factory loading and unloading fees, port handling fees and other related costs, customs clearance fees, import customs duties, deep processing, advance payment discounts, credit costs.

For the company's claims of inland freight rates in mainland China, the company updated the calculation rates in the responses to the supplementary questionnaire. Upon review, the investigative organ considered that the company's updated rates could more reasonably reflect the actual situation, and decided to temporarily apply the updated rates of the Division to recalculate the adjusted amount in the preliminary ruling.

For the profits of mainland China-linked traders advocated by the company, the company used the profit margin of mainland Chinese traders selling the products investigated in the answer to the adjustment amount. After review, the investigation organs believe that the above profit margins are based on the related exchanges between the company and the mainland related traders in the country, and decided to temporarily use the company's answer report in the preliminary ruling for the adjustment amount of the overall profit margin of the relevant Chinese related traders.

In addition, the investigative organ decided to make a supplementary adjustment to the profits of the relevant associated traders located in third countries (regions) in the resale segment reported on the basis of the company's response to the overall profit margin of the related trader in the preliminary ruling; The overhead costs of the relevant Chinese large land-related traders and related traders located in third countries (regions) in the resale ring section are supplemented to the cost data of the related trader selling the products surveyed by the company's answer report.

#### **4 Onshore Price (CIF Price).**

After preliminary review, the investigation organ decided to temporarily accept the company's onshore price data in the preliminary ruling.

#### **Xuhua is a company.**

Asahi Kasei Corporation (ASAHI)

#### **1 The normal value.**

The investigation authority initially reviewed the type classification of the products and similar products investigated by the company. The company's response advocated that the investigation products would be divided into two models, and the investigation authority decided to accept the company's related claims in the preliminary ruling.

The investigation authorities conducted a preliminary review of the company's sales in Japan. After review, during the dumping investigation period, the proportion of domestic sales of all similar products and subtypes of the company accounted for more than 5% of the corresponding number of products exported to mainland China during the same period, in line with the quantity requirements as the basis for determining the normal value. After review, during the dumping investigation period, the company sells similar products to related customers and non-affiliated customers, 2 model products related sales price and non-related sales price are significantly different, the investigation authority on 2 models of products provisionally excluded after the related transactions after the Japanese domestic sales of the same product as the basis for determining its normal value.

The investigative authority reviewed the production costs and sales, management and financial costs data submitted by the company. With regard to production costs, after review, the investigation organ initially concluded that the company's relevant claims can reflect the situation of the products under investigation and similar products, and decided to accept it temporarily in the preliminary ruling. With regard to sales, management and financial costs, the Division apportioned the costs to the models in proportion to the volume of sales, but did not provide a detailed explanation of the methodology as required. The investigation organs issued additional questionnaires to the company, but the explanations in the supplementary questionnaire responses were still insufficient to explain the rationality of the above-mentioned assessment methodology, and the investigation organs provisionally decided to re-assess the sales, management and financial costs in accordance with the sales revenue ratio between the two types of products.

Based on the above production costs and adjusted cost data, the investigation

authorities tested whether similar products were sold in Japan below cost. After review, during the dumping investigation period, one of the models of the company's products in Japan below the cost of sales accounted for the proportion of the total number of internal sales more than 20%, another model product in Japan below cost sales accounted for the proportion of all internal sales not more than 20%. In accordance with the provisions of Article 4 of the Anti-Dumping Regulations, the investigating organ provisionally decided that, on the basis of the exclusion of related transactions, the first type of product, based on the exclusion of Japanese domestic sales below cost sales as the basis for determining the normal value; For the second type of product, take the full domestic sale of this model product as the basis for determining the normal value.

## **2 ...Export prices.**

The investigation authority conducted a preliminary review of the company's export of the products under investigation to mainland China during the investigation period. During the period of the dumping investigation, the company exported to mainland China through a variety of channels, one was exported to China through Japan's domestic non-affiliated traders; Second, resale to non-affiliated customers in mainland China through affiliated traders located in mainland China; The third is to sell to mainland Chinese related traders, who resell them to other related traders in mainland China, and then by other associated traders to China's large land non-affiliated customers.

In accordance with the provisions of Article 5 of the Anti-Dumping Regulations, for the first sale channels mentioned above, the investigating organ decided provisionally to use the price sold by the company to non-associated traders as the basis for determining the export price; For the second and third kinds of sales channels mentioned above, the investigation agency decided in the preliminary ruling to determine the export price at the price of the related traders eventually resold to non-affiliated customers in mainland China.

## **3 ...Price adjustments.**

In accordance with the provisions of Article 6 of the Anti-Dumping Regulations, for fair and reasonable comparison, the investigation authority has reviewed the adjustment projects affecting the comparability of the price of the company one by one.

### **(1) The normal value part.**

With regard to the adjustment project of normal value, after preliminary review, the investigating organ decides

Accept the company's out-of-plant warehouse costs, operating warehouse costs, inland freight and other adjustment claims put forward by the company.

### **(2) The export price portion.**

With regard to the adjustment of export prices, after preliminary review, the investigation organs decided to temporarily accept the company's proposed pre-sale storage costs, inland transportation costs, factory loading and unloading costs, international transportation costs, international transport insurance premiums, mainland China freight, import customs duties and other adjustment propositions. For transactions through relevant related trade easy-to-business resales, the investigation organs provisionally decided in the preliminary ruling to make supplementary adjustments to the overhead costs and profits of related related traders.

## **4 Onshore Price (CIF Price).**

After preliminary review, the investigating organ decided to temporarily accept the company's onshore price data in the preliminary ruling.

## **Other Japanese companies**

On May 19, 2024, the investigative authorities launched an anti-dumping investigation into imports of co-polymer formaldehyde originating in the United States, the European Union, Taiwan Bay Area and Japan. On the same day, the investigative organ notified the Japanese Embassy in China, and posted the announcement of the case on the website of the Ministry of Commerce, any interested party can check the case filing notice on the website of the Ministry of Commerce. After the case is opened, the investigating authority gives all stakeholders 20 days to register to participate in the investigation period, giving all stakeholders a reasonable time to be informed of the circumstances of the case. The investigation organ also posted the questionnaire on the website of the Ministry of Commerce, and any interested party can view and download the questionnaire on the website of the Ministry of Commerce.

The investigating authorities have notified all known stakeholders to the fullest extent possible and to remind all known stakeholders that they do not cooperate with the results of the investigation. For companies that have exhausted their obligation to notify and do not provide the necessary information to cooperate with the investigation, the investigating authority, in accordance with the provisions of Article 21 of the Anti-Dumping Regulations, determines its dumping margin on the basis of facts and the best available information. After a comparative analysis of the information obtained in the investigation, the investigation agency in the preliminary ruling decided to take the information of Baoli Plastic Corporation as the best information available, according to this information to determine the dumping margin of other Japanese companies.

Fourth, China's mainland industry similar products, mainland China industry (1) China industry similar product identification.

According to Article 12 of the Anti-Dumping Regulations, similar products are products of the same kind as dumped imported products, or products most similar to the characteristics of dumped imported products.

The investigation agency investigated factors such as the materialization characteristics of co-polymerized formaldehyde and dumped imported products produced in mainland China, raw materials, production processes, product use, sales channel, customer group and consumer evaluation.

### **1 ...material characteristics.**

Co-polymerized formaldehyde produced in mainland China and dumped imported products have the same chemical molecular formula-  $[\text{CH}_2\text{-O-CH}_2\text{-CH}_2\text{-CH}_2]_m\text{-(n>m)}$ , both of which have  $\text{-CH}_2\text{-O-CH}_2\text{-main chain}$  and  $[\text{CH}_2\text{-O-CH}_2\text{-CH}_2\text{-CH}_2\text{-CH}_2\text{-CH}_2\text{-CH}_2]_n$  -thermoplastic resin (by weight  $\text{-CH}_2\text{-O-O-}$ -containing greater than 50%) of thermoplastic resins.

### **2 Raw materials and production processes.**

China's industrial production of copolymerized formaldehyde and dumped imported products are polymers made of methanol as the main raw material. Main production processes include formaldehyde preparation, tripolymer formaldehyde and other co-polymerized single system, polymerization reaction, etc. The main production equipment includes formaldehyde reactors, triple formaldehyde reactors, refined distillation towers, extraction towers, aggregation towers, extruders and other devices.

### **3 ... The product's use.**

China's industrial production of co-polymerized formaldehyde and dumped imported products are basically the same, can be directly or modified for automotive

accessories, electronic appliances, industrial machinery, everyday goods, sports equipment, medical appliances, pipe fittings, construction materials and other fields.

#### **4 Saleschannels, customer groups and consumer evaluations.**

China's industrial production of co-polymerized formaldehyde is mainly sold in the mainland Chinese market through direct sales and agency sales, and the main dumped imported products should be sold in the mainland Chinese market through direct sales and resale by associated traders. The two mainland Chinese customer groups are basically the same, some downstream users purchase or use dumped imported products, but also buy or use co-polymerized formaldehyde products produced by mainland China industry. China's industrial production of co-polymer formaldehyde can meet the use requirements of downstream customers, and the same kinds of dumped imported products can be replaced with each other, both of which are competing in the mainland Chinese market.

Taiwan Plastic Industry Co., Ltd. submitted comments that its products compared with the products produced by mainland Chinese manufacturers, excellent quality, fast delivery, can provide a differentiated type of product for the end customer, so its products and mainland products are not in the same segment of the competitive market unit, its products market price, product characteristics will not affect the price of mainland Chinese products, and will not cause adverse impact on the production and operation of mainland Chinese producers.

The applicant in this case believes that a large number of downstream customers or distributors purchase both imported products including Taiwan, but also the mainland's combined formaldehyde, and customers have a large number of crossovers and overlaps. Moreover, after the use of comparison, the two in the product performance quality, stability and other aspects are basically equivalent, both can meet their production requirements, and can be replaced by each other.

The investigation organs reviewed the "Note on the procurement and use of co-polymer formaldehyde downstream users, and examined the production process, product quality monitoring, testing and experimental equipment, product inspection and inspection report certificate in field verification. First, during the period of the damage investigation, the co-polymerized formaldehyde produced by Taiwan Plastic Industry Co., Ltd., has a clear crossover with similar products of the Chinese mainland industry in downstream users. Secondly, the co-polymerized formaldehyde products produced by Taiwan Plastic Industry Co., Ltd. and China's mainland industry similar products have no material difference in basic performance and quality, both of which can meet downstream user production requirements in quality. Third, co-polymerized formaldehyde products produced according to the needs of users may be different in individual indicators, but will not lead to substantial differences in the basic physical and chemical characteristics, main indicators and uses of the product, and will not affect the substitution of the product.

In summary, the investigation organs initially determined that China's industrial production of co-polymerized formaldehyde and dumped imported products in terms of materialization characteristics, raw materials and production processes, product uses, sales channels and customer groups are basically the same, have similarity and substitution, China's industrial production of co-polymerized formaldehyde and dumped imported products belong to the same kind of product.

#### **(2) Recognition of Mainland China industry.**

In accordance with the provisions of Article 11 of the Anti-Dumping Regulations on Industrial Recognition in Mainland China, the investigating organ has conducted a review and determination of the mainland Chinese industry in this case. In this case, the application enterprise Yunnan Yun Tianhua Co., Ltd., State Energy Group Ningxia Coal Coal Limited,

Kaifeng Longyu Chemical Co., Ltd., Yan Mining Lunan Chemical Co., Ltd., Tangshan Zhonghao Chemical Co., Ltd., China Petroleum Inner Mongolia New Materials Materials Co., Ltd. submitted the survey questionnaire to the investigation authorities. After investigation and verification, the respondents' output in 2021, 2022 and 2023 accounted for more than 50% of the total production of similar products in mainland China, accounting for the main part of mainland China's industry, in accordance with the provisions of Article 11 on Mainland Industrial Recognition of China.

In summary, the investigation organs initially determined that the answering enterprises can represent mainland China's industries, and their data can be used as the basis for damage and causation analysis. The industry data on which this ruling is based, except as specified, are derived from mainland Chinese producers.

#### V. Industrial damage and degree of damage

##### **(1) Cumulative assessment.**

In accordance with the provisions of Article 9 of the Anti-Dumping Regulations, the investigative authority has considered imports originating in the United States, the European Union, Taiwan and Japan.

The appropriateness of the cumulative assessment of impacts caused by the mainland industry.

##### **1 ... The margin of dumping is not a trace.**

During the dumping investigation period, imports of co-polymerized formaldehyde originating in the United States, the European Union, Taiwan and Japan have been dumped, and the dumping margin is above 2%, not a trace dumping margin.

##### **2 The quantity of imports is not negligible.**

According to Mainland China Customs statistics and response enterprise response data, during the period of the damage survey, the amount of co-polymerized formaldehyde originating in the United States, the European Union, Taiwan and Japan accounted for more than 3% of China's total imports, not within the negligible scope.

##### **3 Conditions of competition between dumped imported products.**

The survey shows that imports originating in the United States, the European Union, Taiwan and Japan are basically the same in terms of materialization characteristics, raw materials and production processes and product uses. The United States, the European Union, Taiwan and Japanese companies all sell co-polymerized formaldehyde products in the mainland Chinese market through direct sales and agency sales, and occupy the corresponding market share of the mainland Chinese market. Each manufacturer or seller is rooted in mainland China market conditions or conditions, in consultation with customers to determine the sales price, with the same customer group, mainland Chinese downstream users can freely procure and use co-polymerized formaldehyde products in the United States, the European Union, Taiwan and Japan. Therefore, the investigation authority has initially determined that there is a direct competitive relationship between co-polymerized formaldehyde products originating in the United States, the European Union, Taiwan and Japan.

##### **4 Articles of competition between dumped imported products and similar products in mainland China**

**It's a piece.**

The survey shows that dumped imported products are basically the same as similar

products in mainland China in terms of materialization characteristics, raw materials and production processes, product use, sales channels and customer base. China's co-polymer formaldehyde market is a competitive and open market, and the dumping of imported products and similar products from mainland Chinese industries compete with each other. Dumped imported products and similar products in mainland China are sold in mainland China market through direct sales, distribution and so on. The two customer groups are the same and cross-cutting, downstream customers can choose to purchase and replace the use of dumped imported products and similar products in mainland China, and the sales of various source products have no obvious time and geographical preference. Therefore, the investigative authorities have initially determined that there is a direct competition relationship between dumped imported products and similar products in mainland China.

The European Commission submitted comments asserting that the market share of EU imports is stable, and the EU import price has risen significantly, much higher than the price of similar products in mainland China, so when conducting damage analysis, EU imports should not be assessed cumulatively.

Taiwan Plastic Industry Co., Ltd. submitted comments that the amount of dumping of co-polymerized formaldehyde products advocated by the applicant clearly lacks a factual basis; There is a lack of evidence and factual basis for the assertion of the same conditions of competition between dumped imports and between dumped imported products and products from mainland China. The price of polyformaldehyde in Taiwan is significantly higher than the average price of products from other sources and China's total imports for most of the time. Therefore, it is not appropriate to carry out a cumulative assessment of the possible harmful effects of products in Taiwan and the impact of co-polymerized formaldehyde products with other countries and regions.

The applicant believes that the price is high and low in itself is not independent as a criterion for determining whether there is competition between the products. Price differences are themselves the result of direct competition between products from different sources. Taiwan Plastic Industry Co., Ltd. and the European Commission's claim on cumulative assessment cannot be established.

After preliminary investigation, the investigative authority believes that, first of all, the dumping margin of imported products from the EU and Taiwan is not a trace. Secondly, in competition, the difference in prices between different source products is more common and complex, the price difference between products is not the same as the competition conditions, the same conditions of competition does not mean that there should be no difference in product price. Finally, the investigative authorities investigated the conditions of competition between dumped imported products and between dumped imported products and similar products in mainland China. First, between dumped imported products and between dumped imported products and between similar products in mainland China, raw materials and production processes are the same or similar for product use. Downstream users simultaneously purchase and replace the use of dumped imported products and similar products in mainland China, the customer group is the same and cross-cutting. Dumped imported products and similar products in mainland China can be replaced with each other. Second, dumped imported products and similar sales channels of similar products in mainland China are the same or similar, mainly through agency sales, direct sales and other means of sales in mainland China. Third, the sales range and time of dumped imported products and similar products of China's mainland industry are basically the same. During the period of the damage investigation, dumped imported products and similar products of Chinese industries competed for sale in China's large land market at the same time, and there is no obvious geographical and time preference between products. As a result, there is no material difference between dumped imported products and between

dumped imported products and between similar products of the mainland Chinese industry. Therefore, the investigation authorities have temporarily refused to accept the relevant claims of the European Commission and Taiwan Plastic Industry Co., Ltd.

In summary, the investigation organs in the preliminary ruling found that the dumping margin of imported products from the United States, the European Union, Taiwan and Japan is not trace, the number of imports does not belong to negligible, dumped imported products and dumped imported products and the direct competition relationship between similar products in mainland China. A cumulative assessment of the impact of dumped imports originating in the United States, the European Union, Taiwan and Japan is appropriate.

## **(2) The quantity of imports of dumped imported products.**

The investigation authorities investigated whether the absolute quantity of dumped imports and the amount of large-scale land production or consumption in China had increased significantly.

According to mainland China customs statistics, from 2021 to 2023, the import volume of dumped imports was 95774 tons, 109399 tons and 111035 tons, respectively. Among them, the import volume of dumped imported products increased by 14.23% in 2022 compared with 2021, 2023 growth of 1.50% over 2022, and a cumulative increase of 15.93% from 2021 to 2023. In the preliminary ruling, the investigative organ provisionally determined that the absolute number of imported products dumped during the investigation period increased significantly.

According to the application data, from 2021 to 2023, China's aggregate formaldehyde apparent consumption is 630294 tons, 632446 tons and 684410 tons, respectively.

2022 is up 0.34% from 2021, 8.22% in 2023 and 1.03% from 2021 to 2023. From 2021 to 2023, dumped imported products accounted for 15.20%, 17.30% and 16.22% of mainland China's market share, respectively. During the period of the damage survey period, China's copolymer formaldehyde apparent consumption increased by 1.03%, and dumped imported products due to the continuous large increase in absolute imports, the proportion of mainland China's market share has always remained above 15%.

The European Commission, Tycon Polymers and Seranis Production Germany Limits and Two Company submitted comments arguing that although the import volume of dumped imported products increased, the market share remained stable, and the sales of similar products in mainland China industry increased more.

Taiwan Plastic Industry Co., Ltd. submitted comments and argued that during the investigation period, the import volume of imported products from Taiwan including manufacturers such as Taiwan Plastics and other manufacturers did not increase significantly in terms of relative quantity and absolute quantity.

The applicant believes that when examining the import quantity of dumped imported products, the absolute import quantity and the relative import quantity can be satisfied as long as one. The total import volume of dumped imported products has continued to rise, accounting for the overall market share of mainland China is on the upward trend, so the proposition that there is no large increase in the number of dumped imports is inconsistent with the facts.

After review, the investigation organs believe that the number of dumped imports from 2021 to 2023 was 9.58 thousand tons, 10.94 million tons and 11.10 million tons, 2022, 2023 compared to the previous year, respectively, an increase of 14.23% and 1.50%, 2023 compared to 2021, the cumulative increase of nearly 16%, the absolute import volume increased significantly. 2021 to



In 2023, China's co-polymer formaldehyde apparent consumption continued to grow, the market share of dumped imported products accounted for 15.20%, 17.30% and 16.22% respectively, 2022 compared with the previous year rose by 2.1 percentage points, down 1.07 percentage points in 2023 compared with the previous year, but increased 1.03 percentage points compared with 2021, compared with 2021, the overall trend of increasing imports.

In summary, the investigation organs initially determined that the import volume of dumped imported products increased significantly during the period of the investigation.

### **(3) The impact of dumped imported products on the prices of similar products in mainland China.**

The investigation organs investigated the impact of dumped imported products on the price of similar products in mainland China.

#### **1 ...Dumped import prices and prices of similar products in mainland China.**

When making price comparisons, in order to ensure the comparability of the two, dumped import prices should be compared with prices of similar products in mainland China at the same trade level. The investigation organs determined that the customs clearance price of dumped imported products and similar products in mainland China basically belong to the same level of trade, both of which do not include VAT, inland transportation costs, insurance costs and secondary sales channel fees.

On the basis of the CIF price of dumped imported products in mainland China's customs statistics, the investigation authorities further considered the exchange rate, tariff rate and customs clearance costs of mainland Chinese importers during the survey period, and adjusted the dumped import price. Use the adjusted import price as the dumped import price. Among them, the exchange rate is average according to the average exchange rate arithmetic of the year announced by the People's Bank of China. Import clearance costs are calculated on the basis of the average customs clearance costs of mainland Chinese importers reported in the questionnaire. Adjusted for the above methods, the dumping import prices for 2021, 2022 and 2023 are 12731 yuan/ton, 15858 yuan/ton and 14258 yuan/ton, respectively. Among them, 2022 is up 24.56 percent from 2021 and 10.09% in 2023 compared to 2022.

On the basis of the summary of the responses to the "Mainland Producers Questionnaire", the survey authorities used the weighted average price of the factory price of similar products in mainland China industry as the price of similar products in mainland China. In 2021, 2022 and 2023, prices for similar products in mainland China are 14158 yuan/ton, 15137 yuan/ton and 10766 yuan/ton, respectively. Among them, 2022 is up 6.92 percent from 2021 and 28.88% lower in 2023 than in 2022.

#### **2 ... The impact of dumped imported products on the prices of similar products in mainland China.**

The survey shows that the co-polymerized formaldehyde produced in mainland China and dumped imported products are basically the same in terms of materialization characteristics, raw materials and production processes, product use, sales channels and customer groups, and belong to similar products, the two have similarities and substitution. China's converging formaldehyde consumer market is a competitive and open market, Chinese industry similar products and dumped imported products compete with each other, price is an important factor in product competition. Dumped imported products and similar products in mainland China are mainly sold in the mainland Chinese market through direct sales, agency sales, etc., and have a common customer base. Dumped imported products and sales of similar products in mainland China have no clear time and geographical preferences. Dumped Import Products Similar to Mainland China Industries

There is a direct competition between products.

The dumped import prices in 2021, 2022 and 2023 were 12731 yuan /ton, 15858 yuan/ton and 14258 yuan/ton, respectively. Among them, 2022 is up 24.56 percent from 2021 and 10.09% in 2023 compared to 2022. In the same period, the prices of similar products in mainland China were 14158 yuan/ton, 15137 yuan/ton and 10766 yuan/ton, respectively. Among them, 2022 is up 6.92 percent from 2021 and 28.88% lower in 2023 than in 2022. During the period of the damage investigation, dumped imported products and similar products in mainland China have the same trend of change in prices, all showing a trend of rise and decline.

In 2021, the price of dumped imported products is 12731 yuan/ton, the price of similar products in mainland China is 14158 yuan/ton, and the price of dumped imported products is 1,427 yuan per ton lower than the price of similar products in China's large land industry. Dumped imported products in 2021 has a significant reduction effect on similar products in mainland China's industry.

In 2022, the price of similar products in mainland China's industry rose from 14158 yuan/ton in 2021 to 15137 yuan/ton, an increase of 6.92%, while the unit cost of similar products in mainland China was 8393.34 yuan/ton, 9158.27 yuan/ton, and the cost in 2022 increased by 9.11% over 2021. Although dumped import prices increased significantly from 2021 to 2022, rising from 12731 yuan/ton in 2021 to 15858 yuan/ton in 2022, up 24.56%. However, because the import price of dumping in 2021 is significantly lower than the price of similar products in mainland China, the number of dumped imported products increased significantly by 14.23%, and the market share of dumped imported products increased by 2.10% in the same period. From 2021 to 2022, China's co-polymerized formaldehyde market apparent consumption increased by 0.34%, and the market share of dumped imported products increased more than the apparent consumption growth rate. In the same period, the number of similar products in mainland China decreased by 1.33%, the market share decreased by 1.20%, and the end-of-term inventory increased by 25.72%. In order to avoid losing too much market share, there is no way to make its product prices fully reflect the increase in cost, product cost growth can not be reasonably passed on to the price. From 2021 to 2022, the prices of similar products in mainland China increased by 6.95% year-on-year, and the unit profit margin fell from 40.72% to 39.50%. From 2021 to 2022, the prices of similar products in mainland China have been suppressed by dumped imported products.

The dumped import price in 2023 was 14258 yuan/ton, a decrease of 10.09% from 2022. In 2023, the price of similar products in mainland China was 10766 yuan/ton, a decrease of 28.88% from 2022. Evidence shows that the manufacturers of dumped imported products are basically the world's leading co-polymer formaldehyde manufacturers, their enterprise group has decades of co-polymer formaldehyde production and sales experience, has brand and technology advantages, the Chinese mainland market has established a perfect sales channel and service network earlier, in mainland China and even the global market competition has strong competitiveness. Chinese mainland manufacturers will refer to import prices and determine the sale price of similar products to compete with dumped imported products. Evidence such as the minutes of the Mainland China Producers Business Analysis Conference, downstream user bargaining records and pricing reports collected by the investigative authorities in the field verification process shows that when downstream users purchase dumped imported products and similar products in China's large land industry, prices are an important factor to consider when purchasing them. China's mainland industry pays close attention to the price data of dumped imported products as an important reference for adjusting prices. When dumping import prices fell from 2022 to 2023, the mainland Chinese industry in order to sell similar products and gain a certain market share, the sales price had

to decline accordingly, dumped imported products in China's mainland industry sales prices caused a depression.

The European Commission, Tycona Polymers and Seranis produced Germany submitted comments, arguing that the average price of its dumped imports continued to rise during the damage survey period, driving prices rather than decline. From 2021 to 2022, the price of dumped imported products has risen relative to the prices of similar products produced in mainland China, while market share has also risen. Since then, from 2022 to 2023, the price of dumped imported products declined while the market share remained stable. Mainland China's market is not sensitive to pricing, factors other than prices drive consumption growth, and dumped imports themselves do not drive prices down. The prices of similar products in mainland China's industry have been much lower than the price of dumped imported products throughout the period of the damage investigation. When the price of imported products is much higher than the prices of similar products in mainland China, the conclusion of price suppression cannot be drawn.

Taiwan Plastic Industry Co., Ltd. submitted comments arguing that the products investigated in Taiwan did not have a negative impact on the prices of similar products in mainland China. The price of imported products in Taiwan represented by Taiwan has always been higher than the price of China's mainland co-polymerized formaldehyde, and there are no relevant claims and evidence materials for price reduction caused by Taiwanese products, including Taiwan Plastics. The price difference between Taiwanese plastic products and the mainland co-polymerized formaldehyde products shows that the two are not operating in the same market range. The price of imported products in Taiwan represented by Taiwan has not lowered the price of co-polymerized formaldehyde in mainland China. There is no evidence that imports have had an inhibitory effect on the prices of mainland Chinese products.

The applicant submitted comments and argued that the manufacturers of dumped imported products have an advantageous position in the competition in the global and mainland Chinese market, and that their combined formaldehyde sales price has a great impact on the global and mainland China's co-converging formaldehyde price trend. The effect of dumping imported products at low prices to suppress the co-polymerized formaldehyde industry in mainland China is obvious. Dumped imported products and China's mainland co-polymer formaldehyde belong to similar products, the two compete with each other in the mainland Chinese market, and the price has a very important and decisive influence on the procurement choices of downstream customers. According to the questionnaire of mainland Chinese producers, the main factor affecting the price of similar products in mainland China is the quantity and price of dumped imported products. More than 50 distributors or downstream users in mainland China issued "on co-polymer formaldehyde procurement situation" or "on co-polymer formaldehyde procurement and use statement", indicating that downstream customers in the purchase of China's mainland Chinese co-polymerized formaldehyde prices, the price of dumped imported products is an important reference for distributors or downstream users in determining the purchase price of copolymerized formaldehyde in mainland China. The evidence provided by the applicant's "meeting minutes", "polymerized formaldehyde sales telephone records", "polymerized formaldehyde price adjustment approval order" and other evidence shows that the mainland Chinese industry will refer to the price of dumped imported products and its changing trend, and use this as the basis for price adjustment and determination. The import price of dumped imported products has clearly lowered the prices of similar products in mainland China.

After review, the investigative authorities believe that first, as mentioned above, there is a direct competition relationship between dumped imported products and similar products in mainland China. The survey machine noted that the price of dumped imported

products from 2022 to 2023 is higher than the prices of similar products in mainland China, but the high price or the difference between prices does not mean that there is no competition between the two. The two belong to similar products, are substitutable and have a direct competitive relationship. Changes in the import volume and price of dumped imported products directly affect the prices and market share of similar products in mainland China. Second, the mainland Chinese market is an open and fully competitive market, and similar products in mainland China have fierce competition with dumped imported products. During the period of the survey period, the number of dumped imported products continued to grow, and a certain market share has always been maintained in the case of apparent consumption growth. At the beginning of the investigation period, the dumping import price rose, but it was lower than the prices of similar products in mainland China, so the market share of dumped imported products expanded, while the sales of similar products in mainland China's industry declined, and the market share decreased less. From 2022 to 2023, dumped import prices began to continue to decline, in order to maintain a certain sales volume and market share, the mainland Chinese industry had to follow the adjustment to sell below the dumping import price level, in order to obtain a certain market share. The investigation agency believes that "the mainland Chinese market is not sensitive to pricing, and the dumping of imported products itself has not affected the prices of similar products in mainland China industry". Third, the evidence provided by mainland Chinese industry and downstream users shows that dumped import prices are an important factor affecting the prices of similar products in mainland China. Dumped imported products have a negative impact on the prices of similar products in mainland China.

In summary, the investigation organs in the preliminary ruling found that during the period of the investigation, dumped imported products caused reduction, depression and suppression of prices of similar products in the mainland Chinese industry.

#### **(4) The industrial situation in mainland China during the period of the damage investigation.**

In accordance with the provisions of Articles 7 and 8 of the Anti-Dumping Regulations, the investigation organs conducted a survey of relevant economic factors and indicators of mainland China's industry (data see Schedule), and the evidence shows that:

##### **1 ...Apparent consumption.**

During the period of the damage investigation, the apparent consumption of copolymer formaldehyde in mainland China continued to increase. From 2021 to 2023, the total concentration of formaldehyde apparent consumption in mainland China was 63.03 million tons, 63.24 million tons and 68.44 million tons. The year-on-year growth was 0.34% in 2022, 8.22% in 2023, and 8.59% in 2023 over 2021.

##### **2 ...Production capacity.**

During the period of the damage investigation, the production capacity of similar products in mainland China continued to grow. From 2021 to 2023, China's industrial production capacity of similar products is 38.4 million tons, 39.0 thousand tons and 42.1 million tons, respectively. The year-on-year growth was 1.56% in 2022, 7.95% year-on-year growth in 2023, and a cumulative increase of 9.64% in 2023 over 2021.

##### **3 ... And production.**

During the period of the survey period, the output of similar products in mainland China's industry continued to grow. From 2021 to 2023, the output of similar products in mainland China was 35.09 million tons, 35.88 million tons and 39.12 million tons, respectively. Growth of 2.22% year-on-year in 2022, 2023

The year-on-year growth was 9.04% year-on-year, with an accumulative increase of 11.46% in 2023 over 2021.

#### **4 Sales in mainland China.**

During the period of the damage investigation, the sales of similar products in mainland China's industry declined and then rose, and the overall trend was growing. From 2021 to 2023, China's large land industry similar products sold 34.34 million tons, 33.88 million tons and 37.37 million tons, respectively. In 2022, the year-on-year decline was 1.33%, 2023 increased by 10.30% year-on-year, and a cumulative increase of 8.84% in 2023 compared to 2021.

#### **5 ...Market share.**

During the period of the damage survey, the share of the Chinese mainland market of similar products in mainland China's industry declined and then rose, and the overall trend was downward. From 2021 to 2023, mainland China's market share of similar products was 55.67%, 54.47% and 54.85%, respectively. 2022 fell 1.20 percentage points year-on-year, 0.38 percentage points in 2023, and 0.82 percentage points in 2023 compared to 2021.

#### **6 ...The selling price.**

During the period of the damage investigation, the price of sales of similar products in mainland China's industry rose and fell, and the overall trend was a sharp decline. From 2021 to 2023, the sales price of similar products in mainland China was 14158 yuan /ton, 15137 yuan/ton and 10766 yuan/ton, respectively. The year-on-year growth in 2022 was 6.92%, down 28.88% in 2023, and a cumulative decline of 23.96% in 2023 compared to 2021.

#### **7 ...Sales revenue.**

During the period of the damage investigation, mainland Chinese industry similar products were sold in mainland China

Income rises and declines, overall a significant downward trend. From 2021 to 2023, the sales revenue of similar products in mainland China's industry was 48.62 billion yuan, 51.29 billion yuan and 40.24 billion yuan respectively. The year-on-year growth in 2022 was 5.50%, down 21.55% in 2023, and a cumulative decline of 17.24% in 2023 compared to 2021.

#### **8 ...Pre-tax profits.**

During the period of the damage survey period, the profits before the tax of similar products of mainland China's industry rose and fell, and the overall trend was a sharp decline. From 2021 to 2023, the pre-tax profits of similar products in mainland China's production industry were 12.5 billion yuan, 14.53 billion yuan and 6.93 billion yuan, respectively. The year-on-year growth in 2022 was 16.20%, down 52.28% in 2023, and a cumulative decline of 44.54% in 2023 compared to 2021.

#### **9 Rate of return on investment.**

During the period of the damage survey period, the return on investment of similar products in mainland China's industry rose first and fell, and the overall trend was downward. From 2021 to 2023, the return on investment of similar products in mainland China was 16.47%, 21.29% and 10.34%, respectively. 2022 rose 4.82 percentage points year-on-year, down 10.95 percentage points in 2023, and a cumulative decline of 6.13 percentage points in 2023 compared to 2021.

#### **10 ... Start-up rate.**

During the period of the damage investigation, the start-up rate of similar products in mainland China continued to rise. From 2021 to 2023, the start-up rate of similar products in mainland China was 91.39%, 91.99% and 92.92%, respectively. 2022 rose by 0.59 percentage points year-on-year, 0.93 percentage points in 2023, and a cumulative increase of 1.52 percentage points from 2021 in 2023.

## **11 Number of employed persons.**

During the period of the damage investigation, the employment of similar products in mainland China's industry continued.

Let's go down. From 2021 to 2023, the number of people employed in similar products in mainland China was 2,525, 2,074 and 1,854. The year-on-year reduction was 17.85 % in 2022, 10.61% in 2023, and a cumulative decrease of 26.57% in 2023 compared to 2021.

## **12 ...Labour productivity.**

During the period of the survey period, the labor productivity of similar products in mainland China continued to rise. From 2021 to 2023, the labor production rate of similar products in mainland China is 139.01 tons/year/person, 172.97 tons/year/person, respectively. The year-on-year growth was 24.43% in 2022, 21.99% year-on-year growth in 2023, and a cumulative increase of 51.79% in 2023 over 2021.

## **13 Wages per capita.**

During the period of the survey period, the per capita wage for similar products in mainland China continued to increase. From 2021 to 2023, the average per capita wage for similar products in mainland China was 11.89 million yuan/year/person, 13.11 million yuan/year/person. The year-on-year growth was 10.21% in 2022, 3.15% in 2023, and a cumulative increase of 13.68% in 2023 over 2021.

## **14 At the end of the period.**

During the period of the damage survey period, the end-of-life inventory of similar products in mainland China has declined, and the overall trend of a sharp decline. From 2021 to 2023, the end-of-life inventory of similar products in mainland China is 0.91 million tons, 1.14 million tons and 0.54 million tons, respectively. Growth of 25.72% year-on-year in 2022, down 52.91% in 2023, 2023

This represents a cumulative decrease of 40.80% from 2021.

## **15 Net cash flow from operating activities.**

During the period of the damage survey period, the net cash flow of similar products operating activities in mainland China's industry has risen and then dropped, and the overall trend has declined significantly. From 2021 to 2023, the net cash inflow of similar products operating activities in mainland China was 21.1 billion yuan, 21.57 billion yuan and 8.89 billion yuan, respectively. The year-on-year growth was 2.23% in 2022, down 58.78% in 2023, and a cumulative decrease of 57.86% in 2023 compared to 2021.

## **16 ...Financing capacity.**

During the period of the damage investigation, there was no evidence that the financing capacity of similar products in mainland China was adversely affected by the import of dumped imported products.

The investigative organ also reviewed the dumping margin of imported products, and it was confirmed that the dumping margin of the dumped imported products was more than 2%, not a trace dumping, enough to cause adverse effects on the market price of

mainland China.

Prima facie evidence shows that during the investigation period, China's mainland co-polymerized formaldehyde watch consumption continued to grow, China's total output is significantly lower than the apparent consumption, China's mainland co-polymer formaldehyde market supply and demand, affected by this, China's mainland production industry similar products production capacity capacity, production, start rate, labor productivity continued to grow, sales decline first and after the increase trend, the end of the period inventories rise and fall, and the overall trend of decline. In the context of the general increase in labor costs in mainland China, the per capita wage of similar products in mainland China has continued to increase. However, during the period of the damage survey period, the sales price of similar products in mainland China's industry showed a sharp decline, up 6.92% year-on-year in 2022, a year-on-year decline of 28.88% in 2023, and the end of the investigation period decreased 23.96%. Under the influence of the downward trend of sales price fluctuations, the sales revenue of similar products in mainland China showed a significant downward trend, with a year-on-year increase of 5.50% in 2022, a year-on-year decline of 21.55% in 2023, and the damage period at the end of the period was 17.24% lower than at the beginning of the period; The pre-tax profit of similar products in mainland China also showed a significant downward trend, with a year-on-year increase of 16.20% in 2022, a year-on-year decline of 52.28% in 2023, and a decrease of 44.54% at the end of the period of the investigation period compared with the beginning of the period; The return on investment of similar products in mainland China has declined, up 4.82 percentage points in 2022, down 10.95 percentage points in 2023, and 6.13 percentage points lower at the end of the period of the damage survey period compared with the beginning of the period. At the same time, the share of similar products in mainland China has declined slightly, down 1.20 percentage points in 2022, 2023 year-on-year recovery of 0.38 percentage points, and the damage investigation period at the end of the period compared with the beginning of the period decreased by 0.82 percentage points. The net cash flow of similar products operating activities in mainland China has declined significantly, with a year-on-year increase of 2.23% in 2022, down 58.78% in 2023, and a decrease of 57.86% at the end of the period of the damage investigation period. The employment of similar products in mainland China has continued to decline, with a decrease of 17.85% in 2022, 10.61% in 2023, and a 26.57% reduction at the end of the period of the investigation period. In summary, during the survey period, although the mainland Chinese industry is in a favorable market environment in demand growth and insufficient supply and demand, some economic indicators show a positive trend or improvement in individual years, but the sales price of similar products in mainland China, sales income, pre-tax profits, investment returns, market share, operating activities net cash flow, employment and other economic indicators have deteriorated, especially sales price, sales income, pre-tax profits, net cash flow of operating activities, net cash flow of operating activities, etc.

The period has fallen sharply, indicating that the profitability of similar products in mainland China's industry has declined, and the business situation deteriorated.

The European Commission submitted comments argued that a large number of indicators of mainland China's industry have shown good development or overall stability, profit has declined but still extremely profitable.

Tecona Polymer Company and Seranis Production Germany Limited and Dual Division submitted comments arguing that during the period of the damage investigation, the applicant's production, productivity and sales growth, inventory reduction, and no difficulty in product sales. During the damage survey, apparent consumption increased by about 54,000 tonnes and production increased by about 51,000 tonnes, consistent with the increase in consumption, benefited greatly from the growth in apparent consumption and continued to improve performance. Mainland Chinese producers have been holding the

largest market share, even rising during the damage survey period, increasing by as much as 2 percentage points. The applicant's profit margin remains at a very high level. The decline in margins occurred following a sharp spike in prices and margins from 2021 to 2022, as a result of cyclical changes in the industry and adjustments to normalization of the market.

Taiwan Plastic Industry Co., Ltd. submitted comments and argued that the scale of China's large land industry production and operation continues to expand. The production capacity, production and start-up rate of products in mainland China have all shown an increasing trend. The number of sales continues to grow, parallel to increases such as capacity and production. Inventories at the end of the period were up and down, and overall a downward trend. In 2022, 2023 compared with the previous year, the end-of-term inventory segment of mainland China's products increased by 20.17% and fell 49.67%, and the market share was basically stable, only 1% fluctuation, in the damage survey period, the mainland industry dominated the mainland market. Economic indicators such as employment, average wages and labour productivity have shown good or steady momentum. Despite downward fluctuations in sales-related economic indicators such as price, sales revenue, pre-tax profit, cash flow and investment return, these indicators are the result of the linkage effect of sales prices. Its roots are still moving upwards in sales prices. Therefore, the situation of industrial operations in mainland China is not in a state of material damage.

The applicant submitted comments and argued that from 2021 to 2023, although the production and sale of similar products in mainland China showed an overall growth trend, the overall growth of the production and sale of similar products did not bring corresponding model benefits and profits to the mainland Chinese industry. Moreover, the market share of similar products overall showed a downward trend, and employment continued to decline. Due to the depression and suppression of prices by dumped imported products, from 2021 to 2023, the domestic price, unit gross profit, pre-tax profit, investment income and net cash flow of similar products in mainland China's industry overall showed a significant downward trend. Some companies have even lost money in 2023. Under the impact of large and low-cost dumping of imported products in mainland China, the production and operation and financial situation of similar products have been significantly affected and affected, and the mainland Chinese industry suffered substantial damage.

After review, the investigative organ believes that, first, during the investigation period, the impact of dumped imported products on China's mainland industry should be comprehensively taken into account all relevant economic factors and indicators. As mentioned earlier, the investigation authorities have conducted a comprehensive and comprehensive examination of 16 economic factors and indicators related to similar products in mainland China. Second, the survey organs note that in the above indicators, production capacity, production, start-up rate, sales volume, labor productivity, per capita wages are growing overall, and inventory at the end of the period shows a downward trend. The market structure of the lack of formaldehyde supply and demand and the continuous growth of the market demand are the main reasons to promote the production capacity and output of mainland China's industries, so that the start rate, labor productivity and sales volume have also increased accordingly, and the per capita wage has increased. Third, the investigation also noted that the sales price, sales revenue, pre-tax profit, investment rate, net cash flow of business activities, employment numbers have all deteriorated, especially sales prices, sales income, pre-tax profits, net cash flow from business activities have declined sharply in the later period. Fourth, during the period of the damage investigation, dumped imported products were first sold at prices lower than similar products in mainland China's industry, gaining market share, the sales of similar products in mainland China industry declined, and the market share decreased; From 2022 to 2023, the price of dumped imported products continued to decline, leading to similar



products in mainland China's industry had to follow the price reduction, although the market share growth, but in mainland China's converging formaldehyde demand and in short supply market conditions, China's mainland industry similar products pre-tax profits fell 44.54% in 2023 compared to 2021. The profitability of similar products in mainland China has declined significantly, and the operating situation has deteriorated significantly.

In summary, after taking into account all relevant economic factors and indicators, the investigation organs determined that the Chinese mainland co-polymerized formaldehyde industry has suffered substantial damage.

## VI. Cause-and-effect Relationship

In accordance with Article 24 of the Anti-Dumping Regulations, the investigative authority examines whether there is a causal relationship between co-polymerized formaldehyde dumping imports originating in the United States, the European Union, Taiwan and Japan and substantial damage to mainland Chinese industries, and examines other factors known to cause damage to mainland Chinese industries in addition to the impact of dumped imported products.

### **(1) The dumping of imported products has caused substantial damage to mainland China's industry.**

During the period of the survey period, the number of dumped imported products showed an upward trend, with imports of dumped imports from 2021 to 2023 being 95,774 tons, 109,399 tons and 111,035 tons, respectively. Among them, the number of dumped imported products increased by 14.23% in 2022 over 2021, 1.50% in 2023 compared to 2022, and a cumulative increase of 15.93% from 2021 to 2023. Dumped imports accounted for 15.20%, 17.30% and 16.22% respectively, and the market share has remained above 15%.

Since dumped imported products and similar products in mainland China's mainland industry are basically the same in material characteristics, raw materials and production processes, product use, sales channels and customer groups, the two can be replaced with each other, there is a competitive relationship, the price has become an important factor for downstream customers to choose products. Manufacturers of dumped imported products have brand and technological advantages and perfect sales channels and service network, and have strong competitiveness in the competition of the Chinese mainland and the global market. From 2021 to 2022, dumped import prices will reduce and inhibit the prices of similar products in mainland China. During the period of the damage survey period, China's mainland market demand continued to grow, China's co-polymerized formaldehyde apparent consumption increased by 0.34% from 2021 to 2022, while the price of dumped imported products was lower than the price of similar products in mainland China industry, the number increased by 14.23%, and its market share increased by 2.1 percentage points.

In contrast, mainland China industry, with the number of dumped imported products with prices lower than similar products in mainland China has increased significantly, in the background of continuous growth in market demand, the production capacity and output of similar products in mainland China's industry has increased simultaneously, but the sales volume from 2021 to 2022 has declined. In 2021 it was 34.34 million tons, while in 2022 it dropped to 33.88 million tons, reducing sales by 1.33%. The deterioration in sales resulted in a 1.20 percentage point reduction in the market share of similar products in mainland China. Due to the simultaneous inhibition of the price of similar products in mainland China's industry, the unit profit margin of similar products in mainland China's industry declined by 1.22 percentage points in 2022, and stocks increased by 25.72% at the end of the same period.

The absolute number of dumped imported products continued to grow from 2022 to 2023, with prices falling by 10.09%, causing a low impact on the prices of

similar products in mainland China's industry. From 2022 to 2023, the apparent consumption of China's co-polymerized formaldehyde market continued to increase by 8.22%, the production capacity and production of similar products in mainland China have increased, the sales volume increased by 10.30%, and the end of the period inventory decreased by 52.91%. Due to the market competitive advantage of dumped imported products such as brands and sales channels, and the price continues to decrease, in order to preserve the existing market share, the mainland Chinese industry is forced to take the price reduction method to compete with dumped imported products. The sales price of similar products in mainland China decreased 28.88% in 2023 from 2022, resulting in a 21.55% decline in sales revenue. Gross profit margins per unit continued to decline, down 13.76 percentage points from 2022 in 2023. Pre-tax profits fell significantly, down 52.28% in 2023 from 2022. The return on investment declined, down 10.95 percentage points from 2022 in 2023. Net cash flows declined over the same period.

58.78%. The profitability of similar products in mainland China has continued to decline, and the financial situation is showing a deteriorating trend.

The Commission's comments argue that cost in the analysis of causality is also an important factor to consider, taking into account the impact of increased wage levels on growth and changes in profitability.

Telcon Polymers and Seranis Production Limited and Dual Company in Germany submitted comments arguing that demand contracted in 2021 and 2022, affecting the sales of mainland China's industry. In late 2022 and 2023, as the market environment returns to normal, sales in mainland China began to pick up. The market share of mainland Chinese producers has also increased. In 2021 and 2022, the production and supply of global co-polymer formaldehyde was affected by the new coronavirus, and the imbalance between supply and demand pushed global prices to a high. As demand fell sharply, prices fell again in mid-2022, continuing until 2022 and 2023. In the spring of 2022, several producers in mainland China experienced planned and unplanned temporary shutdowns, negatively impacting their performance. In 2021 and 2022, mainland Chinese producers may experience persistently higher inventory levels due to slowing consumer demand. After the backlog, they began selling their inventory at a lower price, and by 2023 inventory had been halved. This is consistent with the overall price reduction strategy pursued by mainland Chinese producers, and has nothing to do with the price of dumped imported products, which remain at a high level. Applicants appear to be facing competitive pressure from other mainland Chinese producers. Available data show that while the applicant's market share remains stable, other mainland Chinese producers' market share has increased more than the applicant during the period of the damage survey. In addition, production and total sales by other mainland Chinese producers also seem to grow faster in absolute terms than applicants.

Taiwan Plastic Industry Co., Ltd. submitted comments and argued that other source products are the reasons to guide and lead the market price change. Even if the business conditions of mainland operators are negatively affected, imports from other sources from South Korea, Thailand and Malaysia are responsible for this negative impact.

The applicant believes that the evidence shows that during the investigation period, the demand for similar products in mainland China's industry continued to grow, and the sales of similar products in mainland China's industry continue to grow, there is no so-called demand contraction, and there is no situation of so-called shrinking demand, there is no need to shrink the sales problem of mainland China's industry. In 2022, although many manufacturers in mainland China underwent overhaul, but did not affect the production and sales of similar products in the same period, 2022 compared to 2021, the production and sales of similar products in mainland China's industry are increasing. The reduction in the

inventory of similar products of the applicant is due to the substantial increase in demand, 2023 compared to 2022, the demand for similar products in mainland China increased by 5.2 million tons, while the same period of the applicant's similar products only increased by 3.3 million tons, resulting in the applicant consumed a certain amount of the previous year's inventory. During the period of the damage survey, the total production of formaldehyde in mainland China accounted for only about 68%-70% of total demand, obviously in a state of insufficient supply and demand, so the damage suffered by the mainland industry is not due to internal competition. During the period of the damage survey, although the per capita wage continued to increase, but the unit cost of similar products in mainland China's industry overall decreased by nearly 5% in 2023 compared to 2021, so the change in cost is not the original impact on the profitability of similar products.

Because of it.

After review, the investigation organs believe that, first, during the investigation period, China's large-land co-polymerized formaldehyde apparent consumption continued to grow. From 2021 to 2023, the Chinese mainland's combined polyformdehyde apparent consumption is 63.03 million tons, 63.24 million tons and 68.44 million tons, respectively. The year-on-year growth was 0.34% in 2022, 8.22% in 2023, and 8.59% in 2023 over 2021. Second, under this background, the production capacity, output and sales of similar products in mainland China's industry have generally increased. However, in 2021, due to a reduction in the price of dumped imported products, the sales and market share of similar products in mainland China's industry declined in 2022. Third, the overhaul of some mainland Chinese enterprises in 2022 did not affect its regular production and operation, and the output and sales of mainland China's industries continued to grow from 2022 to 2023. Fourth, China's industrial inventory situation reflects the results of market competition. Dumping of imported products from 2021 to 2022 has a significant reduction and inhibition of similar products in mainland China's industry. In the same period, the number of similar products in mainland China decreased by 1.33%, the market share decreased by 1.20 percentage points, and the end inventory increased by 25.72%. The price of dumped imported products in 2023 has had a depressive effect on the prices of similar products in China's large land industry. In order to maintain a certain sales and market share, the mainland Chinese industry was forced to adopt price reduction methods to compete with dumped imported products, sales prices fell 28.88% in 2023 compared to 2022, the end inventory decreased 52.91%, sales revenue fell 21.55%, and pre-tax profit decreased by 52.28%. Fifth, during the survey period, the total import volume of other imported source products overall showed a downward trend, down from 2023 to 2021.

3.87%. The number of dumped imported products continues to rise, increasing 15.93% in 2023 compared to 2021. Sixth, the claim that competition by other mainland Chinese producers results in damage to the applicant is not supported by evidence and does not deny the causal link between the dumping of imported products and substantial damage to mainland Chinese industries. Seventh, during the investigation period, the unit sales cost of similar products in mainland China's industry declined by 5%, the internal selling price of similar products in mainland China's industry fell by nearly 24%, pre-tax profits fell by more than 44%, and the profitability of similar products in mainland China's production industry decreased significantly. Cost changes are not the reason for the decline in the profitability of similar products in China's large land industry.

In summary, the investigation organs have initially determined that during the investigation period, there is a causal relationship between dumped imported products and the material damage suffered by the Chinese mainland co-polymerized formaldehyde industry.

### **Analysis of other known factors.**

The investigation authorities examined other known factors that may cause substantial damage to mainland China's production, other than dumped imported products.

After preliminary investigation, there is no evidence of the impact of imports from other countries (regions), the practices of other countries (regions) and mainland Chinese producers to restrict trade and competition between them, changes in consumption patterns, technological development, export status of similar products in China's mainland industry, the applicant's production technology, and force majeure, etc., are causal relationships between the substantial damage suffered by the formaldehyde industry in mainland China.

In summary, the investigation organs initially determined that the above factors cannot deny dumping imports.

The causal relationship between the material damage suffered by the product and the mainland Chinese industry.

### **(3) Other comments from relevant stakeholders.**

Taiwan Plastic Industry Co., Ltd. submitted comments and argued that Taiwan Plastics has contributed greatly to the stable supply of high-end raw materials in the plastics processing industry and the development of mainland polyformaldehyde technology. Taiwan-plastic steel and mainland plastic industry are truly symbiotic, long and mutually reinforcing relations. Anti-dumping investigations and even actual anti-dumping measures for Taiwanese plastic products are not only conducive to the promotion and realization of this collective effort, but will interfere with the mainland downstream users to further maintain and develop the links between Taiwanese plastic suppliers, restricting the mainland downstream users and even the terminal industry to obtain the source of table plastics, thereby affecting the rapid development of new energy vehicles, electronic and electrical appliances, industrial machinery, sports equipment, medical appliances and other industries.

The applicant argues that carrying out anti-dumping investigations on dumped imported products and implementing anti-dumping measures will help restore the distorted market order in mainland China, will not materially affect the normal development of downstream industries, but also conducive to the healthy development of downstream industries.

After preliminary review, the investigation organ believes that the preliminary findings show that the product being investigated has been dumped, the mainland Chinese industry has suffered substantial damage, and there is a causal relationship between dumping and material damage. Taking anti-dumping measures based on the findings of the survey will help maintain a fair trade environment, stabilize the market order in mainland China and promote the reasonable return of dumping import prices, and will not add additional burdens to the downstream. After considering mainland China's industries, upstream and downstream industries and other relevant factors, the investigation organs believe that anti-dumping measures on dumped imported products are in line with the public.

The interest.

### **VII. Preliminary findings**

According to the above findings, the investigation organs initially ruled that imported co-polymerized formaldehyde originating in the United States, the European Union, Taiwan and Japan is dumped, China's large-land co-polymerized formaldehyde industry has suffered substantial damage, and there is a causal relationship between dumping and material damage.

Attached to:Co-polymer formaldehyde anti-dumping data sheet

I'm attached.

Co-polymer formaldehyde anti-dumping data sheet

The Project	The2021	2022	2023
Total production in mainland China	430,000	445,000	481,000
Rate of change	-	3.49%	8.09%
Apparent consumption of mainland	630,294	632,446	684,410
Rate of change	-	0.34%	8.22%
Number of imports of products	95,774	109,399	111,035
Rate of change	-	14.23%	1.50%
Market share of products surveyed	15.20%	17.30%	16.22%
Magnitude of change (percentage	-	2.10	-1.07
Import price of the products	1,974	2,195	1,865
Rate of change	-	11.20%	-15.03%
Production (tonnes)	350,948	358,750	391,183
Rate of change	-	2.22%	9.04%
Production capacity (tonnes)	384,000	390,000	421,000
Rate of change	-	1.56%	7.95%
Rate of start-up	91.39%	91.99%	92.92%
Magnitude of change (percentage	-	0.59	0.93
Sales in mainland China (tonnes)	343,400	338,830	373,746
Rate of change	-	-1.33%	10.30%
Market Share of Markets	55.67%	54.47%	54.85%
Rate of change (percentage points)	-	-1.20	0.38
Sales revenue in mainland China	48.62	51.29	40.24
Rate of change	-	5.5%	21.55%
End-of-period inventory (tonnes)	9,101	11,442	5,388
Rate of change	-	25.72%	-52.91%
Sales price in mainland China	14,158	15,137	10,766
Rate of change	-	6.92%	28.88%
Pre-tax profits (billion dollars)	12.50	14.53	6.93
Rate of change	-	16.20%	-52.28%
Rate of return on investment	16.47%	21.29%	10.34%
Magnitude of change (percentage	-	4.82	-10.95
Net cash flow (billion dollars)	21.10	21.57	8.89
Rate of change	-	2.23%	-58.78%
Number of employed persons	2,525	2,074	1,854
Rate of change	-	17.85%	-10.61%
Per capita wage	118,917	131,059	135,185
Rate of change	-	10.21%	3.15%
Labour productivity	139.01	172.97	211.00
Rate of change	-	24.43%	21.99%



