Final Determination

INVESTIGATION No. AD0059

Dumping investigation into certain engine oils and hydraulic fluids imported into the United Kingdom from Lithuania and the United Arab Emirates.

December 2025

Index of Figures and Tables

Section A: Introduction

A1. Investigation

1. This investigation covers the alleged dumping of certain engine oils and hydraulic fluids (CEOHF) imported into the United Kingdom (UK) from Lithuania and the United Arab Emirates (the UAE). A full description of the goods concerned can be found in Section D: The goods concerned and like goods.

2. This section briefly summarises the legal framework for this final determination (FD) and the Trade Remedies Authority (TRA)'s main findings. The background to and details of the investigation are explained fully in the subsequent sections.

3. The purpose of this document is to set out the TRA's final determination and recommendation to the Secretary of State for Business and Trade (Secretary of State) and detail the facts and analyses on which the TRA has based its recommendation. Details of the recommendation can be found in Section B4: Final determination and recommended measure.

4. This document should be read in conjunction with other public documents available for this case, which are available on the public file: Trade remedies service - AD0059.

5. On 22 September 2025 the TRA published a Statement of Essential Facts (SEF)[1], having previously published a Provisional Affirmative Determination (PAD) on 16 April 2025[2]. See Section C3: Publication of the PAD and Section C4: Publication of the SEF and SEF responses for more information.

6. For further information about TRA investigations, please see the public guidance.

A2. Legal framework

7. This Final Determination is made pursuant to paragraphs 11(5) and (6) of Schedule 4 to the Taxation (Cross-border Trade) Act 2018 (the Act).

A3. Period of investigation and injury period

8. The period of investigation (POI) is 01 April 2023 to 31 March 2024.

9. To assess injury, the TRA has chosen the period from 01 April 2020 to 31 March 2024 as the injury period.

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[1] AD0059 Statement of Essential Facts
[2] AD0059 Provisional affirmative determination

Section B: Summary and findings

B1. Dumping

10. In accordance with paragraphs 1(1) and 8(1)(a) of Schedule 4 to the Act the TRA has examined whether dumping of the goods concerned (for definition see Section D1: Goods Concerned) has occurred.

11. The TRA has concluded that the goods concerned have been dumped into the UK from Lithuania and the UAE (see Section F: Dumping).

B2. Injury

12. In accordance with paragraphs 5 and 8(1)(b) of Schedule 4 to the Act, the TRA has examined whether the dumping of the goods concerned has caused or is causing injury to a UK industry in the like goods.

13. The TRA has concluded that the UK industry has suffered injury and that the dumped goods from Lithuania and the UAE have caused injury to the UK industry (see Section H: Injury).

B3. Economic interest test (EIT)

14. The TRA has considered the evidence before it and the following factors set out under paragraph 25 of Schedule 4 to the Act:

- The injury to UK industry in the like goods caused by dumping of the goods concerned and the benefits to that UK industry in removing that injury.
- The economic significance of affected industries and consumers in the UK.
- The likely impact on affected industries and consumers in the UK.
- The likely impact on particular geographic areas, or particular groups, in the UK.
- The likely consequences for the competitive environment, and for the structure of markets for like goods, in the UK.
- Such other matters as the TRA considered relevant.

15. The TRA has concluded that the application of the anti-dumping measure it recommends to the Secretary of State meets the EIT (see Section J: Economic Interest Test).

B4. Final determination and recommended measure

16. In accordance with paragraphs 11(5) and 11(6)(a) of Schedule 4 to the Act, the TRA has made a final affirmative determination in respect of the goods concerned from Lithuania and the UAE.

17. The goods concerned are passenger car motor oils, heavy duty commercial vehicle oils and hydraulic oils, grades: 5W-30, 5W-40, 0W-16, 0W-20, 0W-30, 10W-40, 10W-30, 20W-50, SAE 40, SAE 50, 15W-40, ISO32, ISO46, ISO68, HV32, HV46 and HV68.

18. The goods concerned are subject to the following commodity codes:

- 2710198120
- 2710198130
- 2710198140
- 2710198190
- 2710198300

19. The TRA has determined that the goods concerned have been or are being dumped in the UK and that the dumping of the goods concerned has caused or is causing injury to a UK industry in those goods. The TRA has determined that the application of the anti-dumping measures it recommends to the Secretary of State meets the EIT.

20. In the PAD, the TRA's recommendation to require a guarantee was made pursuant to paragraphs 11(3) and 13(3)(a) of Schedule 4 to the Act. The provisional measure came into effect on 16 April 2025 with a requirement that importers of the goods concerned provide a guarantee in the form of cash, a bond, or a bank guarantee, equal to the estimated anti-dumping amount on their imports from Lithuania and/or the UAE.

21. In accordance with paragraphs 17(3), 18(2)(a)(i) and 18(5) of Schedule 4 to the Act, the TRA recommends that the Secretary of State impose an *ad-valorem* duty for a period of five years applicable to imports of the goods concerned. Should the Secretary of State accept the TRA's final recommendation, the TRA recommends that definitive measures apply to imports of the goods concerned commencing from the day after publication of the Secretary of State's notice giving effect to this recommendation.

22. The rates of anti-dumping duty the TRA recommends are:

Table 11: Recommended ad valorem duty rates

Overseas exporter/producer	Duty amount (%)
UAB SCT Lubricants (Lithuania):	84.72%
All other Lithuanian exporters (residual rate):	95.36%
Chempioil (UAE):	34.35%
SCT Chemicals FZE (UAE):	34.35%
Atlantic Grease and Lubricants FZE (UAE):	0.00%
All other UAE exporters (residual rate):	34.55%

Section C: Background

C1. Initiation

23. On 03 May 2024, the TRA received an application (AD0059 - Application) lodged by Aztec Oils Ltd (Aztec) alleging that certain engine oils and hydraulic fluids imported into the UK from Lithuania and the UAE have been or are being dumped and that the dumping has caused or is causing injury to a UK industry in those goods.

24. The TRA was satisfied that the application contained sufficient evidence of dumping and resulting injury to justify the initiation of the investigation, and that the requirements referred to in paragraph 9 of Schedule 4 to the Act and regulations 50 and 51 of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019 (the Regulations) had been met.

25. The dumping investigation was initiated by the TRA on 17 June 2024 and the Notice of initiation was published on that date.

C2. Participation in the investigation

26. The Secretary of State, the foreign governments of Lithuania and the UAE and some other known interested parties and contributors were notified and invited to register on the Trade Remedies Service to participate in the investigation upon initiation. Additional interested parties and contributors later registered to the investigation after the PAD was published.

27. Annex A: Interested parties and contributors contains a summary of information received from all interested parties and contributors.

C2.1. UK producers

28. The following domestic producers registered to the case:

- Aztec Oils Ltd
- Certas Energy Ltd
- Ferguson & Menzies Ltd
- Granville Oil & Chemicals Ltd
- Paterson Enterprises Ltd (Paterson)
- Pennine Lubricants Ltd
- Syntol Ltd
- Witham Oil & Paint Ltd
- One anonymous domestic producer

29. Owing to the number of responses to the pre-sampling questionnaire received during the registration period, the TRA limited its examination of domestic producers. The TRA published a notice of proposed sample on 16 August 2024.

Table 2: Sampled Domestic Producers

Name	Production volume in the POI (megalitres)
Paterson Enterprises Ltd	17-20
Aztec Oils Ltd	10-15
Granville Oil & Chemicals Ltd	5-10
Ferguson & Menzies Ltd	6-9

30. Of the four sampled domestic producers, two, Aztec and Paterson, provided questionnaire responses. These two companies are the largest domestic producers, by output, to register to this investigation.

C2.2. Exporters from Lithuania and the United Arab Emirates

31. The following exporters and overseas producers registered to the case:

a) Exporters:
   i. UAB SCT Lubricants (UAB SCT) (Lithuania).
   ii. Atlantic Grease & Lubricants FZC (Atlantic) (UAE).
   iii. Chempioil FZE (Chempioil) (UAE).
   iv. Oscar Lubricants (Oscar) (UAE).

b) Overseas producers:

   i. SCT Chemicals FZE (SCT FZE) (UAE)

32. UAB SCT, Chempioil and SCT FZE, Atlantic, and Oscar submitted questionnaire responses.

33. The TRA decided that because SCT FZE and Chempiol are related parties they would be treated as one entity for the purposes of this investigation.

34. Although Oscar submitted a questionnaire response, it did not provide a sufficient confidential questionnaire response within the given timeframe. As a result, the TRA was unable to calculate an individual rate for Oscar, and they will consequently be subject to the residual rate.

C2.3. Importers

35. The following importers registered to the case:

- Lubriage Ltd
- One anonymous importer

36. Both Lubriage Ltd (Lubriage) and the anonymous importer submitted a questionnaire response.

C2.4. Foreign government

37. The following foreign governments registered to the case:

- Delegation of the European Union to the United Kingdom of Great Britain and Northern Ireland (The European Commission).
- Embassy of the Republic of Lithuania to the United Kingdom (The Lithuanian Embassy).
- Ministry of Economy United Arab Emirates (The UAE Ministry).

C2.5. Contributors and other interested parties

38. The following contributors and other interested parties registered to the case:

- UK Lubricants Association (UKLA)
- CGN Ltd.
- Goldcrest Oil Ltd.
- Lancer Products Ltd.
- Miswa Chemicals Ltd. (Miswa)
- Specialised Products (Western) Ltd.
- Carousel Car Parts Ltd.

39. There were also five contributors registered who chose to remain anonymous. The UKLA submitted a questionnaire response.

C3. Publication of the PAD

40. On 16 April 2025, the TRA published the PAD for AD0059, following the Secretary of State's acceptance of the TRA's recommendation to implement provisional measures.

C4. Publication of SEF and SEF responses

41. On 22 September 2025, the TRA published the SEF for AD0059 in accordance with regulation 62 of the Regulations.

42. Following publication of the SEF, the TRA invited interested parties who supplied information to it, to make submissions in response. The deadline for submission of comments on the SEF was 23:59 hours on 7 October 2025, in accordance with Regulation 62(2) of the Regulations.

43. The following interested parties provided responses to the SEF:

- The European Commission
- The Lithuanian Embassy
- UAB SCT
- Aztec
- Paterson
- UKLA
- Atlantic Grease & Lubricants FZC
- Oscar Lubricants
- One anonymous importer/distributor
- SCT FZE

44. These SEF responses are available on the public file.[3] The TRA's consideration of these responses is set out in the following paragraphs.

C4.1 Comments about Lithuania

45. UAB SCT, the European Commission and the Lithuanian Embassy have made submissions that include claims that imports from Lithuania were below *de minimis* levels during the PoI. The parties have relied upon the verified sales listing from UAB SCT, which is reduced in volume once out of scope goods are removed from the listing, and a claim that some goods concerned have been re-exported from the UK to Ireland and so should be excluded from the total Lithuanian imports.

46. The TRA has considered these comments in detail, however, there is a lack of available evidence to support the assertions made. There are other exporters who sell the goods concerned from Lithuania to the UK who are not included in the UAB SCT sales listing.

47. The TRA calculates import share as a percentage, in this case by taking the volume of imports from Lithuania (the numerator) and dividing it by the total volume of imports from all countries of the same goods (the denominator). Whilst the TRA can remove out of scope goods from the data

[3] TRA Investigations - Trade Remedies Service - GOV.UK

from UAB SCT's imports, this cannot be done for all imports from Lithuania, nor can it be done for the imports from all other countries, due to a lack of sufficiently reliable data. This is because the HMRC data includes out of scope goods at an 8-digit level. The filter to remove out of scope goods can therefore only been applied to the numerator of the percentage volume calculation. The TRA is unable to make the same reduction to the denominator which renders the resultant percentage calculation unreliable.

48. The adjustment to Lithuanian imports to exclude reexports to Ireland can also only be made to the numerator of the percentage volume calculation. The TRA is unable to make a reduction to the denominator due to a lack of sufficiently reliable data (country of origin export data is not available). Filtering data to make the numerator more specific, whilst not applying the same filters to the denominator, results in an artificially low percentage calculation, which is not reliable.

49. The only adjustment to the denominators that the TRA could make would be proportional, based on UAB SCT's sales listing. This would have no effect on the percentage volume from Lithuania, as it would reduce both the numerator and the denominator by the same proportion. The data used contains in and out of scope goods, and it may contain some goods that were imported into the UK and then re-exported to Ireland. It is not possible to determine the ratios for this mixture of goods or destinations for rest of the world imports, and to determine it for Lithuania alone based on the data of one exporter would risk greater inaccuracies than not to do so.

50. UAB SCT, the European Commission and the Lithuanian Embassy question the use of UK costs and the normal value methodology in relation to Lithuania.

51. The TRA used UK verifiable costs upon which it had been able to complete all appropriate verification activities. The TRA was unable to undertake all appropriate verification activity on UAB SCT's data. This was due to a lack of access to transactional level detail or underlying source documentation concerning costs to make, which is recorded in the verification report agreed by UAB SCT and published on the public file[4]. The TRA can confirm that data has not been rejected because the standard template was not used to submit the data (as claimed in the SEF response by UAB SCT). Were the TRA able to rely upon UAB SCT's data it would have been used in the format submitted.

52. The TRA determined that these UK costs, with downwards adjustments applied for the costs of base oils, land, energy, labour, additives and taxation, constituted the most reliable source for Lithuanian cost data. UAB SCT have requested that the TRA apply further downwards adjustments to account for the economies of scale, however, this is not possible. The TRA considers that there is no reliable and available data upon which to base such adjustments. It is also noted that such specific data has not been supplied to the TRA during the course of this investigation. The Lithuanian normal value assessment is further detailed in Section F2.1: Normal Value in Lithuania.

53. UAB SCT have submitted that the change in rates between the PAD and the SEF raise doubts as to the reliability of the SEF calculation.

[4] TRA Investigations - Trade Remedies Service - GOV.UK

54. The PAD and the SEF calculations are two different calculations. The change in rates is due to the differing sources of data relied upon for each calculation, dependent on the available data at the date of calculation. The PAD calculation used UAE costs for UAB SCT normal value, and third-party sales prices for export price. This data had not yet been subject to verification activity. It was also not adjusted to take account of the Lithuanian domestic cost to manufacture. The PAD calculation is based upon 10-15 products sold into the UK market. The SEF calculation uses adjusted UK costs for UAB SCT normal value, and sales prices from the UK importer, Lubriage, for export price. It is based upon all products that were present in the UK costs, UAB SCT sales and Lubriage sales data. The TRA had assured itself through verification activities that this data was complete, accurate and relevant.

C4.2 Comments about the UAE

55. Interested parties from the UK have raised the possibility of future circumvention of the measure through Atlantic. Atlantic are recommended to receive a 0% dumping duty, calculated in accordance with the relevant regulations, based upon data that was subject to verification activities. No evidence of current or future circumvention through Atlantic has been submitted. If there is evidence of circumvention of the recommended final measure, an application for a circumvention review can be submitted to the TRA[5].

56. Aztec submitted claims that the TRA have failed to account for structural cost advantages in the UAE. The TRA is satisfied that the costs data of the UAE exporters reasonably reflects their direct costs to make. The UAE government does not have the same sanctions on goods from the Russian Federation as the UK government, nor do they have the same regulatory requirements as the UK/EU, and further enforcement of such requirements is outside the scope of a dumping investigation.

57. SCT FZE reiterated its offer of an undertaking. The TRA has previously declined this offer, and this decision has not changed.

C4.3 Comments about the UK

58. UAB SCT, the European Commission and the Lithuanian Embassy submitted concerns regarding the representativeness of the two domestic producers (Aztec and Paterson) to UK industry.

59. The TRA remains satisfied that collective output of like goods of the two cooperating domestic producers does constitute a major proportion of the total production of the UK industry for the purposes of paragraph 6(1)(b) of Schedule 4 to the Act.

60. The TRA considers their questionnaire responses provide sufficient data to ensure an accurate and objective analysis. The TRA further considers that Aztec and Paterson represent the breadth and diversity of the UK industry. This is supported by the additional analysis that examines other domestic producers as part of Section J: Economic Interest Test which establishes that non-

[5] Reviews of anti-dumping and countervailing measures - GOV.UK

participating domestic producers have similar financial profiles to those that are participating, demonstrating the representativeness of the two cooperating domestic producers.

61. The Lithuanian Embassy has additionally questioned whether the standing requirement of UK industry is met in the application for this investigation. The standing of the application goes beyond the two domestic producers who participated in the investigation and is included in the non-confidential annex of the application, sheets 1 and 10[6]. The application for this investigation listed the support of 20 domestic producers of like goods, with no opposition. The TRA is satisfied that the support for the application meets or exceeds the required threshold.

62. UAB SCT, SCT FZE, the European Commission and the Lithuanian Embassy have made submissions that engage with the injury assessment and claim that UK industry is not being injured by the dumped imports. The TRA has considered these submissions.

63. The injury assessment relies upon positive evidence, which has been obtained from a variety of sources, primary and secondary, in accordance with the regulations. Undercutting, underselling and price suppression calculations also form part of the injury assessment and demonstrate injury to UK industry. Considered on a holistic basis, there is greater evidence of injury than there is against. This evidence consists of some injury in relation to the economic factors, as well as undercutting, underselling and price suppression. The injury assessment is further detailed in Section H1: Injury Analysis.

64. There is a timely coincidence between a significant increase in import volumes of the goods concerned and the injury incurred by UK industry in relation to the economic factors, undercutting and price suppression.

65. *Figure 10* and *Figure 11* show domestic sales volume dropping from 2021-22 onwards, from when, as per *Figure 14*, imports from Lithuania and the UAE increased by more than 800%. *Figure 12* and *Figure 13* demonstrate that UK industry sales volumes reduced as Lithuanian and UAE imports increased, establishing the timely coincidence.

66. Article 3.5 of the WTO Anti-Dumping Agreement requires authorities to “also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injuries caused by these other factors must not be attributed to the dumped imports.” This is also required by regulation 35 of the Regulations. The only known factor in this case is imports from other countries, which has been considered. No other factors have been identified or submitted to this investigation that break the causal link.

67. The decrease in imports from Germany, and the submission that imports of the goods concerned took this market share rather than market share from UK producers, is insufficient to explain the injury suffered by UK industry. The timely coincidence between the significant increase in the import volumes of goods concerned and the injury to UK industry remains. This indicates that the increased imports of the goods concerned did not wholly take market share from the decreased

[6] TRA Investigations - Trade Remedies Service - GOV.UK

German imports, and so causation is not broken by a decrease in imports from Germany. The causation assessment is further detailed in Section H5: Causation and Non-Attribution.

C4.4 Comments about verification of data

68. Aztec submitted that there was "inadequate verification" of Atlantic. The TRA does not agree with this. Appropriate verification standards were maintained throughout this investigation by the TRA. Verification activities were performed in line with TRA policies and procedures, as summarised in the verification reports which are available on the public file[7].

69. Oscar claimed that the "TRA refusal to verify our questionnaire is unfair and procedurally flawed". Oscar submits that the TRA did not adapt to the operational realities of the companies under investigation. Oscar further state that it is unfounded and discriminatory to place all other UAE exporters, including Oscar, on a single residual dumping rate.

70. The TRA was as flexible as possible with the relevant deadlines for Oscar, in relation to both its questionnaire response and the requirements for verification activity. Oscar were granted extensions to deadlines, and options for the timeline for verification activities in relation to Oscar's data were communicated in writing on numerous occasions. Oscar did not provide the evidence required and was not available for a remote verification visit. As such, the TRA was unable to undertake the verification activities that it considered necessary to gain sufficient assurance on the accuracy, reliability and completeness of Oscar's data. The TRA was therefore unable to complete an individual dumping calculation for Oscar and the residual rate is applicable, as it is for all other UAE exporters for whom an individual rate has not been calculated.

C4.5 Additional comments

71. UAB SCT and SCT FZE questioned the determination made by the TRA that they are associated to Lubriage. The TRA remains satisfied that the correct assessment was applied under the relevant regulations and that the companies are associated to one another, as set out in Section F: 3.1 UAB SCT and SCT FZE sales to the first independent party.

72. UAB SCT questioned the inclusion of sales made to Carousel Car Parts by Lubriage in the relevant calculations. The TRA has retained these sales in the calculation as they have been made in significant volumes and there is no price available to an independent buyer for these sales.

73. Some domestic interested parties have requested that the same residual duty be applied to both Lithuania and the UAE. The TRA has been able to calculate individual residual rates for each country under regulation 38 of the Regulations, so considers that it would not be reasonable to apply the same residual rate to relevant overseas exporters from both countries.

[7] Certain Engine Oils and Hydraulic Fluids from Lithuania and the United Arab Emirates - Trade Remedies Service - GOV.UK

74. UAB SCT have raised concerns that the PAD submissions of the European Commission and the Lithuanian Embassy were rejected unreasonably without justification. However, the TRA did provide a response, including justifications, in paragraphs 48-49, 53-55 and 61-70 of the SEF.

75. Finally, concerns have been raised regarding brand duplication and dumping from countries other than Lithuania and the UAE. These comments are out of the scope of this investigation.

C5. Verification of data

76. The TRA undertook verification activities in relation to the information provided by the cooperating interested parties, during which the completeness, relevance, and accuracy of that information was assessed. The TRA has had regard to the information supplied by interested parties and contributors and considered whether it:

- complied with the applicable statutory requirements and the TRA's public guidance;
- was verifiable;
- could be used without undue difficulty; and
- was supplied within an applicable time limit and in a form that the TRA requested.

77. The TRA conducted verification activities with two UK producers (Aztec and Paterson); a UK-based importer of the goods concerned (Lubriage); two UAE-based producers of the goods concerned (SCT FZE and Atlantic); and a Lithuania-based producer of the goods concerned (UAB SCT).

78. Verification reports were produced for each of the parties where a verification visit was undertaken, and non-confidential versions of these reports are available on the public file.[8] Secondary source information was used in accordance with regulation 47(5) of the Regulations. This secondary information was treated with special circumspection and, where practicable, verified using independent sources. This included, but was not limited to, official import statistics and data pertaining to relevant markets.

C6. Registration of imports

79. On 18 June 2024 the TRA asked the Secretary of State to publish a notice instructing HMRC to register imports of the goods concerned.

80. Pursuant to paragraph 29(1) of Schedule 4 to the Act, on 08 October 2024 the Secretary of State published Trade remedies notice 2024/11, effective from 09 October 2024. This instructed HMRC to register the importation of certain engine oils and hydraulic fluids from Lithuania and the United Arab Emirates to facilitate the investigation into the goods, and to allow the application of an additional amount of import duty to the relevant goods to begin on a date before the day after the

[8] TRA Investigations - Trade Remedies Service - GOV.UK

date of publication of the public notice giving effect to this additional amount, should the requirements of regulation 91(2) of the Regulations be met.

81. The TRA has reviewed the registered import data and has not identified a massive increase in the volume of dumped goods in a short period of time since the registration of the goods concerned. The TRA is not recommending that the recommended measures are applied retroactively.

Section D: The goods concerned and the like goods

D1. Goods concerned

82. The goods concerned are defined in regulation 2 of the Regulations as “the goods described in the relevant Notice of Initiation of a dumping investigation under regulation 65(1) [of the Regulations]”.

83. The goods concerned in this investigation are certain engine oils and hydraulic fluids from Lithuania and the UAE and exported to the UK, described in the Notice of Initiation and set out in Section B4. Final determination and recommended measure, above.

D2. Relevant goods

84. In accordance with paragraph 17(2) of Schedule 4 to the Act, the goods to which a final affirmative determination is made are referred to as the ‘relevant goods’.

85. Since the goods to which the final affirmative determination and recommendation apply are the same goods as defined in Section D1, this final determination will hereafter only refer to the ‘goods concerned’ (which are defined in section D1, above).

D3. Like goods

86. In accordance with paragraph 7 of Schedule 4 to the Act, the TRA refers to ‘like goods’ as those which are like the goods concerned in all respects or, if there are no such goods, goods which, although not alike in all respects, have characteristics closely resembling those of the goods in question.

87. The TRA has determined that the goods concerned are defined by widely understood, global industry standards, which are the basis for any products sold. For engine oils, these standards are defined by the Society of Automotive Engineers (SAE), and for hydraulic fluids, the standards are set by the International Standards Organisation (ISO). These standards relate to the properties of the engine oil or hydraulic fluid, and they set out the viscosity and purpose of the oil.

88. Both the goods concerned, and the like goods manufactured in the UK, are manufactured, and sold on the basis that they meet the same set of standards. Therefore, the like goods manufactured in the UK are identical to the goods concerned (i.e. alike in all respects) and constitute “like goods” for the purposes of paragraph 7 of Schedule 4 to the Act.

D4. Product control numbers

89. The TRA uses PCNs to define and group different types of products that fall under the goods description above (see Section B4. Final determination and recommended measure).

90. PCNs are created by identifying the top cost drivers in the manufacturing process, and the physical characteristics which differentiate the product types. The PCN structure used in this case can be seen in Annex B: PCN Structure below.

91. The TRA made modifications to the PCN table included in the full questionnaires in response to comments made by interested parties and contributors. These modifications included a clarification of the hydraulic oil grades, the ACEA *(*Association des Constructers Europeans d'Automobiles) sequences, and additional detail in the packaging category.

Section E: The UK industry and market

E1. UK industry

92. In accordance with paragraph 6(1) of Schedule 4 of the Act, the UK industry is defined as:

    a) all the producers in the UK of like goods, or
    b) those of them whose collective output of like goods constitutes a major proportion of the total production of those goods in the UK.

93. Upon initiation, as described under Section C1. Initiation, the TRA contacted some known interested parties to register on the Trade Remedies Service to participate in the investigation. This included domestic producers, importers, exporters, upstream and downstream businesses, trade bodies and governments. Following this, nine domestic producers registered to the investigation. The TRA is aware of other (unregistered) domestic producers who have supported the application and initiation of the investigation but have not participated further.

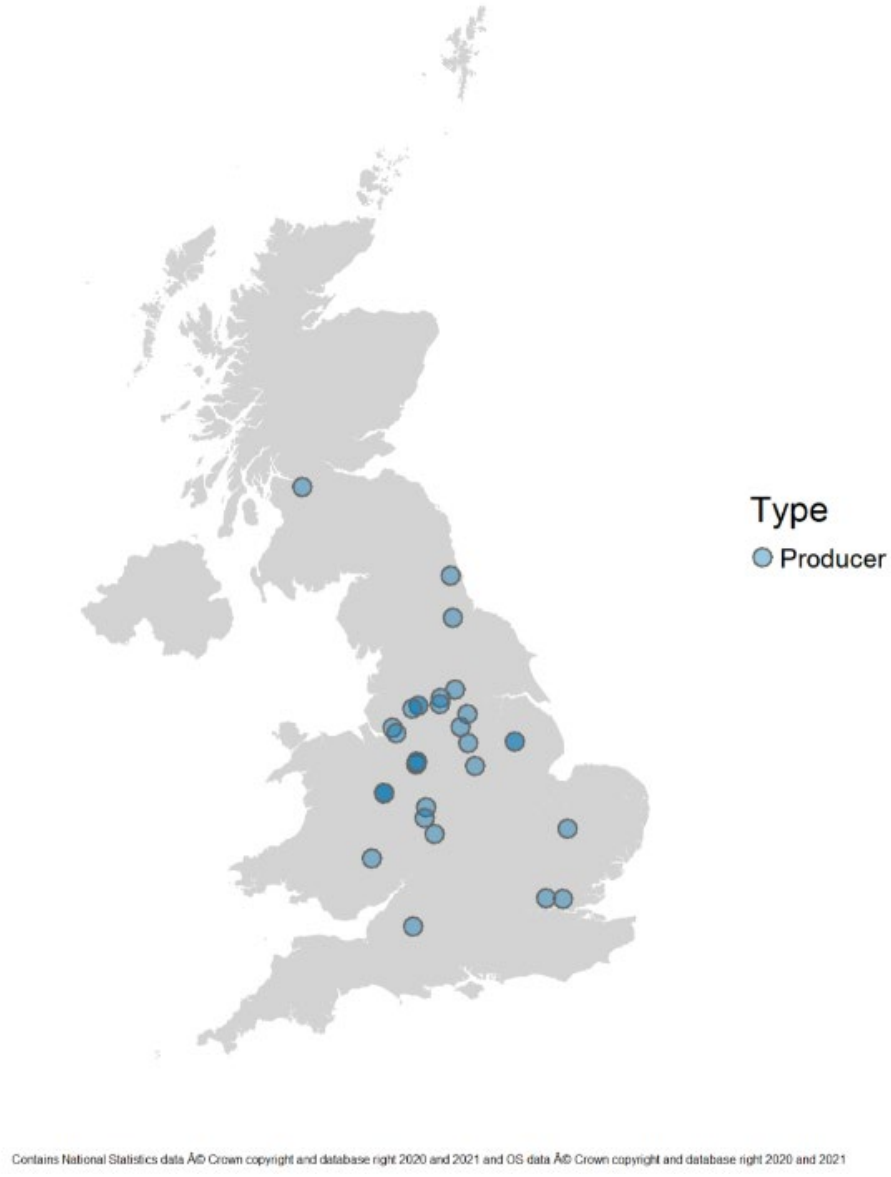
94. The TRA has determined that the UK producers who registered to the case account for approximately 20-30% of domestic production. The TRA established that the UK industry is fragmented, made up of at least 21 known UK producers of various sizes.

95. The TRA has estimated UK production by scaling data from participating UK producers to the whole market. The production of UK producers who did not participate in the investigation has been estimated using the ratio of employees to production from participating UK producers, based on Companies House records[9]. This has resulted in an estimated UK production of the like goods of 197 megalitres per year with sales of the like goods of more than £285m GBP during the POI.

96. UK producers are located across the UK, as shown in *Figure 1* below, and not concentrated in any specific region. Most UK producers are small businesses employing fewer than 100 people on average.

[9] Companies House

Figure 1: A map shows the location of 21 known UK producers

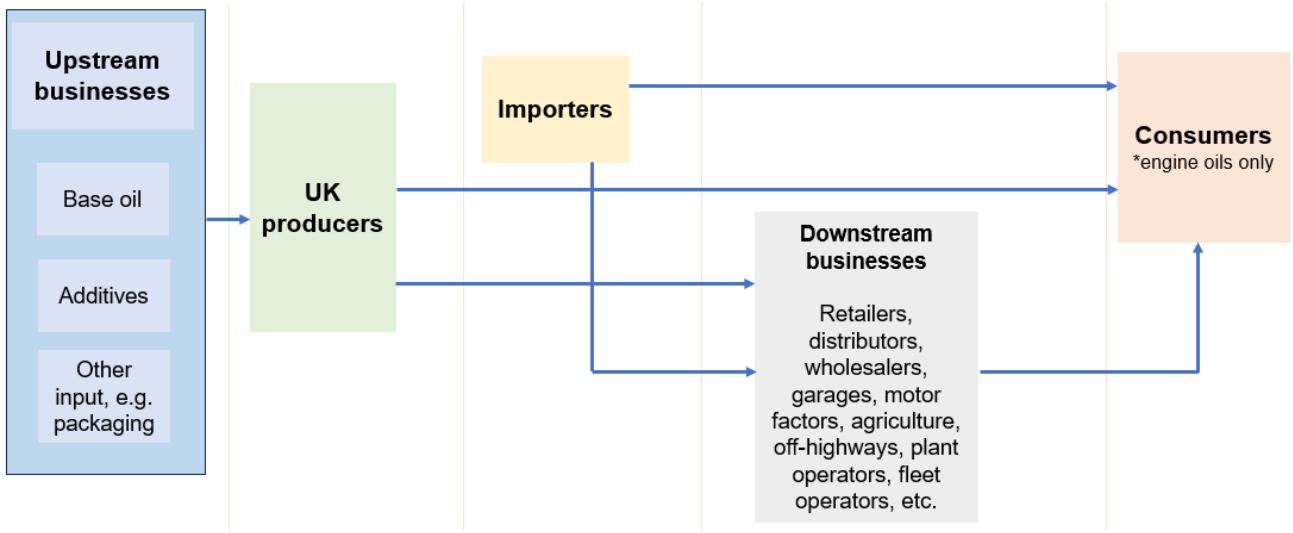


97. In accordance with paragraph 6(1)(b) of Schedule 4 to the Act, and based on questionnaire responses, the TRA determined the UK industry to be Aztec and Paterson as producers whose collective output of like goods constitutes a major proportion of the total production in the UK of those goods.

E2. UK market

98. As shown in *Figure 2*, CEOHF are produced using base oil and additives. The like goods can be used for a variety of applications including for commercial vehicles and machinery.

Figure 2: Supply chain for CEOHF



99. In addition to 21 known UK producers of like goods, the TRA identified 425 importers from HMRC's trader search who imported goods under the commodity codes during 2023. The TRA has determined that more than half of the UK demand for engine oils and hydraulic fluids is supplied by imports.

E2.1. Trends

100. The price of oil, and therefore the price of the like goods, has increased throughout the injury period[10]. Oil derivatives (base oil) are the main raw material input for both engine oils and hydraulic fluids and form the majority of the cost to make. The general increase in oil prices is visible in some of the injury data, therefore increasing sales prices of like goods do not preclude injury to UK industry.

101. The TRA has assessed that the UK market has recovered to pre-pandemic levels but that it is a "low-growth, mature market".[11] In the longer-term increased uptake of electric vehicles is likely to reduce demand for engine oils, and lead to a shift towards more sustainable types of lubricants.[12]

[10] Crude Oil - Price - Chart - Historical Data - News
[11] AD0059 Questionnaire UKLA - Page 8
[12] AD0059 - Questionnaire Paterson Enterprises Ltd - Page 21

E2.2. Competition

102. The TRA has found that the market for engine oils and hydraulic fluids is well established and competitive, with foreign and domestic producers and importers including many small businesses. The barriers to entry for new businesses are low, given the relatively low overhead costs and focus on prices. The products are homogeneous and substitutable, as they are made to common specifications. The top end of the market has significant brand loyalty and is served by large multinational companies. The TRA has determined that the lower end of the market consists of several small to medium size businesses highlighting their price competition. As a result, it is unlikely that any single UK producer will have significant price setting power, further description on this assessment is included in Section J. Economic Interest Test.

103. All the goods concerned and like goods are manufactured to specifications that are set either by international regulatory organisations (such as ACEA grades, oil specifications), or by car manufacturers. They are interchangeable and substitutable, the quality of the products is claimed to be comparable, and the raw materials used in the production of the products is similar or identical. See also Section D3. Like goods.

104. Oil products are distributed in a variety of pack sizes (bulk, intermediate bulk containers, barrels, drums, 5-Litre, 4-Litre & 1-Litre) which are standard across the industry with few variations. Cost differences can arise between plastic and metal containers.

E2.3. Distribution

105. Manufacturers use both direct and indirect distribution methods depending on location and size of order. Multinational organisations and UK based businesses have extensive networks of distributors, their own fleets and long-standing agreements with retailers.

E2.4. Market Share

106. The TRA has determined total UK sales using known UK producer sales to estimate the sales of UK producers who did not participate in the investigation. The TRA added this to HMRC OTS data from 2023 to estimate the total size of the market and market shares. Based on this, the TRA has calculated that almost half of total UK consumption is supplied by the 21 known UK producers.

Section F: Dumping

107. In accordance with paragraph 1(1) of Schedule 4 to the Act, goods are 'dumped' in the UK when those goods are imported into the UK and their export price is less than their normal value.

108. The TRA has assessed whether the goods concerned have been or are being dumped in accordance with paragraphs 1(1) and 8(1)(a) of Schedule 4 to the Act.

109. Paragraph 1(2) of Schedule 4 to the Act defines the 'normal value' of goods as:

a) the comparable price, in the ordinary course of trade, for like goods when destined for consumption in the exporting foreign country or territory, or
b) such other price or value as may be determined in accordance with provision made by regulations for specified cases where it is not appropriate to use the price in paragraph (a).

110. The dumping margin is the difference between the export price and the normal value of the goods being dumped, described as a percentage of the export price at a level of the cost of insurance and freight (CIF).

111. The TRA has calculated dumping margins in accordance with paragraph 2 of Schedule 4 to the Act and regulation 6(2) of the Regulations. Calculating the dumping margin involved the following stages:

- determining the normal value of the goods concerned;
- determining the export price;
- ensuring a fair comparison between the normal value and the export price;
- calculating the dumping margins.

112. For details of the comments submitted by interested parties regarding the allegations of dumping in the application, please see the non-confidential copies of the questionnaire responses and additional submissions that are available on the public file for the case.[13]

113. The TRA calculated the dumping margin using a mixture of verified, partially verified and unverified data provided by the interested parties, as set out in Annex A.

114. The TRA was unable to verify UAB SCT's and SCT FZE's costs of production, as they were incomplete. In the calculations for the final determination, the TRA has used Aztec and Paterson's verified costs of production, with adjustments to represent UAB SCT's and SCT FZE costs of production. Further details are provided in Section F2. Normal value.

[13] Public file

F1. Exporting country analysis

115. The TRA has established that:

- there was at least one Lithuanian producer of the goods in scope of the investigation during the POI, which exported the goods concerned into the UK; and
- there were more than twenty UAE producers of the goods in scope of the investigation during the period of investigation, of which at least three exported the goods concerned into the UK.

116. The most reliable import data that the TRA has access to is the publicly available, 8-digit import data that is provided by HMRC OTS.[14] This data may include some goods that are out of the scope of this investigation, however, the TRA has assessed that most imports reported under these codes are likely to be the goods concerned. This is because the out-of-scope goods that can be defined under the same commodity codes (such as gear oil, locomotive lubricant etc) are more specialist in their application, and so are imported and consumed less than the goods concerned.

117. The TRA has examined the confidential 10-digit raw HMRC Customs declarations data. However, it cannot be used as it is potentially disclosive of confidential data. Regardless, when comparing the raw HMRC customs declaration data at the 10-digit level to the HMRC OTS data at the 8-digit level, the differences between the two data sets are minimal. This allows the TRA the confidence to use the HMRC OTS 8-digit data as representative of the imports of the goods concerned for the purposes of the investigation.

118. During the POI, according to 8-digit HMRC OTS data,[15] imports of the goods concerned accounted for an estimated volume of 4,514 tonnes from Lithuania and 20,133 tonnes from the UAE and export value of £13.42m GBP from Lithuania and £41.93m GBP from the UAE. This represents an import share of 17.15% by volume (3.14% for Lithuania, and 14.01% from the UAE).

F2. Normal value

119. In accordance with regulation 6(1) of the Regulations, Part 2 of the Regulations applies where the TRA is required to determine whether goods have been or are being dumped into the UK in accordance with paragraph 1 of Schedule 4 to the Act. To make such a determination the TRA must determine the normal value of the goods concerned in accordance with regulation 6(2)(a) of the Regulations.

[14] UK Trade Info from HM Revenue & Customs

[15] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 , https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 accessed 10 December 2024.

120. The TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price, in accordance with regulation 7(1) of the Regulations.

F2.1 Normal value in Lithuania

121. The TRA has used the comparable price to determine the Lithuanian normal value, as described above and because the situations listed in regulation 7(2) of the Regulations do not apply. The co-operating Lithuanian exporter, UAB SCT, provided a questionnaire response that did not include its costs of production. The TRA therefore used information obtained from secondary sources to establish the comparable price, doing so with special circumspection and, where practicable, verifying such information from independent sources, in accordance with regulation 47(5) of the Regulations.

122. The TRA was unaware that UAB SCT would not provide costs of production until after the questionnaire deadline, and the subsequent extensions, had passed. This did not allow the TRA sufficient time to obtain, and then verify, corresponding costs of production in an appropriate representative third country.

123. The TRA found the costs of production submitted by the UAE exporter, SCT FZE were incomplete and therefore unverifiable. The TRA was able to utilise the verified costs of production for the UK producers, Aztec and Paterson for the purposes of this investigation.

124. The information the TRA obtained from secondary sources to establish the comparable price was therefore:

- The verified costs of production of the UK producers.
- Information to enable adjustments to UAB SCT's costs of production to make them representative of local market costs.
- A reasonable amount for profit.

125. The TRA had to ensure the PCN allocation was consistent between data submitted by the interested parties and secondary source data to allow comparison:

- Paterson and Aztec submitted sales and costs data with PCNs allocated. In Aztec's submission, some errors were found.
- Lubriage's submission included model numbers only, no PCNs had been allocated to either sales or purchases.
- UAB SCT and SCT FZE had allocated PCNs against model numbers. At times this allocation was contradictory, with the same model number being allocated different PCNs by the two exporter/producers.

126. The TRA applied corrections to the PCNs to ensure consistency, creating uniformity in relation to:

- PCN category 2 (ACEA specifications) application, with the higher ACEA oil sequence being used where more than one applied.
- PCN category 3 (OEM performance level), where if more than one OEM level was met the category “other OEM” was used.
- In packing, where individual PCNs that did not follow the PCN table had been created by interested parties, these were categorised as “other” packing.
- Corrections for typos, where the letter “O” had been used instead of the number “0”.
- PCNs that had been submitted with multiple categories applied were shortened to the correct length, applying the above principles.
- Finally, sales listings were checked for out-of-scope goods that had been allocated a PCN, extensive manual checking was carried out by the TRA and were removed from the data.

127. Once the PCN allocation was consistent, the TRA considered the adjustments that could be made to the UK producers’ costs of production, so that they could be used for UAB SCT’s calculations. The following cost adjustments were considered:

- Base Oils.
- Land.
- Energy (electricity).
- Labour.
- Additives.
- Personal and Corporate Taxes.

128. The TRA found that the cost for energy and land was higher in the UK and that the data sourced did not demonstrate material differences between Lithuania and the UK in relation to base oil, land, additive or taxation costs.

129. The TRA obtained open-source information to support adjustments to energy[16] and labour[17] costs and adjusted the cost of energy down by 68.13% and labour down by 48.64%. These adjustments were based on secondary source information, that was treated with special circumspection and in accordance with regulation 47(5) of the Regulations. No other adjustments were applied to the UK costs data when using it to establish Lithuanian normal value.

F2.1.1 Reasonable level of profit in Lithuania

130. The TRA added a reasonable profit margin to the costs of production for Lithuania. It was not possible for the TRA to use UAB SCT’s own records for this as UAB SCT did not submit its costs of production to the investigation. The TRA therefore used facts available based on secondary source information, that was treated with special circumspection and in accordance with regulation 47(5) of the Regulations to determine a reasonable profit for UAB SCT. The TRA initially

[16] Energy Prices and Costs - Final report
[17] https://www.worlddata.info/average-income.php

attempted to establish a "profit cap" by examining the profitability on the domestic market of producers of the like goods in Lithuania. It was not possible to do this with sufficient detail, as no other Lithuanian producers of like goods are cooperating with the investigation, and the TRA found publicly available data to be insufficient in both detail and reliability.

131. Therefore, to establish a reasonable level of profit for UAB SCT's comparable price, the TRA used the actual profit margin for like goods that was realised by SCT FZE (the related UAE producer) as reasonable profit for the comparable price. This profit figure was achieved by SCT FZE on its domestic sales of like goods in the ordinary course of trade during the POI (see Section: F2.2.1 - SCT FZE).

132. As a result, the TRA was able to determine the normal value for UAB SCT, by PCN, based on the comparable price, using information obtained from secondary sources. When compared to Lithuanian sales to the UK, the comparable price was established using this method for:

- 41.51% of the volume of sales made by UAB SCT to Lubriage during the POI.
- 46.75% of the value of sales made by UAB SCT to Lubriage during the POI.
- 44.73% of the number of sales transactions from UAB SCT to Lubriage during the POI.

F2.2 Normal value in the UAE

F2.2.1 – SCT FZE

133. The TRA were unable to confirm that the information submitted by SCT FZE and Chempioil was complete relevant and accurate for the purposes of this investigation.[18] In order to determine if it was appropriate to use the comparable price to calculate the normal value under regulation 7(1) of the Regulations, the TRA made the data useable, and as complete as possible.

134. The TRA applied the ordinary course of trade (OCOT) test, under regulation 9 of the Regulations, and the low volume of sales test, under regulations 7(2)(b) and 7(3) of the Regulations.

135. This resulted in one PCN for which the comparable price could be used to determine the normal value under regulation 7(1) of the Regulations. For all other PCNs sold by SCT FZE to the UK, on the basis that either those PCNs had no sales of the like goods in the ordinary course of trade in the domestic market of the UAE (under regulation 7(2)(a) of the Regulations) or had insufficient sales to permit a proper comparison between the like goods destined for consumption in the UAE under regulations 7(2)(b) and 7(3) of the Regulations, normal value was constructed using SCT FZE's costs and information obtained from secondary sources, using special circumspection, under regulation 47(5) of the Regulations (see paragraphs 144-149, below).

[18] SCT FZE verification report

136. The TRA calculated normal value under regulation 7(1) of the Regulations using the unverified SCT FZE and Chempioil data. This is because no other facts relating to SCT FZE's and Chempioil's costs of production of the goods concerned in the UAE were available.

137. Multiple costs of production (up to five) had been submitted against individual PCNs. This is because SCT FZE submitted its costs dependent on the specific blends used, and where more than one blend was used in the production process, more than one cost was submitted. No volume or other data were provided which could be used to allocate costs, so, where more than one cost was submitted for a PCN, a simple average was taken to arrive at a single cost to make by PCN.

138. The TRA used the costs data submitted by SCT FZE in relation to the goods concerned including direct costs, which, whilst unverified, were the best facts available. No indirect or cost to sell values were included in the cost to make and sell annexes that were submitted by SCT FZE and Chempioil.

139. As the TRA was unable to confirm the completeness, relevance and accuracy of the data submitted by SCT FZE for the purposes of this investigation, (see Section C5: Verification of data above) regulation 11(3) of the Regulations does not apply. The TRA consequently calculated the costs of production using another reasonable basis as allowed by regulation 11(5) of the Regulations, using the unverified data from SCT FZE wherever possible.

140. In accordance with regulation 47(5) of the Regulations, the TRA used the average of the verified UK producers' costs to sell, incorporating SCT FZE's reported depreciation costs.

141. The TRA applied a reasonable allowance of 8-10% for the missing cost of sales, applied as a proportion of the total cost to make and sell. The TRA used this data as best facts available, to complete the domestic cost of production for SCT FZE, in accordance with the regulatory requirements.

142. The TRA used these costs as a comparator for domestic sales made by SCT FZE to determine whether there are sales of the like goods in the ordinary course of trade in the UAE domestic market, in accordance with regulations 7(2)(a) and 9 of the Regulations. The TRA also considered whether there was a low volume of sales in the UAE which would not permit a proper comparison between the like goods destined for consumption in the UAE and the goods concerned, in accordance with regulation 7(2)(b) and 7(3) of the Regulations.

143. The TRA used the comparable price to determine the normal value for the sole PCN that was found to be sold in sufficient volume to permit a proper comparison, under regulation 7(3)(a) of the Regulations, and in the ordinary course of trade.

144. The remaining PCNs were not sold on the domestic market in the ordinary course of trade or in sufficient volumes[19], and so failed the tests under regulation 7(3)(a) of the Regulations and/or regulation 9(1)(a) of the Regulations respectively, where it was found that the goods were sold at

[19] See regulations 7(2)(a) and (b) of the Regulations

prices below the per unit (fixed and variable) costs of production plus administrative, selling and general costs. Therefore, the TRA constructed normal value for the remaining PCNs under regulation 8 of the Regulations, using UAE costs of production.

145. In relation to all but one PCN (see paragraph 135), the TRA has used an alternative methodology to determine the normal value for SCT FZE because it is not appropriate to use the comparable price, in accordance with paragraph 1(2)(b) of Schedule 4 to the Act and regulation 7(2) of the Regulations.

146. Regulation 8(1) of the Regulations stipulates that, where it is not appropriate to use the comparable price in accordance with regulation 7(2) of the Regulations, the TRA must determine the normal value using one of the alternative methodologies listed. Regulation 8(1)(a) of the Regulations sets out the first of these methodologies, namely by determining the costs of production plus a reasonable amount for administrative, selling and general costs and for profits.

147. How the TRA must determine these amounts is set out in regulations 11 and 12 of the Regulations respectively. This was calculated in the way described above, to use the facts available from UK industry for the cost to sell, and depreciation in the UAE.

148. The TRA must determine a reasonable level of profit for the purpose of regulation 8(1)(a) of the Regulations.

149. The TRA determined that there was a PCN that was sold by SCT FZE of the like goods, on the domestic market, in the ordinary course of trade (referred to above at paragraph 135). The TRA used the profit margin achieved for this PCN as a basis for reasonable profit, under regulation 12(2) of the Regulations.

F2.2.2 – Atlantic

150. The TRA has confirmed that Atlantic did not make any sales in the domestic market during the POI, and therefore under Regulation 7(2)(a) the TRA is unable to use Atlantic's comparable price in the calculation of Normal Value.

151. The TRA has therefore determined that it is appropriate to use Atlantic costs of production and administrative, selling and general costs in the UAE for worldwide export sales when constructing normal value under regulations 8(1)(a), 11 and 12 of the Regulations.

152. It was not possible to establish a reasonable level profit from Atlantic's domestic sales in the UAE, because Atlantic did not make any domestic sales during the POI. The TRA has determined a reasonable level of profit to be applied to the constructed normal value to be that of the net profit for Atlantic as reported in the Profit and Loss account for the POI in accordance with regulation 12(3)(c) of the Regulations. The reasonable profit used did not exceed the profit realised by other overseas exporters (SCT FZE) on sales of goods of the same general category in the domestic market of the UAE.

F3. Export price

153. In accordance with regulation 15(1) of the Regulations, the export price is the price the goods concerned are sold for, or the agreed price at which they are to be sold, to either an importer in the UK or a third party outside of the UK for export to the UK.

154. The TRA has established export price in accordance with regulation 15 of the Regulations. The TRA has used the sales prices submitted by Lubriage for sales to the first independent buyer in the UK as the starting point for the export price for UAB SCT and SCT FZE.

155. The TRA has used the sales data provided by Atlantic to un-associated importers in the UK to determine its export price.

F3.1 UAB SCT and SCT FZE sales to the first independent party

156. When conducting the dumping calculations for UAB SCT in Lithuania, and SCT FZE in the UAE, the TRA determined that the export price is unreliable because of an association or a compensatory arrangement between the overseas exporters and the importer of the goods concerned in the UK or the overseas exporter and a third party, in accordance with regulation 15(2) of the Regulations.

157. The TRA has constructed the export price for both UAB SCT and SCT FZE based on the price at which the goods concerned are first sold to an independent buyer in the UK, in accordance with regulations 15(2) and 15(4)(a) of the Regulations. This was done using Lubriage's sales data, with deductions made in accordance with the costs submitted by Lubriage as part of its questionnaire response.

158. The TRA identified that some of Lubriage's sales in the UK were made to an associated company, Carousel Car Parts (Carousel). Lubriage and Carousel qualify as related under regulation 15(7) of the Regulations, as they shared the same director for parts of the POI. Carousel did not submit a questionnaire response to the investigation, so whilst these sales did enter the UK market, the TRA does not have a sales price to an independent buyer for these sales. The TRA has decided not to exclude these sales from the dumping calculation, as to do so would incentivise non-cooperation (given that these sales to Carousel were made at dumped prices).

159. The TRA applied deductions to the sales price to the first independent buyer, to arrive at an ex works export price, in relation to:

- Transportation costs in the UK, based on Lubriage's verified questionnaire data (confidential figure).
- Reasonable profit of an unrelated importer, established as 10.20%.[20]

[20] https://autodoc.group/wp-content/uploads/EN_Berlin-online-retailer-AUTODOC-presents-business-figures-for-2023.pdf

- Cost factor, which are Lubriage's operating costs, based on its verified questionnaire data (confidential figure).
- Customs clearance, at 2% of the purchase price (for the UAE only, there is no customs clearance charge for imports from Lithuania).
- Overseas transport from Lithuania or the UAE (depending on the calculation), based on Lubriage's verified questionnaire data (confidential figures).

160. This provided separate export prices, for every PCN sold by Lubriage into the UK, for both Lithuania and the UAE. Lubriage's sales data did not include details as to the origin of the goods sold. Lubriage only import from its associated companies in Lithuania or the UAE, and so the TRA is satisfied that these are exports of the goods concerned. The TRA used the sales listings submitted by UAB SCT and SCT FZE/Chempioil, alongside the import listings submitted by Lubriage, to determine which products came from each location. The TRA applied this as part of the export price calculation.

F3.2 PCN consistency

161. The TRA was able to use Atlantic's PCN allocation to compare export price with normal value without the need for extensive corrections or adjustments.

162. The sales data submitted by Lubriage included part/model numbers, number of units sold, total sales value and customer details. Lubriage did not allocate PCNs to its sales data, and the sales data included out-of-scope goods. UAB SCT and SCT FZE did allocate PCNs to their sales data, and provided the part/model numbers, which followed the same system as Lubriage's part/model numbers. The TRA applied PCNs to Lubriage's sales data, so that it could be used in the dumping calculations as the export price.

F3.2.1 PCNs in the UAB SCT (Lithuania) dumping calculation

163. For the Lithuanian dumping calculation, the TRA needed to apply PCNs consistently across four companies, namely Lubriage, UAB SCT, Aztec and Paterson, with the domestic producer's data being used as available facts to establish comparable price in Lithuania. To apply PCNs to Lubriage's sales data in the UAB SCT dumping calculation, in the first instance the TRA looked up the PCNs that had been applied to the same model numbers by UAB SCT and SCT FZE. Whilst the PCNs applied to the model numbers was mostly consistent across the two companies, at times, the TRA identified inconsistencies in this allocation.

164. Where the TRA identified inconsistencies in PCN allocations by UAB SCT and SCT FZE, the UAB SCT PCN allocation was used, as the TRA found this allocation to be more consistent with the PCN allocations used by UK industry. The TRA applied corrections to the PCNs, to ensure that the PCNs were correct and that the products were in scope. Some out-of-scope goods (for example: locomotive engine oil, motorbike engine oil, gear oils, etc.) were identified with PCNs allocated to them, these were consequentially removed from the calculation.

F3.2.2 PCNs in the SCT FZE/Chempioil (UAE) dumping calculation (export price)

165. For the SCT FZE dumping calculation, the PCN allocation required consistency between SCT FZE/Chempioil and Lubriage. This is so that the TRA can compare export prices with normal value by PCN. In this calculation, the TRA applied the SCT FZE PCN allocation to the model numbers sold by Lubriage in the UK. No corrections were applied to this allocation by the TRA, despite some errors being identified (for example “O” instead of “0”) as this did not affect the final calculation. This is because the same allocation was used for domestic and export sales, and so the same number of matches were achieved, and the resultant dumping margin was not affected by the PCN errors.

166. The TRA conducted extensive manual checks on this data to remove goods that were identified as out of the scope of the investigation but had been allocated a PCN. This included goods such as gear oils, cutting oil and engine oil grades that are not listed in the notice of initiation.

F4. Fair comparison

167. The TRA is obligated to ensure fair comparison of the normal value and export price at the same level of trade. This is normally done on an ex-works level and in respect of sales made as near as possible to the same time, in accordance with regulation 16(1) of the Regulations.

168. The TRA may make adjustments in accordance with regulation 16(2) of the Regulations for any differences which affect price comparability including differences relating to:

- conditions and terms of sale;
- taxation;
- levels of trade;
- quantities; and
- physical adjustments.

169. In the UAB SCT, SCT FZE and Atlantic dumping calculations, the TRA compared normal value and export price on a weighted average basis at the ex-works level. The TRA did not identify the need for any fair comparison adjustments, and none were submitted to the investigation.

F5. Dumping margin

170. In accordance with regulation 17(1)(a) of the Regulations, the TRA compared a weighted average normal value with a weighted average export price to calculate the dumping margin for each overseas exporter. The TRA express this as a percentage of the price declared at the UK border to arrive at a dumping margin.

171. In relation to Atlantic, the TRA determined that sales were made from the UAE to independent parties, and so prices were taken from sales listings and compared on an ex-works basis to establish a margin of dumping.

172. For UAB SCT and SCT FZE export sales, all made through Lubriage, an amount of dumping, per litre, was calculated for all PCNs, with differing export prices for Lithuania and the UAE (due to the different costs to transport the goods concerned to the UK from each country). The TRA then applied the amount of dumping to the volume imported from each overseas exporter, based on the import/export listings submitted. The TRA expressed the total amount of dumping as a percentage of the CIF price declared at the UK border. The TRA did so to ensure that the dumping margin calculated was specific to both Lithuania and the UAE, independently, and was relevant to the product mix that each country exported to the UK during the POI.

173. Under regulation 38 of the Regulations the TRA calculated a residual amount by calculating an average dumping amount for the top 10 PCNs by value imported into the UK from those overseas exporters found to be dumping.

174. The dumping margins are shown in the table below:

Table 3: Dumping margins

Overseas exporter/producer	**Dumping margin (%)**
UAB SCT Lubricants (Lithuania):	92.90%
All other Lithuanian exporters (residual dumping margin):	95.36%
Chempioil (UAE):	34.35%
SCT Chemicals FZE (UAE):	34.35%
Atlantic Grease and Lubricants FZE:	0.32%
All other UAE exporters (residual dumping margin):	34.55%

Section G: Cumulation

175. In accordance with regulation 34 of the Regulations, the TRA can consider whether it is appropriate to cumulatively assess the effects of all the dumped goods prior to proceeding to the injury and causation assessment. Cumulation may be considered by the TRA where goods from more than one foreign country or territory are subject to simultaneous dumping investigations. Cumulation means that the TRA may assess the effects of all the dumped imports from all countries concerned, on the UK industry on a combined basis.

176. There are three requirements for cumulation that must be met:

- the country wide dumping margin from each foreign country or territory are more than minimal; and
- the import volumes of the dumped goods from each foreign country or territory are more than negligible; and
- the TRA considers that a cumulative assessment is appropriate considering the conditions of competition between:
    - the dumped goods from the different foreign countries or territories subject to the investigation; and
    - the dumped goods and the like goods in the UK.

G.1. More than minimal criteria

177. The TRA considers that a dumping margin is more than minimal if it is greater than 2% of CIF value. As set out in Section F5. Dumping margin, above, the TRA have assessed that the dumping margins for Lithuania are up to 95.36%, and for the UAE are up to 34.55% of CIF value. This dumping is more than minimal.

G.2. More than negligible criteria

178. In accordance with regulation 4 of the Regulations for the import volumes from a foreign country or territory to be more than negligible, the dumped goods or subsidised imports must account for at least 3% by volume of all goods concerned and like goods imported into the UK. This does not apply however where imports from a foreign country or territory individually account for less than 3% of total imports but collectively account for more than 7%.

179. The most reliable import data that the TRA has access to is the publicly available, 8-digit HMRC OTS import data.[21] This data may include some goods that are out of the scope of this investigation, so it is not a reliable source for average pricing. However, the TRA has assessed that the majority of imports reported under these codes are likely to be the goods concerned, and so it is sufficiently reliable, for this purpose, to understand import volumes generally. This is because the out-of-scope goods that can be defined under the same commodity codes (such as

[21] UK Trade Info from HM Revenue & Customs

gear oil, aviation lubricant etc.) are more specialist in their application and so are imported and consumed less than the goods concerned.

180. The 8-digit HMRC OTS data[22] is:

Table 4: Import volume and value by country, for commodity codes 27101981 and 27101983, for the POI.

Country	Volume (thousands of metric tonnes) 27101981	Volume (thousands of metric tonnes) 27101983	Volume (thousands of metric tonnes) 27101981 + 27101983
Lithuania	4.3 (3.62%)	0.2 (0.78%)	**4.5 (3.14%)**
The UAE	13.9 (11.65%)	6.2 (25.78%)	**20.1 (14.01%)**
Lithuania plus the UAE	18.3 (15.26%)	6.4 (26.56%)	**24.6 (17.15%)**
All imports	119.7 (100%)	24.0 (100%)	**143.7 (100%)**

181. This 8-digit import data demonstrates that, for the goods concerned as a whole across both commodity codes, individually, imports from Lithuania and the UAE account for more than 3% of total imports. Import volumes of the goods concerned to the UK, from both Lithuania and the UAE, are therefore more than negligible. This conclusion is supported by the raw HMRC customs declaration data.

G.3. Conditions of competition

182. To assess the conditions of competition, the TRA must consider both the conditions of competition between the dumped goods from the different foreign countries or territories subject to the investigation, and the conditions of competition between the dumped goods and the like goods in the UK.

183. The only exporter registered to this investigation from Lithuania (UAB SCT), and some of the exporters registered to the investigation from the UAE (Chempioil and SCT FZE) are related to an importer in the UK (Lubriage) who sell goods interchangeably from both of these exporters.

184. The physical characteristics and uses of the goods concerned from Lithuania, the goods concerned from the UAE and the like goods produced in the UK are alike. All the products are manufactured to specifications that are set either by international regulatory organisations (such as ACEA grades, oil specifications), or by car manufacturers. They are interchangeable and substitutable, the quality of the products is comparable, and the raw materials used in the production of the products is similar or identical. The function, technical specifications, tariff classification and customer requirements of the goods concerned from both Lithuania and the UAE, and the like goods produced in the UK, are the same.

[22] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 , accessed 10 December 2024.

185. The goods concerned from Lithuania and the UAE that the TRA has identified have common or similar channels of distribution – they are sold to both distributors and end users. This is the same, or similar, to the channels of distribution that UK industry use when selling their like goods. The goods concerned from both countries, and the like goods produced by the UK, are being sold in the same areas of the domestic market (both in terms of geographical location, and in terms of online availability), at the same time periods of the investigation (continuously, throughout the POI).

G.4. Cumulation conclusion

186. Having taken into consideration the comments on the SEF (Section C4: Publication of SEF and SEF responses), the TRA has determined that, the dumping margins for Lithuania and the UAE are more than minimal, the import volumes of the goods concerned from Lithuania and the UAE are more than negligible, and that the goods concerned compete with each other, and with the like goods produced in the UK. The TRA is therefore satisfied that cumulation is appropriate, and it will cumulatively assess the effects of the imports of the goods concerned from Lithuania and the UAE on the UK industry.

Section H: Injury and Causation

187. Injury is the term used when there is evidence of a UK industry being harmed by dumped goods. Paragraph 5 of Schedule 4 to the Act defines 'injury' to a UK industry in particular goods as:

- material injury, or the threat of material injury, to the industry, or
- material retardation of the establishment of the industry.

188. The TRA has determine that goods have been or are being dumped in the UK, therefore in accordance with regulation 27(2) of the Regulations, the TRA must determine whether:

- UK industry has suffered or is suffering injury in accordance with regulation 30 of the Regulations (determination of injury); and
- the dumped goods have caused or are causing that injury to that UK industry.

189. The TRA has examined four factors to determine whether a UK industry is suffering or has suffered injury from imports of the goods concerned, in line with regulation 30 of the Regulations:

a) the volume of the dumped goods during the injury period;
b) the effect of the imports on prices in the UK market for like goods during the injury period;
c) the consequent impact of the dumped goods on UK industry during the injury period; and
d) any other factors it considers relevant.

190. The TRA has also examined whether any known factors, other than the dumped goods (other known factors) have caused or are causing injury to a UK industry, to determine whether the dumped goods have caused or are causing injury to UK industry, in line with regulation 35 of the Regulations (see Section H5: Causation and non-attribution below).

H1. Injury Analysis

191. The TRA selected UK producers to be sampled for the purpose of the injury assessments, as set out above (at Section C2.1: UK producers). Four UK producers were sampled, of which two (Aztec and Paterson) provided questionnaire responses. This has presented challenges in setting out the injury analysis, whilst also maintaining the confidentiality of the data submitted.

192. The TRA has found that an exporter from the UAE, Atlantic, is not dumping. The TRA has been unable to remove these import volumes from the trade data, as the TRA does not have sufficient data for the whole injury period to do so. An appropriate level of caution has been applied to the TRA's analysis of the available trade data that incorporates these imports. The TRA is satisfied that the sales volumes from Atlantic of the goods concerned during the POI are below 5% by volume of the total imports from Lithuania and the UAE. This is not large enough to make a material difference to the trends or market share of the goods concerned.

193. The UK price impact assessments (price undercutting, price depression, price suppression and underselling margin calculation) do not include data from Atlantic.

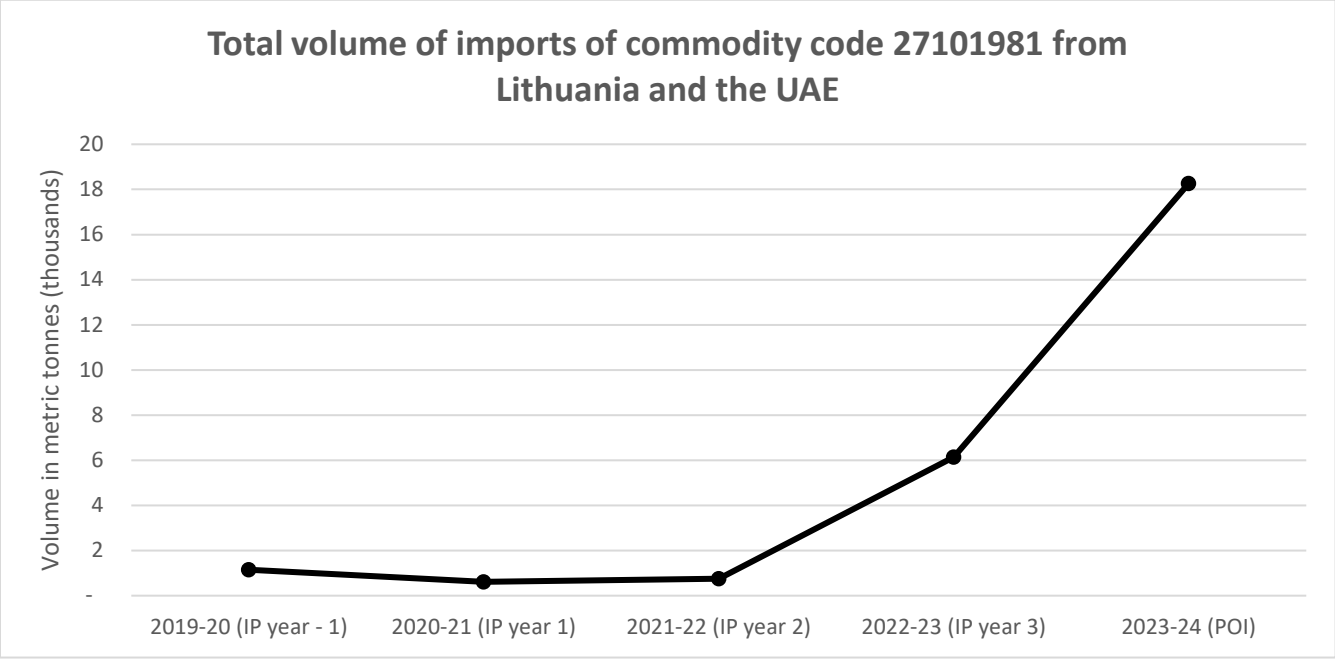
H2 Volume of dumped goods

194. The TRA considered, in accordance with regulation 31 of the Regulations, whether there has been a significant increase in the volume of dumped goods being imported into the UK market in absolute terms.

H2.1 Volume of dumped goods in absolute terms

195. The import data for this investigation, at a non-confidential, 8-digit level, includes some goods that are not in the scope of the investigation (such as gear lubricants, lubricants for the aviation industry and turbine lubricants). However, the TRA has assessed that most imports, imported under the two relevant 8-digit commodity codes, are in scope goods of engine oils or hydraulic fluids. The TRA considers this data to be adequate for consideration, despite the inclusion of some out-of-scope goods in the commodity codes.

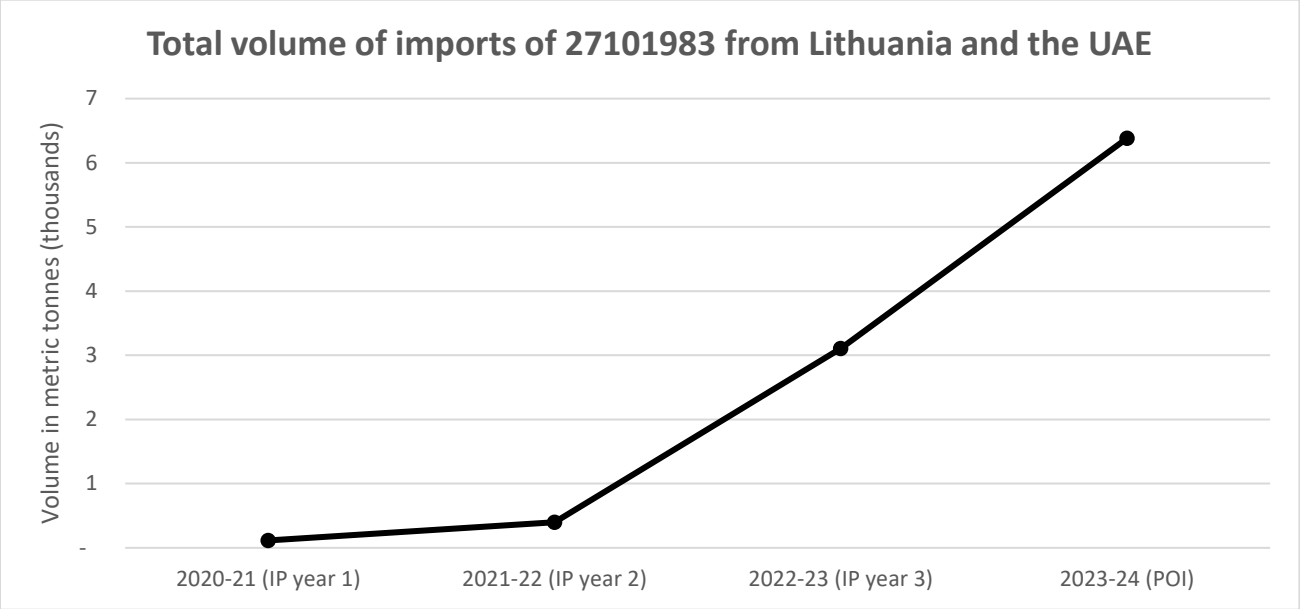
Figure 3: Total volume of imports of commodity code 27101981 from Lithuania and the UAE



TONNES	2020-21 (injury period year 1)	2021-22 (injury period year 2)	2022-23 (injury period year 3)	2023-24 (POI)
Lithuania	291	282	2,831	4,326
UAE	323	473	3,310	13,940
Total	614	755	6,141	18,266

196. The relevant import data shows that, over the injury period, the volume of imports from Lithuania and the UAE of commodity code 27101981, which includes the goods concerned, has increased significantly, in absolute volume (see figure 4, below).

Figure 4: Total volume of imports of commodity code 27101983 from Lithuania and the UAE[23]



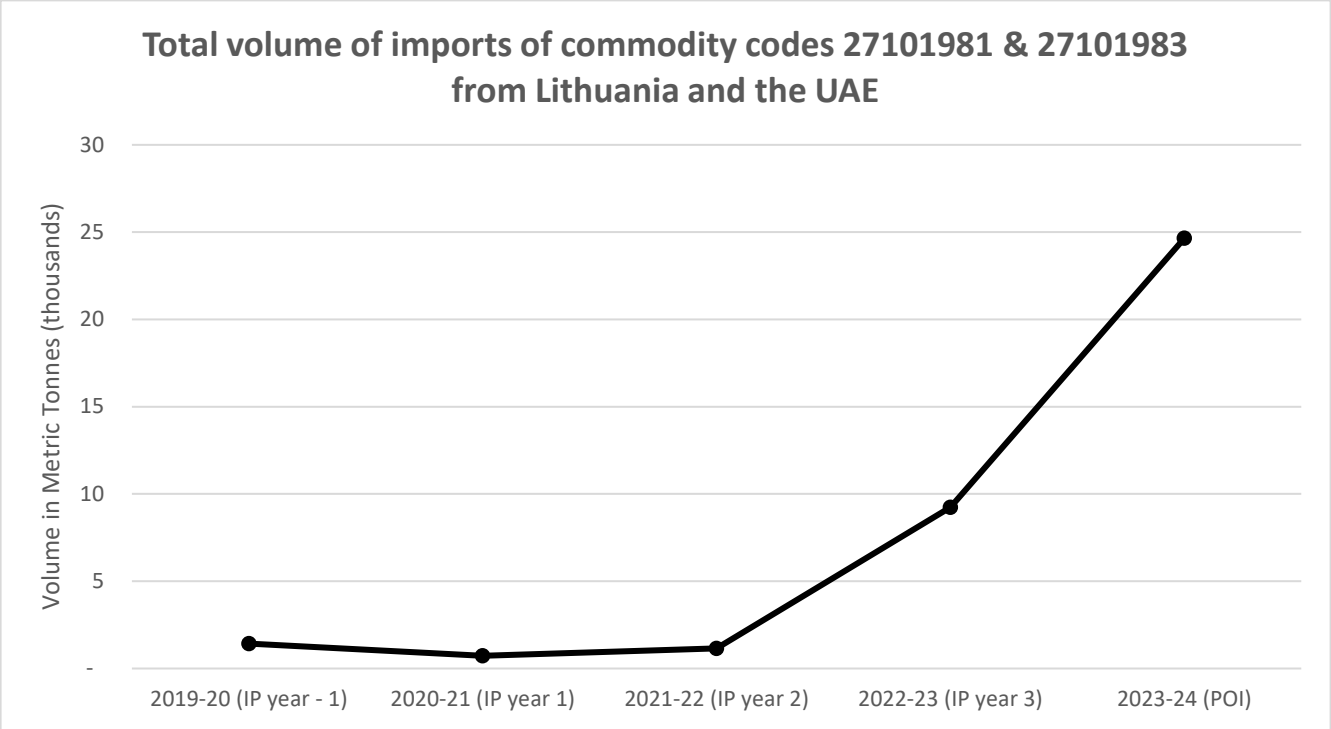
TONNES	2020-21 (injury period year 1)	2021-22 (injury period year 2)	2022-23 (injury period year 3)	2023-24 (POI)
Lithuania	92	371	1,205	187
UAE	23	26	1,900	6,193
Total	115	397	3,104	6,381

197. This import data shows that, over the injury period, the volume of imports in absolute terms from Lithuania and the UAE of commodity code 27101983, which includes the goods concerned, has increased significantly, in absolute volumes.

[23] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355, accessed 10 December 2024.

198. The import data for both commodity codes combined:

Figure 5: Total volume of imports of commodity codes 27101981 & 27101983 from Lithuania and the UAE[24]



199. The combined commodity code data demonstrates that, over the injury period, the volume of imports in absolute terms from Lithuania and the UAE of commodity codes 27101981 and 27101983, which includes the goods concerned, has increased significantly, in absolute volumes.

200. As the TRA has established that there has been a significant increase in the volume of dumped goods in absolute terms, there is no regulatory requirement for a separate volume assessment relative to domestic production or consumption.

H3 Effect of dumped goods concerned on prices

201. In accordance with regulation 32 of the Regulations, to assess the effect of the dumped goods on prices of the like goods in the UK during the injury period, the TRA has considered whether:

- there has been significant price undercutting by the dumped goods as compared with the price of the like goods produced in the UK; or
- the dumped goods have depressed or suppressed domestic prices of the like goods produced in the UK to a significant degree.

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[24] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 , accessed 10 December 2024.

H3.1 Price undercutting

202. Price undercutting is where the imported goods are consistently sold at a price below that of the like goods in the UK.

203. An undercutting margin is calculated by comparing the UK sales price (ex-factory) with the import price (the landed price) for similar products during the POI. The landed price is the price of the goods concerned when they arrive at a UK port. It equates to the CIF import price plus any relevant import duties and other costs associated with importing.

204. An undercutting margin (%) reflects the extent to which landed prices of the imported goods concerned are lower than the UK sales prices of the like goods.

205. The undercutting margin calculation requires that the PCNs match between different interested parties, with UK producer, importer and exporter sales all being compared as part of the calculation. The TRA applied PCN corrections to the sales data of the exporters, importer and domestic producers to ensure consistency and comparability in the injury calculation.

206. The TRA identified that some of Lubriage's sales in the UK were made to an associated company named Carousel Car Parts (Carousel). Lubriage and Carousel qualify as related under regulation 15(7) of the Regulations, as they shared the same director for parts of the POI.

207. Carousel did not provide a questionnaire response to the investigation, so whilst sales to Carousel did enter the UK market, the TRA do not have a sales price to an independent buyer for these sales. The TRA has decided not to exclude these sales from the injury calculation, as it would provide an incentive based on non-cooperation (given that these sales to Carousel were made at dumped prices).

208. The TRA established a UK landed CIF price by PCN (based on Lubriage's sales into the UK, with deductions made for UK transport, Lubriage's costs and reasonable profit margins of 10.2%). The TRA compared this UK landed CIF price to UK sales prices, by PCN, on a price per litre basis. The TRA found undercutting where the UK landed CIF price was lower than the UK sales price. The TRA apportioned these amounts of undercutting to volumes imported from Lithuania or the UAE, or both, dependent on the product mix by volume imported to the UK from each country.

209. The result of this calculation was that 32 of the PCNs sold by UK industry were matched to imports from Lithuania. The total amount of undercutting for UAB SCT, expressed as a percentage of the declared CIF import price, is 47.55%.

210. The TRA determined the residual undercutting rate for Lithuania by finding the PCN with the highest sales volume, and an undercutting margin greater than UAB SCT's individual margin. The resultant residual undercutting margin for all other exporters from Lithuania is 67.51%.

211. In relation to the UAE, the TRA matched 39 of the PCNs sold by UK industry to imports from the UAE. The total amount of undercutting for SCT FZE, expressed as a percentage of the declared CIF import price, is 63.45%.

212. The TRA determined the residual undercutting rate for the UAE by identifying the PCN with the highest sales volume, and an undercutting margin greater than SCT FZE's individual margin. The resultant residual undercutting margin for all other exporters from the UAE is 64.65%.

H3.2 Price depression

213. Price depression occurs when the UK industry is forced to reduce its prices to compete against lower priced dumped goods.

214. The TRA would ordinarily consider price depression by directly comparing the average domestic sales prices of UK industries like goods to the average import prices of the goods concerned during the injury period.

Figure 6: Average UK industry domestic sales price trends per litre for engine oils

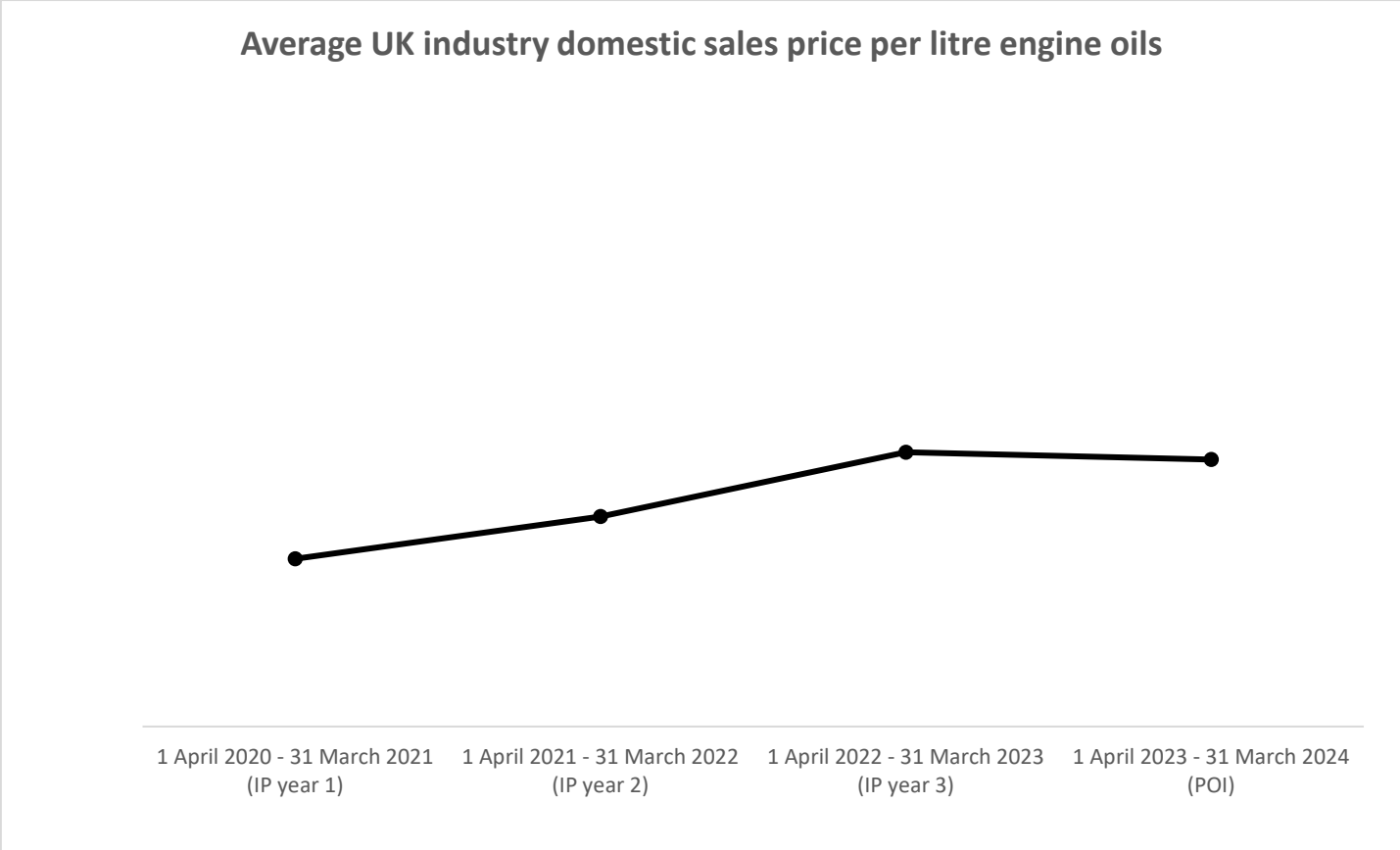
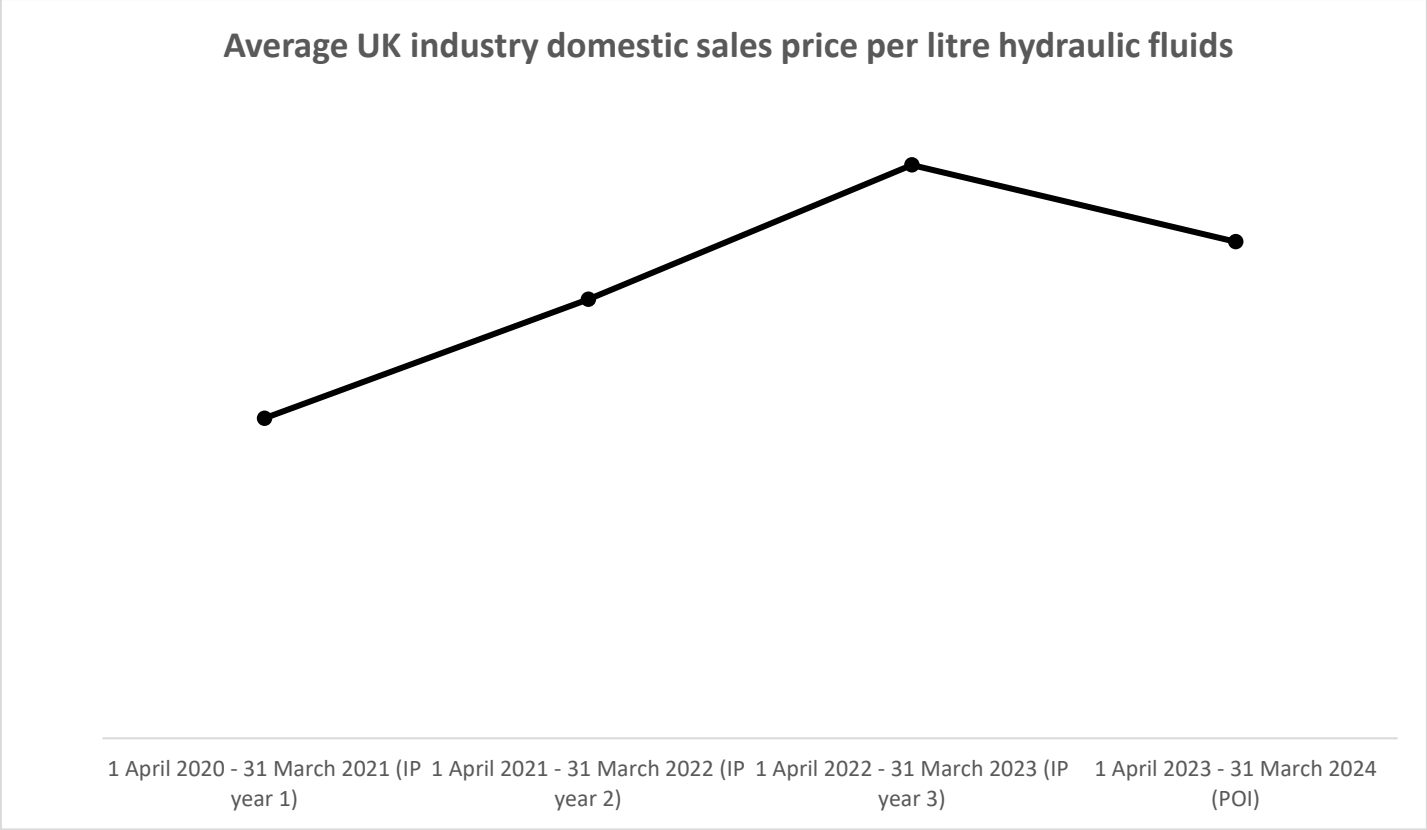


Figure 7: Average UK industry domestic sales price trends per litre for hydraulic fluids



215. Both co-operating importers, Lubriage and the anonymous importer, did not provide details of their sales over the whole of the injury period. The TRA is unable to use HMRC OTS data for import price comparison, as it is not specific to the goods concerned and includes out-of-scope products.

216. The TRA has therefore been unable to complete a comprehensive price depression analysis, due to the lack of sufficiently reliable import prices over the whole of the injury period. The TRA has found no evidence to suggest price depression in the data available, as, generally, UK industry has not reduced its prices over the injury period (except for the final year of the injury period to the POI, where domestic prices have decreased). Costs have generally increased over the IP (see above, Section: E2.1 Trends), and sales prices have followed this cost increase, albeit with reduced profits (see Section H3.3 Price suppression, below).

H3.3 Price suppression

217. Price suppression occurs where price increases for the like goods, which otherwise would have occurred, have been prevented to a significant degree due to the price of the goods concerned.

218. Whilst domestic sales prices have generally increased (see *Figure 6* and *Figure 7*, above), costs of production have also increased over the injury period. The TRA notes that this is true for most

of the UK, not just the producers of the like goods.[25] Increasing domestic sales prices do not preclude the occurrence of price suppression.

219. The TRA has assessed that, for both engine oils and for hydraulic fluid, there has been price suppression. The UK industry is unable to sell the like goods at their target sales prices. The cost to make and sell has increased over the injury period, and the net operating profit after tax (NOPAT) as a proportion of sales price has not been maintained in line with these increased costs.

220. UK industry sales volumes have generally decreased throughout the injury period (see *Figure 10* and *Figure 11* below), which coincides with increased imports of the goods concerned (see *Figure 5* above). NOPAT as a proportion of sales price in the final two years of the injury period is lower than it is for the first two years of the injury period, for both engine oils (*Figure 8*) and hydraulic fluids (*Figure 9*).

221. The TRA consider that increasing raw material costs (see Section: E2.1 Trends) are responsible for some of the increase in cost of production. The reduced profitability of UK industry in the final two years of the injury period as a percentage of sales price is due to UK industry having to compete with the underselling of lower priced goods concerned (see Section: H7 Injury Margin), and as a result of lower sales volumes where market share has been taken by the goods concerned (see Section: H4.4 Actual and potential decline in market share, below). This demonstrates that, whilst the UK industry has increased sales prices, they have been prevented from increasing them to a significant degree due to the imports of the goods concerned.

[25] Producer price inflation (MM22) - Office for National Statistics

Figure 8: Price suppression analysis engine oils

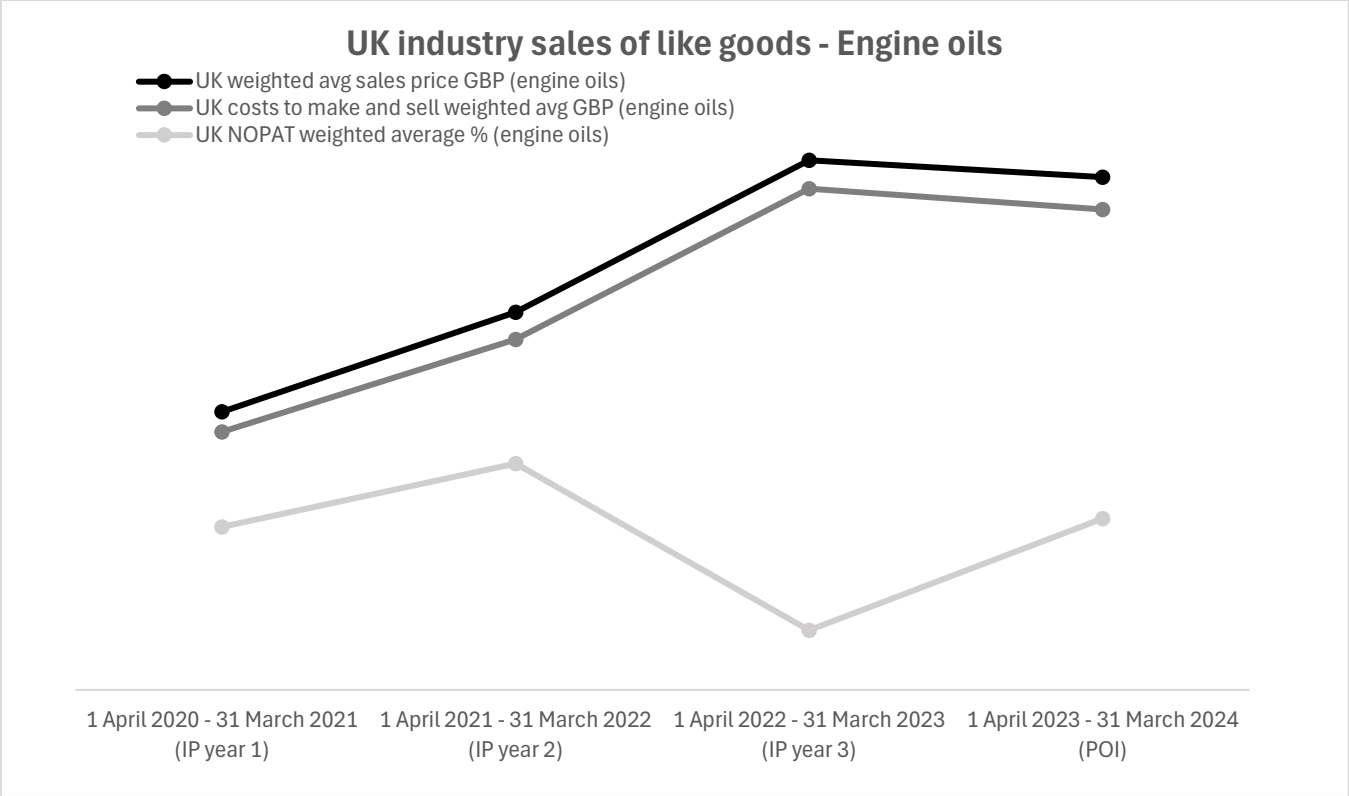
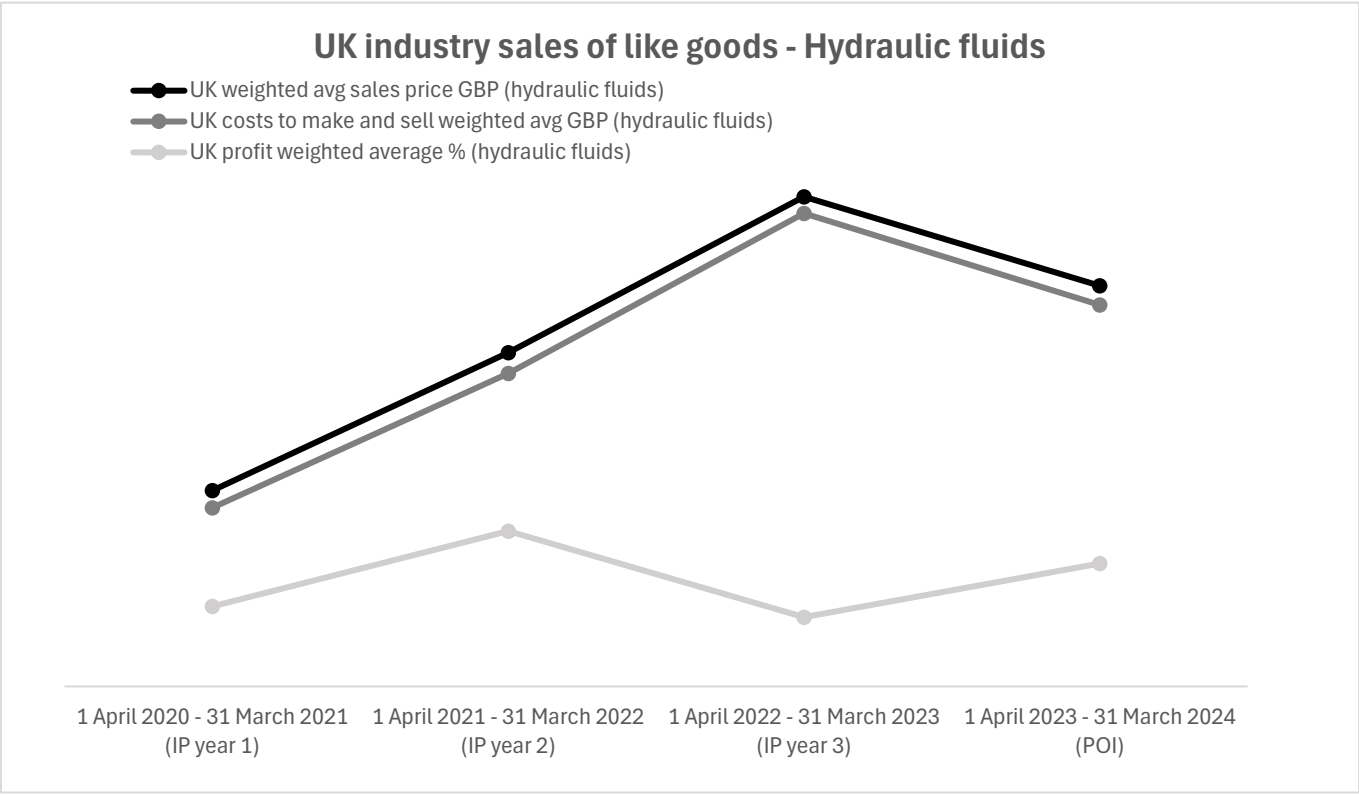


Figure 9: Price suppression analysis hydraulic fluids



H4 Impact of dumped goods concerned on UK industry during the injury period.

222. The TRA must consider all relevant economic factors and indices having a bearing on the UK industry when considering, for the purpose of regulation 30(2)(c), the impact of the dumped goods on the UK industry, regulation 33 of the Regulations notes that these include:

- Actual and potential decline in sales, profits, output, market share, productivity, return on investments, and utilisation of capacity.
- Factors affecting domestic prices of the like goods.
- The magnitude of the margin of dumping.
- Actual and potential negative effects on cash flow, inventories, employment, wages, growth, the ability to raise capital or investments.

223. From the four sampled UK domestic producers only Aztec and Paterson participated in the investigation and provided questionnaire responses. The non-confidential questionnaires that were submitted to the public file show these two companies have experienced differing levels of injury.

224. The TRA has assessed that these differing levels of injury are likely to be caused by the different market positions, and sales prices, of the two companies, which represent the breadth of UK industry. Aztec are a comparably new company, of around 25 years old, who focus on providing a competitive price point/value for its customers. Paterson Enterprises are a fifth-generation family business, around 150 years old, who focus on providing a quality product for its customers. Both Aztec and Paterson are part of, and representative of, UK industry.

H4.1 Actual and potential decline in sales

225. Aztec reported in its verified questionnaire response that the volume of domestic sales of engine oils have fallen by 25-30% over the injury period, and that the volume of domestic sales of hydraulic fluids have declined by 20-25%. This is consistent with the confidential data submitted to the TRA (see *Figure 10* and *Figure 11* below).

226. Paterson submitted that domestic sales volumes have increased by 52% for engine oils, and 21% for hydraulic fluids, over the injury period. This is consistent with the confidential data submitted to the TRA (see *Figure 10* and *Figure 11* below).

227. When these figures are aggregated, it demonstrates that there has been a decline in the sales volume of UK industry over the IP.

Figure 10: UK sales of domestically manufactured like goods (Engine oils)[26]

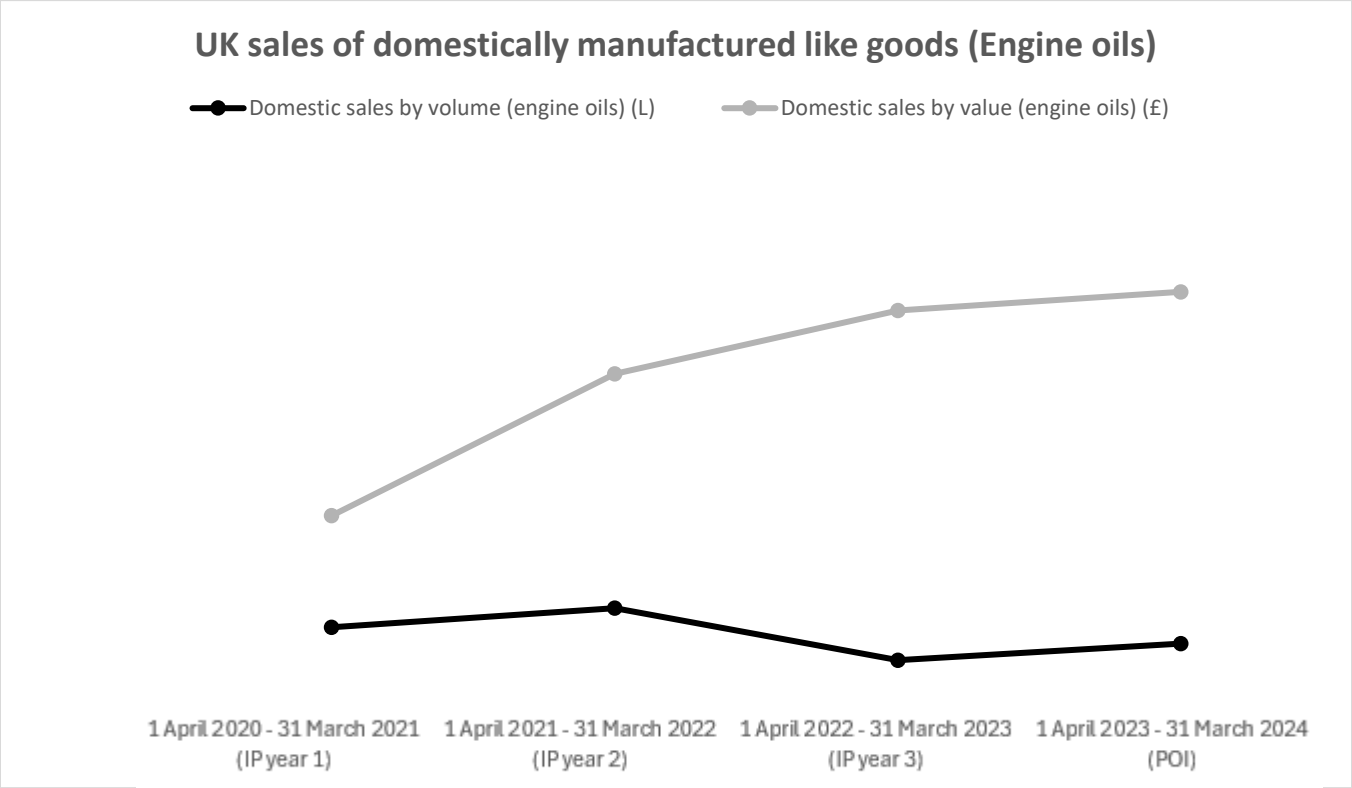
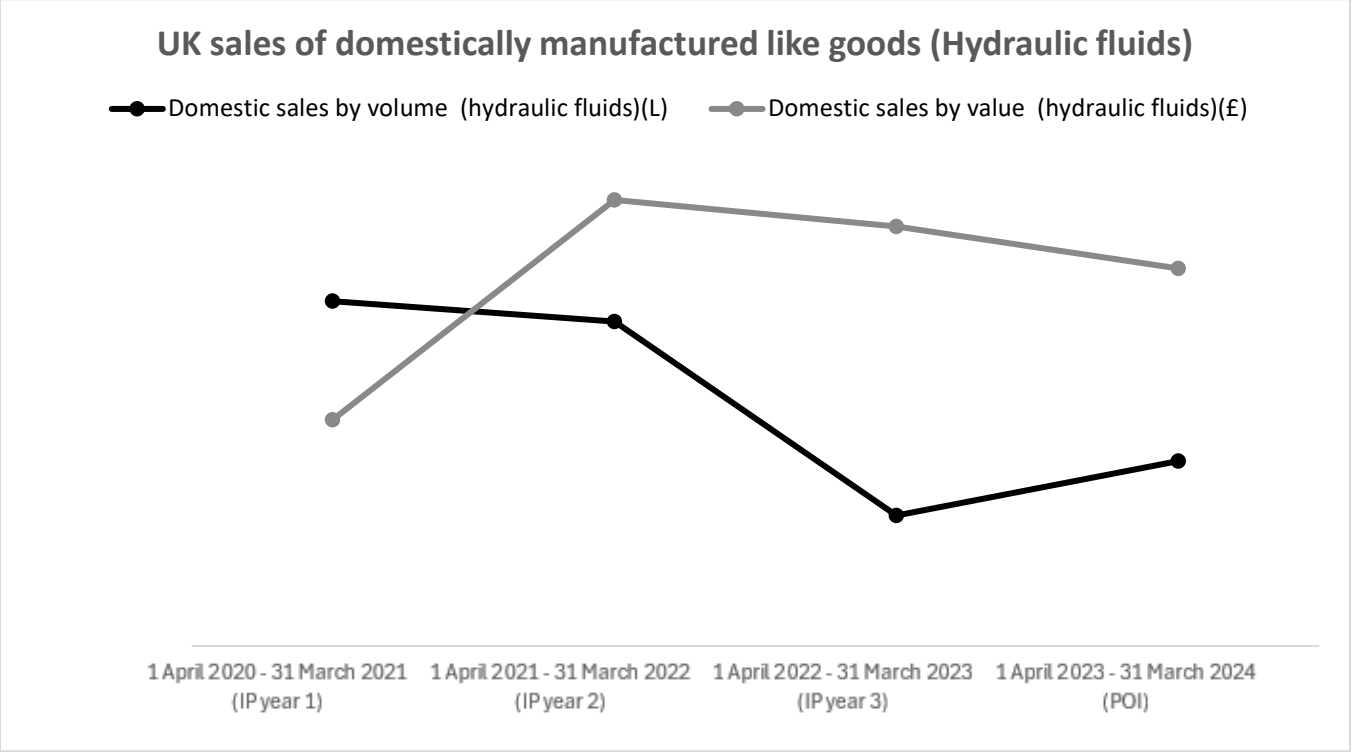


Figure 11: UK sales of domestically manufactured like goods (Hydraulic fluids)[27]



[26] Source: Aztec and Paterson Enterprises questionnaire submissions (available on AD0059 public file)
[27] Source: Aztec and Paterson Enterprises questionnaire submissions (available on AD0059 public file)

H4.2 Actual and potential decline in profits

228. Aztec reported in its questionnaire response that actual profits have declined over the injury period. Aztec's audited accounts[28] document a reduction in gross profit between financial year 2023 and 2024 of approximately 19%, and a reduction in operating profit over the same period of 62%. This is consistent with the confidential data submitted to the TRA, which shows that Aztec have suffered an actual decline in profits during the injury period.

229. Paterson submitted that its profitability has increased over the injury period. Paterson's audited accounts document an increase in gross profit between financial year 2023 and 2024 of approximately 10% and an increase in net operating profits after tax of approximately 28%. This profit increase includes all aspects of the Paterson Enterprises business areas. When examining profits for like goods only in the confidential submission, a lower profit increase, of less than 3 percentage point increase, has been realised by Paterson in relation to like goods (note that the non-confidential annex submitted by Paterson has indexed figures starting at 100% in the first year, and so the percentage changes are different).

230. This demonstrates that whilst Paterson as a whole, have not suffered an actual decline in profits during the injury period, the profits particular to the like goods have not developed in the same way as the rest of Paterson's business areas.

231. The TRA has concluded that the UK industry has suffered injury in relation to profitability.

H4.3 Actual and potential decline in output

232. Aztec's non-confidential questionnaire response submitted that:

233. "…the company's output figures for engine oils and hydraulic fluids demonstrate… the large drop in literage in the year ending 31st March 23 & the POI compared to the two preceding years." This statement is supported by the data submitted to the TRA in the confidential copy of the questionnaire, and the TRA have assessed that Aztec have suffered an actual decline in output.

234. Information from Paterson indicates that its output has increased over the injury period for both engine oils and hydraulic fluids, both in terms of volume and value.

235. Taken together, figures 10 and 11, above, show that sales volumes are reduced for UK industry. As the like goods are blended to order (see Section: H4.11 Actual and potential negative effect on inventories), these reduced sales volumes indicate injury to UK industry from a decline in output.

[28] AZTEC OILS LIMITED filing history - Find and update company information - GOV.UK

H4.4 Actual and potential decline in market share

236. The TRA has assessed that it is likely that Aztec suffered a loss of market share over the injury period, given that Aztec's output and sales volume have declined throughout the injury period, the consumption for like goods in the UK has remained relatively stable over the injury period, and imports to the UK of the goods concerned have increased[29].

237. Paterson estimated its market share based on the total estimated UK market for all types of lubricants and greases submitted to the TRA by the UKLA. The TRA assessed that Paterson's estimations are lower than what its actual market share would be. This is because Paterson's estimated market share has been calculated by comparing a smaller category of goods (engine oils and hydraulic fluids) against the UKLA submission for all types of lubricants and greases which included out-of-scope goods.

238. The market share that Paterson has submitted shows an increase over the injury period. This is consistent with data that Paterson has submitted, showing an increase in sales volumes.

239. UK industry sales volumes have reduced throughout the injury period (see *Figure 10* and *Figure 11*, above). This, combined with a stable UK consumption over the injury period, and an increase in imports of the goods concerned, indicates that UK industry has suffered from a decline in market share.

H4.5 Actual and potential decline in productivity

240. Aztec has not submitted non-confidential summaries to the TRA regarding its number of employees, or the productivity of those employees. The TRA is therefore limited by legislation in its ability to consider the confidential productivity information submitted. [30] However, this information is available for the whole company as part of its audited accounts, [31] which record 90 employees in 2020, 94 employees in 2021, 90 employees in 2022, 88 employees in 2023, and 83 employees in 2024. Whilst not all employees will be working on like goods, a high percentage will, as the bulk of the products sold by Aztec are like goods.

Table 5: Aztec total number of employees during the injury period

Year:	2020-21 (injury period year 1)	2021-22 (injury period year 2)	2022-23 (injury period year 3)	2023-24 (POI)
Average monthly number of persons employed by Aztec during the year:	94	90	88	83

[29] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 , accessed 10 December 2024.
[30] Regulation 45 of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019
[31] Aztec Ltd - Companies house

241. Paterson has submitted that the productivity of its employees has increased over the injury period, by 38% in relation to engine oils, and 16% in relation to hydraulic fluids. This is against a backdrop of an increase of 8% in the number of employees. This indicates that Paterson has not suffered a drop in productivity.

Table 6: Index of Paterson employees and their output for both engine oils and hydraulic fluids for the injury period

Year:	2020-21 (injury period year 1)	2021-22 (injury period year 2)	2022-23 (injury period year 3)	2023-24 (POI)
Total number of employees (FTE)	100	106	106	108
Number of employees for like goods (engine oils) (FTE)	100	102	105	103
Number of employees for like goods (hydraulic fluids) (FTE)	100	102	105	103
Average output in volume per employee for like goods (engine oils) (FTE)	100	124	132	138
Average output in volume per employee for like goods (hydraulic fluids) (FTE)	100	128	105	116

242. The decline in productivity experienced by Aztec is offset by the increase in productivity at Paterson.

H4.6 Actual and potential decline in return on investments

243. Aztec has stated that it has reduced its investments as a consequence of dumped products entering the market and the TRA has seen evidence of this. Paterson has not submitted information in relation to its investments, and so the TRA is unable to consider any actual or potential decline in return on Paterson's investments.

H4.7 Actual and potential decline on utilisation of capacity

244. Aztec has not submitted a non-confidential summary of its capacity utilisation information, and so the ability of the TRA to consider the confidential capacity information submitted is limited.[32]

[32] Regulation 45 of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019

Paterson's supplied data shows capacities have increased throughout the injury period, although capacity utilisation has fluctuated, there was an overall upward trajectory.

H4.8 Factors affecting the domestic prices of like goods

245. Apart from dumping, which the TRA has established, other factors that have been submitted as affecting the domestic prices of like goods include the prices of raw materials and inputs, in particular base oil prices. Base oils are globally traded commodities that are derivatives of crude oil, the price of which can fluctuate dependent on global market conditions. Domestic sales values have increased throughout the injury period (see *Figure 10* and *Figure 11*, above) as a result of cost increases, this is evidenced in the price suppression charts (see *Figure 8* and *Figure 9*).

H4.9 The magnitude of the margin of dumping

246. The margins of dumping that the TRA has calculated, range from 0.32% (in relation to the cooperating UAE exporter, Atlantic), to 95.36% (residual rate for Lithuania).

H4.10 Actual and potential negative effect on cash flow

247. The TRA received confidential cash flow information from Aztec, but no non-confidential summary, or statement of reasons as to why one is not possible, was submitted. The TRA is therefore limited by regulation in its ability to consider the confidential productivity information submitted.[33] Paterson did not submit any cash flow data to the investigation.

H4.11 Actual and potential negative effect on inventories

248. The information submitted to the TRA by interested parties regarding inventories is partial. The TRA has assessed that engine oils and hydraulic fluids on the domestic market are generally blended to order.

H4.12 Actual and potential negative effect on employment

249. The TRA has found that there has been an approximate 8% decrease in the number of employees at Aztec for all goods, and an approximate 8% increase in the number of employees at Paterson for like goods, over the injury period (as set out under the heading H4.5. Actual and potential decline in productivity, above). Considered as a whole, there has been no actual negative effect on employment for the UK industry, as the decrease in employees at Aztec is offset by the increase at Paterson.

[33] Regulation 45 of The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019

H4.13 Actual and potential negative effect on wages

250. Aztec's profitability, volume production and sales have reduced over the injury period. Its number of employees has also reduced. According to filings with Companies House,[34] the average salary (total wages and salaries divided by total number of employees) was (£2,296,837 / 90 =) £25,520 GBP as of 31 March 2020, at the start of the injury period. For the financial year ending on 31 March 2024, the average salary for Aztec was (£2,568,319 / 83 =) £30,943 GBP. This is an increase in average salary of 21.3% in four years (with the 8% decrease in employment, noted above).

251. Paterson's accounts are filed with Companies House as part of a group,[35] as of the end of July 2020 it reported an average salary for all employees (the majority of which work in the Lubricants business) as (£6,624,000/217 =) £30,525 GBP, and as of the end of July 2023 this had risen to (£8,193,000 / 221 =) £37,072 GBP. This is an increase of 17.7% in three years.

252. The TRA has compared this information from the sampled domestic producers to the changes to average salaries in the UK over the same period of time. Office for National Statistics (ONS) data[36] records that average weekly regular pay was £512 GBP in March 2020, rising to £637 GBP in March 2024. This is an increase of 19.6% in four years (comparison to Aztec). The same data indicates that the average weekly regular pay in July 2020 was also £512 GBP, and in July 2023 it was £617 GBP. This is an increase of 17% in three years (comparison to Paterson).

253. This data indicates that there has been no injury suffered by UK industry in relation to an actual negative effect on wages, which are consistent with changes in average UK salaries over the same period of time.

H4.14 Actual and potential negative effect on growth

254. The TRA has assessed growth in terms of company size, revenue, market share and profitability over time. Revenue (H4.1: Actual and potential decline in sales), market share (H4.4: Actual and potential decline in market share) and profitability (H4.2 Actual and potential decline in profits) have been assessed above. In relation to company size, the TRA has looked at investments to determine whether domestic producers are growing.

255. Aztec has submitted to the TRA that it has reduced its investments as a result of dumping see Section H4.6: Actual and potential decline in return on investments.

256. Paterson has not suffered an actual negative effect on growth.

[34] Aztec Oils Ltd overview - Find and update company information - GOV.UK
[35] Paterson Enterprises Ltd overview - Find and update company information - GOV.UK
[36] Average weekly earnings in Great Britain - Office for National Statistics

257. When UK industry is assessed, there has been a negative effect on growth, as UK industry have experienced injury in relation to sales volumes, profitability and market share. The effect of this has been a negative effect on growth.

H4.15 Actual and potential negative affect on the ability to raise capital or investments.

258. The TRA has received no information in relation to this injury factor and is unable to assess this injury factor.

H4.16 Other factors considered relevant.

259. As part of the economic interest test assessment, the TRA analysed published financial records for all known UK producers. The TRA looked at the turnover and employment of these businesses, and calculated financial metrics including the current ratio, quick ratio and z-scores. This is set out in Section J4: Likely impact on affected industries and consumers. This analysis showed that approximately half of the other UK producers showed evidence of financial vulnerability. This suggests that some other UK producers may also be suffering injury.

H4.17 Economic factors assessment conclusion

260. Aztec have experienced greater individual injury when assessed under the economic factors, whilst Paterson have been able to limit the extent of the actual injury that they have suffered due to a differing market position. When the economic factors are assessed for UK industry, there is evidence of injury in relation to sales, profitability, output, market share, the magnitude of the margin of dumping, and growth. The injury suffered by UK industry is demonstrated by the injury to both of these companies when assessed holistically.

261. The TRA has therefore determined that UK industry is suffering from actual material injury as a result of the economic factors assessment.

H5. Causation and non-attribution

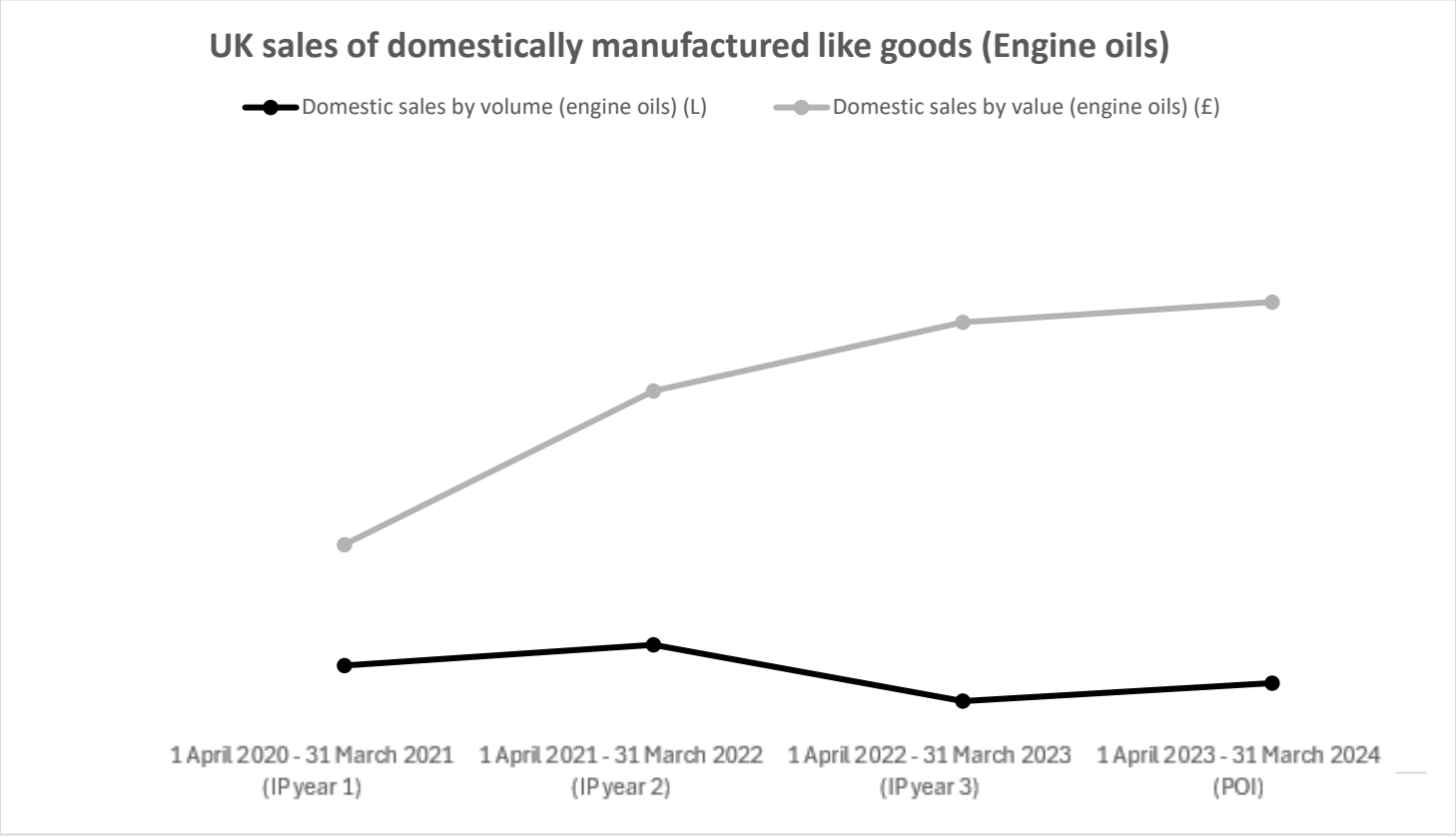
262. In accordance with regulation 35 of the Regulations, injury caused by other known factors must not be attributed to dumped imports of the goods concerned. The TRA considered whether any other known factors, other than the dumped goods, caused or are causing injury to the UK industry.

263. The TRA has assessed that UK industry is suffering from injury, in the form of an actual material decline, and negative effect, in all the following categories:

- Sales.
- Profitability.
- Output.
- Market share.
- The magnitude of the margin of dumping.
- Growth.

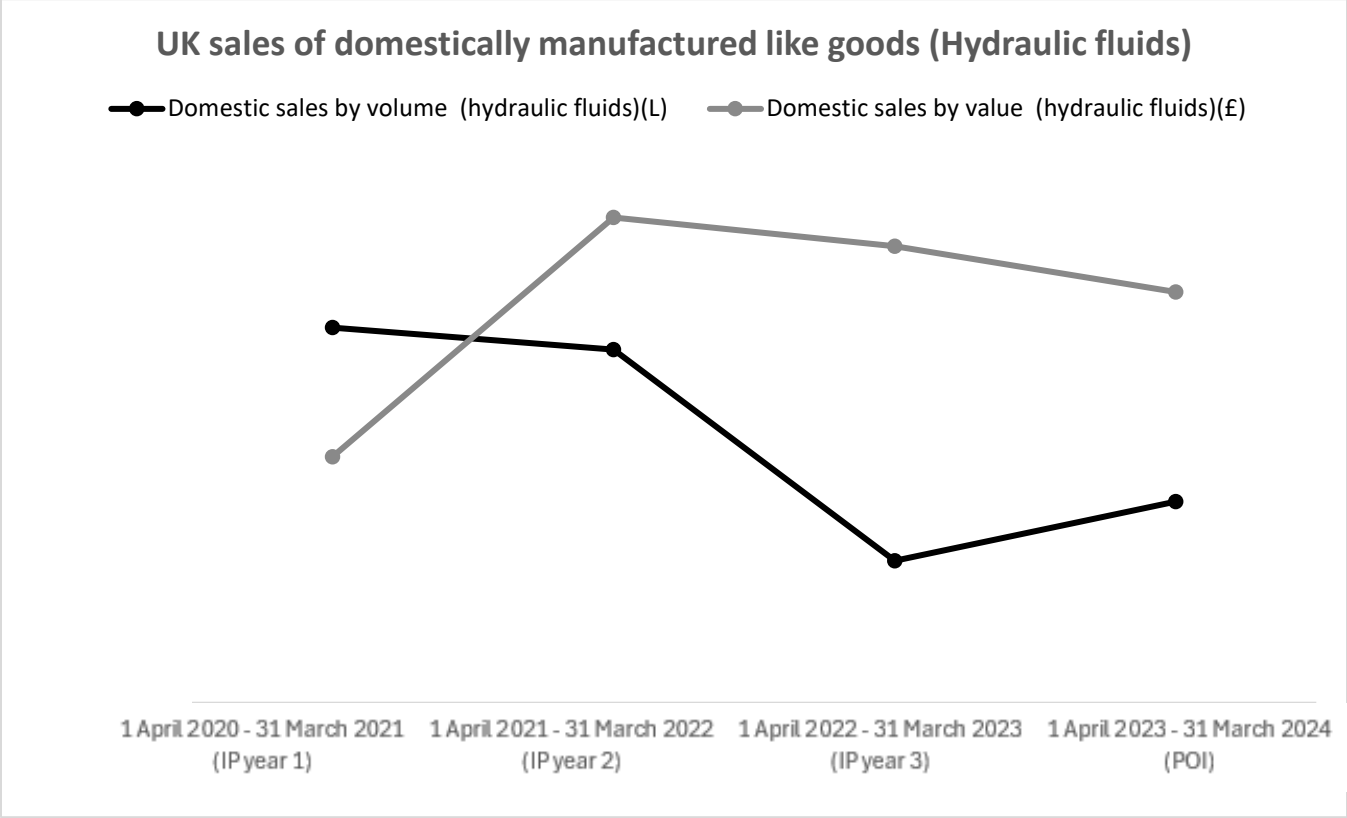
264. The following graphs set out the sales of like goods by UK industry:

Figure 12: UK sales of domestically manufactured like goods (Engine oils)[37]



[37] Source: Aztec and Paterson questionnaire submissions (available on AD0059 public file)

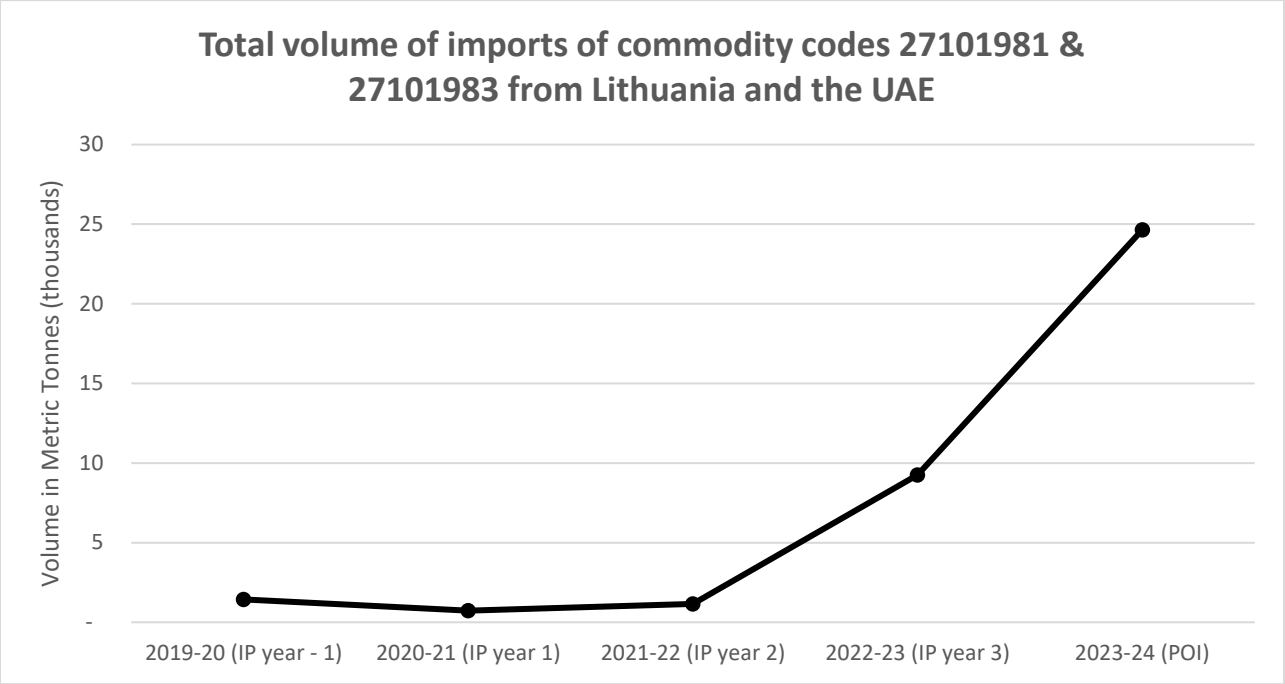
Figure 13: UK sales of domestically manufactured like goods (Hydraulic fluids)[38]



265. These graphs show that injury in terms of reduced sales volumes (and values, in terms of hydraulic fluids) began in the second year of the injury period, that is 1 April 2021-31 March 2022. Injury then increased into the third year of the injury period, that is 1 April 2022-31 March 2023.

[38] Source: Aztec and Paterson questionnaire submissions (available on AD0059 public file)

Figure 14: Total volume of imports of commodity codes 27101981 & 27101983 from Lithuania and the UAE[39]



266. The graph of import volumes demonstrates that imports of the goods concerned began to increase from 2021 to 2022 and grew at their fastest rate between 2022 and 2023, increasing in volume by more than 800%.

267. The TRA has assessed that the import values (and resultant average pricing), as recorded in the HMRC OTS data, are not reliable in this case. This is due to the associations between the exporters and the importer. HMRC OTS data does not take account of this, and the first sales prices to independent customers are required to reliably assess possible impacts of sales prices on whether causation is established or not.

268. The TRA has determined that there is a timely coincidence between the imports of the goods concerned and the injury suffered by UK industry, which supports the existence of a causal link.

269. In accordance with regulation 35 of the Regulations, injury caused by other known factors must not be attributed to dumped imports of the goods concerned. The TRA considered whether any other known factors, other than the dumped goods, caused or are causing injury to the UK industry.

[39] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 , accessed 10 December 2024.

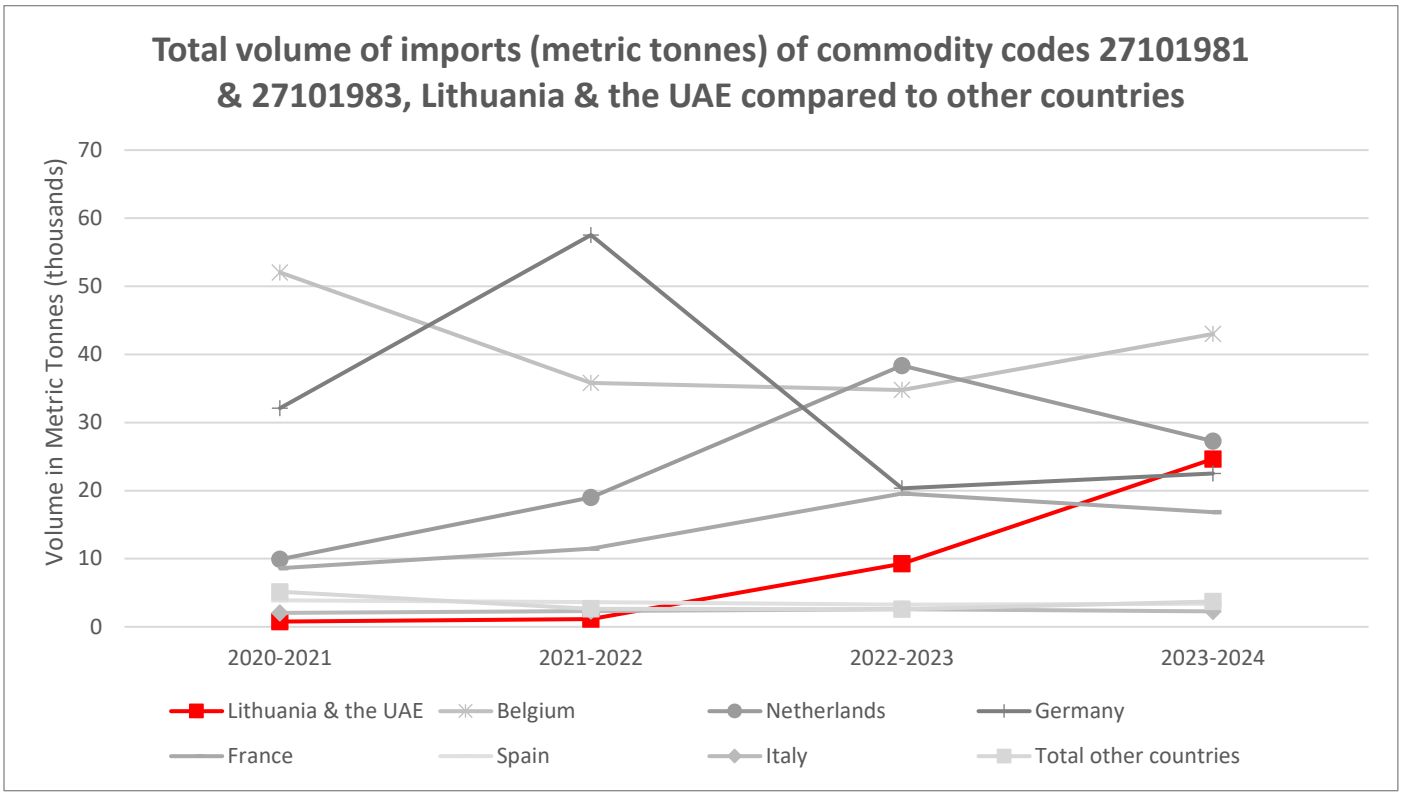
270. The following was considered by the TRA:

- The volume and the prices of imports of like goods from other countries into the United Kingdom.

271. The TRA has examined 8-digit import data for the two relevant commodity codes. [40] The import data for this investigation, at a non-confidential, 8-digit level, includes some goods that are not in the scope of the investigation (such as gear lubricants, lubricants for the aviation industry and turbine lubricants). This makes it difficult to determine an exact volume of imports of the goods concerned. The TRA's assessment is that most imports, imported under the two relevant 8-digit commodity codes, are in scope goods, this is supported by confidential raw HMRC Customs declarations data.

272. As stated above, the import values (and resultant average pricing), as recorded in the HMRC OTS data, are not reliable in this case. Nevertheless, the OTS volume data is relevant, and that data forms part of the TRA's assessment of third country imports in relation to causation.

Figure 15: Total volume of imports (metric tonnes) of commodity codes 27101981 & 27101983, Lithuania & the UAE compared to other countries[41]



[40] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 accessed 10 December 2024.

[41] Source: https://www.uktradeinfo.com/trade-data/ots-custom-table/?id=d288323e-769f-4faf-addc-db43951cf355 accessed 10 December 2024.

273. The volume of imports data, displayed in the graph above, demonstrates that import volumes of the two relevant commodity codes have increased over the injury period. No country other than the countries concerned have shown a sustained increase in imports to the UK over the whole of the injury period. Therefore, the increase in imports appears to be due to a significant increase in the volume of imports from Lithuania and the UAE. The TRA has assessed that causation remains established.

H6. Injury conclusion for UK industry

274. The TRA has determined that UK industry is suffering from material injury. This is evidenced by the price undercutting, price suppression and economic factors assessments. There is a timely coincidence between the occurrence of that injury and the imports of the goods concerned that establishes causation. There are no other factors, known by the TRA, that affect causation.

H7. Injury margin

275. The injury margin is the extent to which the UK industry is being injured. The default method is to base the injury margin for each exporter on its underselling margin. This is calculated by comparing a benchmark UK price (the target price) with the import price (the landed price). The target price is the price that a UK producer would expect to sell its like goods at if it were not being affected by the dumped goods. This method was used to calculate an injury margin for each cooperating exporter.

276. No injury margin was calculated for Atlantic, following the determination that they were not dumping goods into the UK.

277. In accordance with regulation 38 of the Regulations the TRA calculated a residual injury margin for overseas exporters where it has not determined an individual dumping amount.

H7.1. Target price

278. The target price is the price that a UK producer would expect to sell its like goods at if it were not being affected by the dumped goods.

279. The TRA calculated the target price by using the cooperating UK domestic producers' cost of production for the like goods (weighted by sales volume), adding its AS&G costs, and applying a normal rate of profit. The TRA set the normal rate of profit at 5% of the total cost to make and sell in this instance, based upon a submission of reasonable profit made by Aztec[42].

[42] TRA Investigations - Trade Remedies Service - GOV.UK

H7.2. Landed price

280. The landed price is the price of the goods concerned when they arrive at the UK port. It equates to the CIF import price plus any relevant import duties and other costs associated with import.

281. The TRA calculated the landed price by using the export price to the first independent buyer in the UK, that is the UK sales prices of Lubriage (with the exception of sales to Carousel Car Parts, which were included as there was no sales price to an independent buyer available for these sales). The TRA made deductions to these sales prices to remove an average value for UK transport, reasonable profit for an unrelated importer (10.2%),[43] and Lubriage's post importation costs (confidential figure).

282. No currency conversion was necessary to establish landed price, as Lubriage's sales were submitted to the TRA, and subsequently verified, in pounds sterling (GBP).

H7.3. Residual injury margin

283. Regulation 38(3) of the Regulations states that the TRA may determine the residual amount using any reasonable means.

284. In line with regulation 38(4) of the Regulations the TRA has determined the residual injury margin taking account of information contained in the application, information received from other interested parties during the investigation, published price lists, official import statistics or customs returns, relevant data pertaining the world market or other representative markets.

285. The residual amount, for the injury margin calculation, was set by establishing the PCN with the highest total import value, that also had an injury margin above that of the co-operating overseas exporters for Lithuania and the UAE.

H7.4. Injury margins

286. The injury margins are shown in the table below:

Table 7: Injury margins

Overseas exporter/producer	Injury margin (%)
UAB SCT Lubricants (Lithuania):	84.72%
All other Lithuanian exporters (residual injury margin):	242.61%
Chempioil (UAE):	78.64%
SCT Chemicals FZE (UAE):	78.64%
Atlantic Grease and Lubricants FZE (UAE):	N/A
All other UAE exporters (residual injury margin):	221.33%

[43] https://autodoc.group/wp-content/uploads/EN_Berlin-online-retailer-AUTODOC-presents-business-figures-for-2023.pdf

Section I: Lesser duty rule, forms of measures and alternative measures

287. The TRA calculated anti-dumping margins for:

- Atlantic,
- UAB SCT,
- SCT FZE,
- Chempioil; and
- all other overseas exporters.

288. The TRA calculated injury margins for:

- UAB SCT,
- SCT FZE,
- Chempioil; and
- all other overseas exporters.

289. The TRA did not calculate an injury margin for Atlantic as their dumping margin was *de minimis*. The TRA was unable to calculate an individual rate for Oscar, consequently it will be subject to the residual rate.

I1: Lesser duty rule

290. In accordance with paragraph 18(6) of Schedule 4 to the Act, the recommended anti-dumping amount must not exceed the margin of dumping, or the amount which the TRA is satisfied would be adequate to remove the injury to the UK industry in the goods if that amount is less than the anti-dumping amount.

Table 8: Summary of dumping and injury rates, lesser duty rule application

Overseas exporter/producer	Dumping margin (%)	Injury margin (%)	Anti-dumping duty (%)
UAB SCT Lubricants (Lithuania):	92.90%	84.72%	84.72%
All other Lithuanian exporters (residual rate):	95.36%	242.61%	95.36%
Chempioil (UAE):	34.35%	78.64%	34.35%
SCT Chemicals FZE (UAE):	34.35%	78.64%	34.35%
Atlantic Grease and Lubricants FZE (UAE):	0.32%	N/A	0.00%
All other UAE exporters (residual rate):	34.55%	221.33%	34.55%

I2: Forms of measure

291. The TRA is recommending that the measure is applied in the form of an *ad valorem* duty applied to the UK border CIF import price of the goods concerned.

I3: Alternative option

292. The TRA is not giving any alternative options to the Secretary of State as part of this final determination.

Section J: Economic interest test

J1. Introduction

293. The aim of the Economic Interest Test (EIT) is to determine whether applying an anti-dumping amount on the goods concerned, imported from the UAE and Lithuania is in the wider economic interest of the UK. This test is presumed to be met unless the TRA is satisfied that the application of the remedy is not in the economic interest of the UK.

294. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met in relation to the application of an anti-dumping remedy if the application of the remedy is in the economic interest of the UK.

295. In line with paragraph 25 of Schedule 4 to the Act, the TRA has taken account of the following factors in conducting the EIT:

- the injury caused by dumping of the goods to the UK industry in the like goods and the benefits to that UK industry in removing that injury;
- the economic significance of affected industries and consumers in the UK;
- the likely impact on affected industries and consumers in the UK;
- the likely impact on particular geographic areas, or particular groups, in the UK;
- the likely consequences for the competitive environment, and for the structure of markets for like goods, in the UK; and
- such other matters as the TRA considers relevant.

J1.1. Evidence Base

296. In addition to the evidence set out above (see Section C2: Participation in the investigation) the TRA conducted a business and consumer survey and received 23 responses which contained information relevant to the EIT. These responses were from:

- 1 upstream business
- 14 downstream businesses
- 8 consumers.

J2. Injury caused by dumping and benefits to UK industry in removing injury

297. Section H: Injury and Causation sets out the injury assessment. UK industry, as a whole, has actually suffered from material injury in relation to multiple economic factors. This is because, whilst the injury data for the two cooperating domestic producers (Aztec and Paterson) is

contrasting, both producers are being undercut and undersold. *Figure 10* and *Figure 11* demonstrate, with aggregated data, that both Paterson and Aztec have experienced injury in relation to sales volumes and values.

298. In addition to the two UK producers who submitted questionnaires, the TRA is aware of 19 other UK producers. In the absence of specific injury data for these other businesses, the TRA analysed published accounts for these other UK producers and calculated financial metrics[44] to test the overall vulnerability of these companies. These tests showed that nine of the other producers showed evidence of financial vulnerability.

299. This material injury is likely to put the market participation of some or all of the UK producers at risk. As a result, removing this injury is likely to result in significant benefits to UK industry.

J3. Economic significance of affected industries and consumers in the UK

300. The TRA identified the following groups to be potentially affected by the proposed measure:

- **Upstream businesses:** suppliers of raw materials and inputs to produce CEOHF
- **UK producers** of CEOHF
- **Importers** of CEOHF
- **Downstream businesses** for CEOHF including distributors, and automotive parts and accessories dealers.
- **Consumers** of engine oils.

301. There is some overlap between these groups (for instance, some producers also import CEOHF). To avoid double counting, the TRA has grouped these businesses based on their principal activity and whether their activity has been confirmed through registration.

302. The TRA has identified businesses in each of these groups and looked at a selection of them because it was not feasible to investigate all known businesses given case time constraints. For each selected business, the TRA looked at the four most recent published accounts, where available.

J3.1. Upstream businesses

303. The main upstream industries in the supply chain include base oil, additives, and packaging. The TRA is aware of 82 upstream businesses, one of whom submitted a survey response. The TRA selected four UK upstream businesses, one from a survey response, and the three which sold the most goods used in the manufacture of CEOHF by UK producers.

[44] The following financial indicators were calculated for all UK producers for the last five years where data was available: Altman Z-score, Taffler Z-score, debt to equity ratio, debt to assets ratio, current ratio, quick ratio and working capital to total assets.

304. The survey respondent, that employed less than 10 staff, has indicated that CEOHF is very important to it. For the other selected businesses, known sales to CEOHF producers accounted for just over 1%, on average, of their turnover suggesting that the product was still somewhat important to upstream businesses.

305. The selected businesses employ 487 staff, with a combined annual turnover of approximately £131m GBP and an estimated Gross Value Added (GVA) of approximately £21m GBP per year. Three of the selected businesses are unlikely to be vulnerable to negative economic impacts with a growing or stable workforce. While one business has experienced declines in employment and turnover.

J3.2. UK Producers

306. The TRA has identified 21 known UK producers through research and evidence submitted and examined six UK producers which employed around 750 staff with a total GVA of around £65m GBP. The examined businesses included the five largest businesses which submitted pre-sampling questionnaires and the largest known producer that did not engage with the investigation. On average, during the most recent years over 50% of their total turnover was accounted for by sales of CEOHF which indicated that these goods are very important to them.

307. Most of the selected businesses had strong growth and rising employment which indicated that they are unlikely to be as vulnerable to economic shocks. Nevertheless, Paterson and Aztec showed a medium vulnerability with decreasing employment in 2023 and a slight decrease in sales for Aztec. This assessment considers financial data for the entire company whereas the injury assessment in Section H1: Injury Analysis considers only data relating to the like goods.

308. Based on the product ranges of the selected businesses and their questionnaire responses, selling CEOHF appears to be their main business activity which suggests that CEOHF is very important to them.

J3.3. Importers

309. After the publication of PAD, the TRA received questionnaire responses from two importers, and used HMRC's trader search to identify traders that imported the like goods under the two 8-digit commodity codes, 27101981 and 27101983. There were 425 businesses that imported goods under these codes during 2023. Although some of these imports are likely to be out-of-scope of the investigation, it is likely that the majority of these businesses could be affected by a measure on CEOHF.

310. The TRA selected 11 importers which imported goods under both codes every month in 2023 but classified two of these as downstream businesses based on their primary business activity. This left nine selected importers including Lubriage and an anonymous importer who responded to the questionnaire.

311. Due to an incomplete questionnaire response from the anonymous importer and insufficient publicly available data, the TRA was unable to calculate GVA and EBITDA for this importer.

312. The selected importers collectively employed around 3,342 staff, had a combined turnover of around £20,858m GBP and a combined GVA of around £1,582m GBP. The evidence suggests that the like goods are very important to Lubriage and somewhat important to the other businesses.

313. More than half of the selected businesses show moderate vulnerability to economic shocks, with declining employment and earnings before interest, taxation, depreciation and amortisation (EBITDA), but growing turnover and GVA. One business experienced negative EBITDA, highlighting their vulnerability to economic shocks.

J3.4. Downstream businesses

314. Industries which buy CEOHF include distributors, automotive, marine and agriculture.

315. Based on evidence submitted, the TRA is aware of 1,069 UK-based downstream businesses. The TRA selected:

- The three businesses with the most known purchases of engine oils.
- The three businesses with the most known purchases of hydraulic fluids.
- The three largest businesses who submitted a survey response.
- Two businesses who imported CEOHF every month in 2023 but whose primary activity was as vehicle dealers.

316. This gave a total number of 11 selected downstream businesses to investigate in more detail.

317. The TRA estimates the selected downstream businesses employed around 3,500 people. They had a combined turnover of around £2,353m GBP, and a total GVA of around £260m GBP.

318. The importance of CEOHF to these businesses varies a lot depending on the sector. CEOHF is very important to distributors but somewhat important to vehicle dealers. Most of the selected businesses are unlikely to be vulnerable to negative economic impacts as they demonstrated strong growth in employment, turnover and profitability.

J3.5. Consumers of engine oils

319. Submissions made by Paterson[45] indicated that the two like goods have different markets: engine oil is a consumer product employed in a combustion engine vehicle to protect an engine while hydraulic fluid is an industrial product employed in hydraulic systems, used in a variety of applications, such as forklift trucks, log splitters and automotive lifts.

320. The end users of hydraulic fluids are generally businesses. As such, only consumers of engine oils are likely to be affected by a measure. Paterson noted that there are two main types of engine oil within the marketplace: passenger car engine oils and commercial vehicle engine oils.

321. The TRA received only eight consumer responses which is not a representative sample. As a result, the TRA can only draw limited conclusions from the survey.

322. The results showed half of respondents considered quality to be the most important consideration when buying engine oil and that they buy a particular brand of engine oil. The second most important factor was price, but no survey respondent indicated that they would stop buying engine oil altogether if the price rose indicating that is an essential product.

323. One downstream business responded that owners of older vehicles which are past their warranty period are more likely to purchase cheaper engine oils. Using DVLA data[46] the TRA estimates that around 73% of licensed vehicles are more than five years old. As such, these owners may be more likely to favour cheaper engine oil instead of premium brands. This data does not include electric cars which do not need engine oils.

[45] TRA Investigations - Trade Remedies Service - GOV.UK, Paterson questionnaire response, section B2, page 18
[46] Vehicle licensing statistics data tables - GOV.UK, VEH1107, collected on 15/11/2024.

J3.6. Summary table

Table 9: Summary table for the significance metrics for affected industries

	Upstream businesses	UK producers	Importers	Downstream businesses
Total known businesses	82	21	426	1,069
Total selected businesses	4	6	9	11
Estimated importance of like goods to this group	Somewhat important to very important (UK producer raw material purchases vs upstream business turnover)	Very important (revenue from the like goods vs total turnover for the business)	Somewhat important but very important to Lubriage. (% of import transactions under the two commodity codes, import values vs total turnover for Lubriage)	Not important to very important (like goods purchases as % of turnover, survey responses)
Total employment of selected businesses	487	751	3,334,342	3,476
Total GVA of selected businesses (£m GBP)	20	65	1,582	262
Total turnover of selected businesses (£m GBP)	130	323	20,858	2,353
Average EBITDA margin for selected businesses (%)	5%	10%	6%	4%
Vulnerability assessment to economic shocks	Low to medium vulnerability	Low to medium vulnerability	Low to medium vulnerability	Low to medium vulnerability

Sources: Questionnaire responses, Companies House, and Dun & Bradstreet.

Methodology: The importance of the like goods to each of the groups was estimated using the comparison metrics set out in brackets for each group. GVA was estimated by summing operating profits, employment costs, depreciation, and amortisation. Average EBITDA margin was estimated by dividing the sum of operating profit, depreciation, and amortisation by turnover. The assessment of vulnerability to negative economic impacts was made by looking at financial data from the most recent years.

J4. Likely impact on affected industries and consumers

324. In this section, the TRA assesses the overall impact that the proposed measure might have on the identified affected groups. This is done by considering how prices and quantities of CEOHF might change (i) if the measure were to be implemented, and (ii) if it was not implemented. The likely impact is the difference between these. Multiple scenarios have been assessed due to the uncertainty around the effects of the measure.

J4.1 Evidence and key assumptions

325. The TRA has estimated the size of the UK market and market shares for producers from different countries using import data and known UK sales from participating producers. The TRA has used the ratio of sales of CEOHF to total company turnover to estimate the sales for non-participating UK producers.

326. Prices and costs for UK, UAE and Lithuanian producers, and for UK importers were estimated using data from questionnaire responses. The Lithuanian producer provided prices in euros. The TRA used HMRC exchange rates to convert to pound sterling. With these estimates, the TRA has had to assume affected businesses which submitted full questionnaires were similar to other affected businesses due to a lack of data on these.

327. The TRA used the ratio of import values per kilogram and estimates of Lithuanian and UAE prices to estimate the prices for CEOHF from other countries.

328. The TRA has assumed that demand for CEOHF will not change given the potential size of the price changes and the fact that it is an essential product for end users. In the longer term, it is likely that demand will fall due to greater levels of ownership of electric vehicles. However, the TRA does not have evidence on how substantial this change might be over the next five years, so the TRA has held it fixed in this analysis.

329. For UK producers, the TRA has assumed that their marginal costs are equal to their variable costs (assumed to be costs of raw materials, energy and transport costs) for small changes in sales. Where they might exit the market, the TRA has assumed that their marginal costs are equal to their total costs. For importers, the TRA has assumed that marginal costs are equivalent to the prices of the imported products and that these would be marked up by a rate equivalent to the average EBIDTA margin of the selected importers.

330. In the absence of evidence, the TRA has assumed that half of the costs of increased prices of engine oils will be borne by consumers, and half will be borne by downstream businesses. For hydraulic fluids, the TRA has assumed that all of the costs of increased prices would be borne by downstream businesses because this is a product used in industrial processes.

J4.2. Scenarios modelled

331. If a measure were not to be imposed, the TRA has assumed that some UK producers would be likely to exit the market. The TRA has modelled two scenarios for this. In Scenario A, the TRA has assumed that all UK producers would exit the market and in Scenario B the TRA has assumed that the most at-risk UK producers would exit the market. To assess which producers are most at risk, the TRA used a number of financial indicators[47] where data was available. Using this approach, the TRA estimates that approximately 30% of UK production is particularly at-risk and might leave the market if measures were not to be imposed. The TRA considers Scenario B to be more likely and Scenario A represents a worst-case scenario.

332. If a measure were to be imposed, the TRA has modelled two scenarios. In Scenario C, all producers from the UAE and Lithuania exit the market. In Scenario D, all Lithuanian producers exit the market and UAE producers remain in the market but increase their prices by the level of duty. This is because average duties are lower for imports from the UAE than from Lithuania. Given the proposed levels of duty, the TRA considers Scenario C to be more likely than Scenario D.

J4.3. Estimated welfare impacts of extending the measure on affected UK businesses and consumers

333. The TRA estimated welfare impacts for each scenario by looking at the change in producer and consumer surplus. Consumer surplus is the welfare a consumer gets from buying a product due to the difference in the value they place on it and the price they pay for it. Producer surplus is the welfare a producer gets from selling a product due to the difference between the cost of producing it and the revenue they gain from it.

334. Producer and consumer surplus were estimated using the following formulas:

[1] $\Delta Producer\ Surplus = (Price\ per\ unit - Marginal\ cost) * \Delta Quantity\ sold$

[2] $\Delta Consumer\ Surplus = \frac{Q_{measure}+Q_{no\_measure}}{2} * (P^{C}_{no\_measure} - P^{C}_{measure})$

335. Where:

$Q_{measure}$ is the quantity of CEOHF consumed with a measure
$Q_{no\_measure}$ is the quantity of CEOHF consumed without a measure
$P^{C}_{no\_measure}$ is the average price of CEOHF without a measure
$P^{C}_{measure}$) is the average price of CEOHF with a measure

[47] The following financial indicators were calculated for all UK producers for the last five years where data was available: Altman Z-score, Taffler Z-score, debt to equity ratio, debt to assets ratio, current ratio, quick ratio and working capital to total assets.

336. *Table 10*, below, shows the welfare impacts for the modelled scenarios. The impacts on different groups are explained in the following sections.

Table 1010: Estimated annual welfare impact if a provisional measure is imposed (£m GBP)

	UK producers (£m GBP)	Importers (£m GBP)	Downstream businesses (£m GBP)	Consumers (£m GBP)	Net (£m GBP)
If all UK producers exit without a measure (Scenario A)					
Scenario C: UAE and Lithuanian producers exit	£47.7	-£16.0	-£40.8	-£30.5	-£39.6
Scenario D: Lithuanian producers exit, and other producers raise prices	£130.3	£54.9	-£133.2	-£97.1	-£45.2
If some UK producers exit without a measure (Scenario B)					
Scenario C: UAE and Lithuanian producers exit	£10.1	-£4.0	-£10.7	-£7.4	-£12.0
Scenario D: Lithuanian producers exit, and other producers raise prices	£22.9	£66.8	-£103.2	-£74.1	-£87.6
Range	£10.1 to £130.3	-£16.0 to £66.8	-£133.2 to -£10.7	-£97.1 to -£7.4	-£87.6 to -£12.0

J4.3.1. UK producers

337. Our modelling estimates UK producers are likely to benefit from the measure by around £10m GBP to £130m GBP per year. The size of the benefit will largely depend on the number of producers that would exit the market if a measure was not imposed.

J4.3.2. Importers

338. The net impacts on importers are particularly uncertain. Importers from the UAE and Lithuania will be likely to lose sales but importers from other countries may gain sales and may also be able to sell at higher prices. The TRA's analysis suggests that the overall impacts on importers could range from an annual loss of around £16m GBP to an annual gain in welfare of up to £67m GBP.

J4.3.3. Downstream businesses

339. The TRA estimates that downstream businesses would lose between £10m GBP and £130m GBP per year if a measure were to be imposed. The biggest source of uncertainty is how many UK producers would exit the market if a measure were not to be imposed.

J4.3.4. Consumers

340. Overall, the TRA estimates that consumers would face additional annual costs of between £7m GBP and £97m GBP per year as a result of the measure. Again, the biggest driver of uncertainty is the degree to which UK producers would leave the market if a measure were not to be imposed.

341. For individual consumers, the TRA found that the four most licensed cars in 2022 published by Driver and Vehicle Licensing Agency (DVLA) had an average engine oil capacity of around 4 litres.[48] If the average car owner were to need 4 litres of engine oil per year, they might experience an annual increase in spending on engine oil of between £0.26-£3.40 GBP per car as a result of the measure. The TRA's analysis suggests that the lower end of this range is more likely.

J4.3.5 Overall welfare impacts

342. The TRA estimates that the net annual welfare impacts of a measure on businesses and consumers will be a loss of between £12m GBP and £88m GBP. However, the TRA considers the lower end of this range to be more likely than the higher end.

J5. Likely impact on particular geographic areas, or particular groups, in the UK

343. This section explores how impacts of the proposed measure are likely to be geographically distributed and whether any particular groups might be disproportionately impacted.

J5.1. Likely impact on particular areas

344. The TRA has assessed the geographical significance of affected groups, using employment, at the level of Travel to Work Areas (TTWA).

[48] Vehicle licensing statistics: 2022 - GOV.UK

345. The TRA used the following sources for the employment analysis.

- Questionnaire responses: these included site locations.
- Dun and Bradstreet business directory: this provides the location of known sites and estimates of employment by site for listed companies.
- ONS estimates of working age population by TTWA.

346. Due to a lack of engagement from most of the selected businesses, the TRA used Dun and Bradstreet to estimate employment by site but scaled down these estimates wherever the sum of employment from all sites exceeded the total employment in the most recent published accounts. Where sites were listed without employment figures, the TRA assumed employees were distributed equally between all sites.

347. The TRA excluded two selected importers and one downstream business from this analysis. These businesses had a very large number of sites, so the TRA considered it to be very unlikely that they constituted a significant portion of local employment in any area of the UK.

348. The TRA did not find any areas where the estimated employment from affected groups constituted a significant portion of the working age population of any TTWA. The selected businesses were either small or had a lot of sites.

349. No business clusters were found in any TTWA. The evidence suggests that the supply chain for CEOHF is dispersed across the UK as shown in *Figure 1*.

350. Given the measure applies to a country within the EU, there is some risk that the duties against producers from Lithuania could be avoided for downstream producers in Northern Ireland due to the Windsor Framework. The Windsor Framework dictates that goods entering Northern Ireland from the Republic of Ireland are not subject to customs checks. The TRA identified 21 known UK producers and found no sites located in Northern Ireland. Three downstream companies were identified in Northern Ireland, two are small and one is geographically dispersed across Northern Ireland. The latest DVSA figures show that around 3% of all UK licenced vehicles are in Northern Ireland.[49] Therefore the TRA does not believe the risk of avoidance of duties via Northern Ireland is significant.

J5.2. Likely impact on particular groups

351. The TRA considered the likely impact on particular groups including those with protected characteristics as defined by the Equality Act 2010. The TRA has found no

[49] DVSA, Vehicle licencing statistics 2024 Q2, https://assets.publishing.service.gov.uk/media/66f15b9b76558d051527abd7/veh0101.ods

evidence to suggest that any particular groups would be disproportionately affected by the measure.

J6. Likely consequences for the competitive environment, and for the structure of the market, in the UK

352. The assessment of the likely consequences for the competitive environment and structure of the UK market considers four factors:

- the impact on the number or range of suppliers;
- the impact on the ability of suppliers to compete;
- the impact on the incentives to compete vigorously; and
- the impact on the choices and information available to consumers.

353. As described in Section E: The UK industry and Market, the CEOHF market consists of several small businesses with 21 known UK producers and 425 known importers. There are relatively low barriers to entry for new businesses.

354. The TRA estimated that total known UK producers supplied between 40-50% of the UK market. The rest of the market was supplied by imports from other countries, predominantly from Belgium, Netherlands, France and Germany. This indicates there are a range of alternative suppliers to the market from across a number of countries.

355. The Herfindahl–Hirschman Index (HHI) is a measure of market concentration to determine market competitiveness. A HHI higher than 2,000 implies a highly concentrated market.[50] The TRA estimated that the HHI for the UK CEOHF market is less than 1,000 which implies that the market is not concentrated. This indicates a high level of market competition with a range of suppliers.

356. Without the measure some UK producers might leave the market but with the measure some UAE/Lithuanian producers might leave the market. The TRA has insufficient evidence to conclude whether the overall number of suppliers may increase or decrease as a result of the measure.

357. The measure would increase the prices of dumped goods from the two countries, which is likely to reduce the ability of suppliers from these countries to compete. However, as shown in Section H5: Causation and non-attribution, imports from third countries are a significant source and it is likely that suppliers in third countries will be able to compete with or without the imposition of a measure

358. There is no evidence to suggest that suppliers would face reduced incentives to compete vigorously with the imposition of a measure.

[50] CC3 (Revised), Guidelines for market investigations: Their role, procedures, assessment and remedies

359. The measure could limit consumers' ability to buy cheaper engine oils from Lithuania and the UAE but there is no evidence to suggest that consumers of cheaper engine oils have a particular preference for products from these countries. Therefore, the TRA has no evidence that the choices or information available to consumers would be significantly affected by the imposition of a measure.

J7. Such other matters as the TRA considers relevant

360. As part of the EIT assessment, the TRA can consider any other factors that may be relevant in concluding whether the proposed measure is in the economic interest of the UK.

361. By 2035 all new cars and vans sold in the UK will have to be zero emission vehicles which would not require engine oils.[51] In the longer run this means that the market for engine oils is likely to shrink but this is unlikely to be a significant factor during the period of a measure.

J8. Conclusions

362. In accordance with paragraph 25 of Schedule 4 to the Act, the EIT is met if the application of an anti-dumping remedy is in the economic interest of the UK. This test is presumed to be met unless the TRA is satisfied that the application of the measure is not in the economic interest of the UK.

363. As described in previous sections, the TRA determined that the UK industry has been suffering material injury due to the dumped goods from the two countries.

364. The economic significance section assessed the financial metrics of the different groups that make up the supply chain for CEOHF in the UK. The TRA found that CEOHF products are very important to UK producers, Lubriage and distributors; somewhat important to most importers and upstream businesses; and less important to vehicle dealers.

365. In the impacts section the TRA found that the imposition of a measure would have a positive impact on UK producers but a negative impact on importers, downstream businesses, and consumers. The imposition of a measure is likely to reduce overall welfare by around £11m GBP per year.

366. The TRA found no evidence of significant impacts on any particular geographic areas or groups.

[51] Pathway for zero emission vehicle transition by 2035 becomes law - GOV.UK

367. In the competition section, the TRA determined that the market is competitive given the range of suppliers in the UK and from other countries. The TRA received no further evidence of any significant impacts on a range of suppliers from other countries.

368. Having considered the evidence submitted by interested parties and all of the factors listed in the legislation, the TRA concludes that the EIT is met for the proposed measure.

Section L: Final determination and recommended measures

369. The TRA's final determination is set out below.

370. In accordance with paragraphs 11(5) and 11(6)(a) of Schedule 4 to the Act, the TRA's final affirmative determination relates to imports of the goods concerned from Lithuania and the United Arab Emirates as described in the notice of initiation that fall under the commodity codes:

- 2710198120
- 2710198130
- 2710198140
- 2710198190
- 2710198300

371. The TRA has determined that the goods concerned that are the subject of the final affirmative determination have been or are being dumped into the UK and the dumped goods have caused or are causing injury to a UK industry in those goods. The TRA therefore recommends to the Secretary of State that an anti-dumping measure is imposed.

372. In accordance with paragraphs 17(3), 18(2)(a)(i) and 18(5) of Schedule 4 to the Act, the TRA recommends that the Secretary of State impose an *ad-valorem* duty for a period of five years on the goods concerned subject to the final affirmative determination, commencing from the day after publication of the Secretary of State's notice giving effect to this recommendation.

373. In accordance with paragraph 18(6) of Schedule 4 to the Act, the TRA recommends that the Secretary of State impose the lower of the two margins (the dumping margin) as the anti-dumping amount. Individual margins as well as the residual amount are shown below.

Table 11: Recommended ad-valorem duty rates

Overseas exporter/producer	Duty amount (%)
UAB SCT Lubricants (Lithuania):	84.72%
All other Lithuanian exporters (residual rate):	95.36%
Chempioil (UAE):	34.35%
SCT Chemicals FZE (UAE):	34.35%
Atlantic Grease and Lubricants FZE (UAE):	0.00%
All other UAE exporters (residual rate):	34.55%

Annex A: Interested parties and contributors

Summary of information received from interested parties and contributors

	Interested party/Contributor	Information received	Status
1	Aztec Oil	Application, pre-sampling questionnaire, evidence summary, questionnaire, Lubriage Accounts 2023, supplemental information, response to PAD, SEF response	Applicant
2	Paterson Enterprises Ltd	Pre-sampling questionnaire, questionnaire, response to PAD, SEF response	Sampled Domestic Producer
3	Ferguson & Menzies Ltd	Pre-sampling questionnaire	Non-cooperative Sampled Domestic Producer
4	Granville Oil & Chemicals	Pre-sampling questionnaire	Non-cooperative Sampled Domestic Producer
5	Anonymous	Pre-sampling questionnaire	Non-sampled Domestic Producer
6	Syntol Ltd	Pre-sampling questionnaire	Non-sampled Domestic Producer
7	Witham Oil & Paint Ltd	Pre-sampling questionnaire	Non-sampled Domestic Producer
8	Certas Energy Ltd	Pre-sampling questionnaire	Non-sampled Domestic Producer
9	Pennine Lubricants Ltd	Pre-sampling questionnaire	Non-sampled Domestic Producer
10	Lubriage Ltd	Pre-sampling questionnaire, Questionnaire, response to PAD, supplemental information	Importer
11	Anonymous	Pre-sampling questionnaire, questionnaire, SEF response	Importer
12	UAB SCT Lubricants	Pre-sampling questionnaire, questionnaire, response to PAD, SEF response	Exporters
13	Chempioil FZE	Pre-sampling questionnaire, questionnaire	Exporters
14	Atlantic Grease and Lubricants FZE	Pre-sampling questionnaire, questionnaire	Exporters
15	Oscar Lubricants	Pre-sampling questionnaire, questionnaire	Exporters

16	SCT Chemicals FZE	Pre-sampling questionnaire, questionnaire, SEF response	Overseas Producer
17	Delegation of the European Union to the United Kingdom of Great Britain and Northern Ireland	Pre-sampling questionnaire, questionnaire, PAD response, post meeting submission, SEF response	Foreign Government
18	Embassy of the Republic of Lithuania to the United Kingdom	Pre-sampling questionnaire, questionnaire, PAD response, SEF response	Foreign Government
19	UAE Ministry	Pre-sampling questionnaire, PAD comments,	Foreign Government
20	United Kingdom Lubricants Association	Pre-sampling questionnaire, questionnaire, supplemental information, response to PAD, SEF response	Trade Bodies
21	Anonymous	Pre-sampling questionnaire	Contributor
22	Anonymous	Pre-sampling questionnaire	Contributor
23	CGN Ltd	Pre-sampling questionnaire	Contributor
24	Anonymous	Pre-sampling questionnaire	Contributor
25	Goldcrest Oil Ltd	Pre-sampling questionnaire	Contributor
26	Specialised Products (Western) Ltd	Pre-sampling questionnaire	Contributor
27	Carousel Car Parts Ltd	Pre-sampling questionnaire	Contributor
28	Anonymous	Pre-sampling questionnaire	Contributor
29	Anonymous	Pre-sampling questionnaire	Contributor
30	Lancer Products Ltd	Pre-sampling questionnaire	Contributor
31	Miswa Chemicals Ltd	Pre-sampling questionnaire	Contributor

Annex B: PCN structure

Code 1	Category 1 (oil grade)	Code 2	Category 2 (ACEA oil sequences)	Code 3	Category 3 (OEM performance levels)	Code 4	Category 4 (pack type)
11	Oil grade 5W30	**A3**	Light duty petrol A3	**P01**	VW 504.00/507.00, Porsche C30, BMW LL04	**C01**	Bulk (No Container)
12	Oil grade 5W40	**A5**	Light duty petrol A5	**P02**	MB 229.52, 229.51	**C02**	1000lt IBC
13	Oil grade 0W16	**A7**	Light duty petrol A7	**P03**	VW 508.00/509.00, Porsche C20	**C03**	Barrel - Plastic
14	Oil grade 0W20	**B4**	Light duty diesel B4	**P04**	No OEM Performance Level	**C04**	Barrel - Steel
15	Oil grade 0W30	**B5**	Light duty diesel B5	**P05**	Other OEM performance level	**C05**	20lt Drum - Plastic
16	Oil grade 10W40	**B7**	Light duty diesel B7	**R06**	Renault RN720, MB 226.51, MB 229.51	**C06**	20lt Drum - Steel
17	Oil grade 10W30	**C2**	Light duty both C2	**R07**	Ford WSS-M2C913-D, STJLR.03.5003	**C07**	25lt Drum - Plastic
18	Oil grade 20W50	**C3**	Light duty both C3	**R08**	Ford WSS-M2C950-A, STJLR.03.5007	**C08**	25lt Drum - Steel
19	Oil grade SAE 40	**C4**	Light duty both C4	**R09**	STJLR.03.5006, STJLR.51.5122	**C09**	5lt Plastic Bottle
20	Oil grade SAE 50	**C5**	Light duty both C5	**R10**	Renault RN17	**C10**	4lt Plastic Bottle
21	Oil grade 15W40	**C6**	Light duty both C6	**R11**	MB 229.51	**C11**	1lt Plastic Bottle
22	Oil grade ISO32	**C7**	Light duty both C7	**R12**	MB 229.3	**C12**	Other container size (please specify at question 1, below)
23	Oil grade ISO46	**E1**	Heavy duty E11	**R13**	PSA B71 2312		
24	Oil grade ISO68	**E4**	Heavy duty E4	**R14**	PSA B71 2010		
25	Oil grade HV32	**E7**	Heavy duty E7	**R15**	GM dexos 2		
26	Oil grade HV46	**E8**	Heavy duty E8	**R16**	GM dexos 1		
27	Oil grade HV68	**F1**	ACEA C2 & C3	**R17**	API SP		
30	Oil grade other	**F2**	ACEA C3 & C4	**R18**	CES 20078, Volvo VDS3, Caterpillar ECF-2		
		F3	ACEA C5 & C6	**R19**	Scania LDF-3		
		F4	ACEA A3 & B4	**R20**	API CK-4, Volvo VDS 4.5, Renault RLD-3, Mack EO-S 4.5		
		F5	ACEA A5 & B5	**R21**	API CK-4, Cummins CES 20086		
		F6	ACEA A7 & B7	**R22**	MB 228.51, DTFR 15C110		
		F8	API specification please contact us to allocate a category number	**R23**	Scania LDF-4		
		G1	Not applicable	**R24**	MAN M3677		
				R25	API CI-4		