

Anti-Dumping Questionnaire for interested parties and contributors

Case TD0027: Ceramic tiles exported from the People's Republic of China

Period of Investigation (POI):	01 July 2021 – 30 June 2022
Injury period:	01 July 2018 – 30 June 2022
Deadline for response:	16 January 2023
Contact details:	TD0027@traderemedies.gov.uk
Completed on behalf of:	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)

When you have completed this form, indicate the **confidentiality status** of this document by placing an X in the relevant box below:

- Confidential
 Non-confidential – will be made publicly available

Please note that you will have to provide a **Confidential** and a **Non-Confidential** version of both the questionnaire and annex, as well as any additional documents you append. All documents should be uploaded to the Trade Remedies Service (www.trade-remedies.service.gov.uk) by 16 January 2023.

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Introduction

About us, this case and this questionnaire

The Trade Remedies Authority (TRA) investigates whether trade remedies are needed to prevent injury to UK industry.

The TRA will carry out a transition review of each trade remedy measure active under the EU system that the UK has decided to maintain after EU exit. This transition review will consider whether the anti-dumping amount is necessary or sufficient to offset dumping of ceramic tiles from the People's Republic of China and whether there would be injury to the UK industry if the measure were to be maintained, varied or revoked.

Why should I take part?

We are asking contributors and interested parties to complete this questionnaire to inform our review of whether the current anti-dumping amount should be varied or revoked.

Please refer to our online guidance to understand more about [how we carry out transition reviews into EU measures](#) and the [differences between interested parties and contributors](#).

How do I respond?

Detailed guidance on how to complete the questionnaire is provided in the [instructions](#) section below.

Please provide all the information requested by 16 January 2023. We may send a notice asking for clarification or supplementary information where necessary. Make sure you provide the sources for any information or data you don't own and clearly state any restrictions on sharing it.

Where can I find more information?

Our [trade remedies guidance](#) provides more information about our investigations and processes we follow.

If you have any specific questions relating to the case, now or while you're completing the questionnaire, please contact the Case Team at TD0027@traderemedies.gov.uk. For general information about trade remedies processes, please see our [online guidance](#).

You can also find out more about the regulatory basis of our investigations. The TRA investigates cases under the provisions of *Trade Remedies (Dumping and*

Subsidisation) (EU Exit) Regulations 2019 as Amended by the Trade Remedies (Amendment) (EU Exit) Regulations 2019 and under the Taxation (Cross-border Trade) Act 2018.

Instructions on completing this questionnaire

Preparing your response

This section sets out guidance on how to complete this questionnaire

If you think you won't be able to complete the questionnaire within the required time, please contact the case team on TD0027@traderemedies.gov.uk ahead of the deadline using the contact details on the cover of this questionnaire. You should outline the length of extension you need and the reasons why. We will notify you of our decision.

If we can accommodate an extension, we will publish a note on our [public file](#) to record both the request and the extension granted.

Preparing confidential and non-confidential copies

You will need to submit one confidential version and one non-confidential version of your questionnaire by the due date. We will publish the non-confidential version on the public file. **Please ensure that each page of information you provide is clearly marked either “Confidential” or “Non-Confidential” in the header.**

Please see our guidance on [how to submit information](#) for further details on what can be considered confidential and how to prepare a non-confidential version of this questionnaire.

In preparing your response, please note the following:

- It is your responsibility to ensure that the non-confidential version does not contain any confidential information.
- Remember to include a statement explaining why information obtained in your response should be treated as confidential *e.g.*, the data is commercially sensitive.
- Provide the source for all information or data you don't own and clearly state any restrictions on sharing it.
- If you do not provide a non-confidential summary (or a statement of reasons why you cannot provide this) each time you provide confidential information, the TRA may disregard the information you give us.

All information provided to the TRA in confidence will be treated accordingly and only used for this review (except in limited circumstance as permitted by regulation 46 of the *Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019*) and will be stored in protected systems. The non-confidential version of your submission

will be placed on the public file, which is available on www.trade-remedies.service.gov.uk/public/cases.

How to complete this questionnaire

All statements should be substantiated with relevant data, information and the sources of these. You may be asked to attach supporting documents in appendices to supplement your responses. To help us verify your information, please retain all your supporting documents, including any calculations made when developing your responses.

Please also note the following points:

- Do not leave any questions blank. If the question is not relevant to your organisation, please explain why. If the answer to a question is “zero”, “no” or “none”, please write this.
- Please provide all formulas and calculations used within your questionnaire response.
- If there is insufficient space in any part of the questionnaire to provide the details requested, or we ask for copies of additional information, please submit this information as appendices. Please ensure that any attachments are given a corresponding appendix reference in the title of the document and that these are referenced in the boxes provided.
- Any documents not in English should be accompanied by an English translation.
- Please provide all dates in the format DD/MM/YYYY (e.g., 23/05/2019).
- Unless otherwise stated, ‘year’ or ‘calendar year’ refers to the period 1 January – 31 December and ‘quarter’ refers to the associated three-month periods e.g., 1 January – 31 March, 1 April – 30 June, 1 July – 30 September and 1 October – 31 December.
- Identify all units of measurement and currencies used in tables, calculations, and lists, if not provided by the corresponding instructions, and use units of measurement consistently (e.g., do not use kg and metric tonnes interchangeably).
- For all numerical figures, where appropriate please express every third number with a comma (e.g., ‘1,300’ for one-thousand three hundred, ‘1,300,000’ for one million and three-hundred thousand).
- Please limit all sales/currency/income figures to two decimal places, apply a full point as a decimal separator and use the appropriate currency symbol or abbreviation (e.g., £1,300.00).
- Provide all costing figures as actual amounts. Where actual amounts cannot be provided and you have reported standard costing instead, please indicate this in the relevant answer, and explain the variance from actual costs, if any.
- All figures should be reported net of tax unless otherwise stated.
- Please refer to the case number, TD0027, in any correspondence with the TRA.

What happens next

Once you have completed your questionnaire responses, you must upload confidential and non-confidential versions along with any additional documents you're providing through our [Trade Remedies Service](#). Following this:

- you will receive an email confirming the documents have been uploaded successfully;
- the Case Team will contact you if further information is required; and
- the non-confidential responses will be placed on the public file.

For further information please refer to our guidance on [how we carry out transition reviews into EU measures](#).

The scope of this review

Goods subject to review

This review covers ceramic tiles exported from the People's Republic of China (PRC), described as:

- **Glazed and unglazed ceramic flags and paving, hearth, or wall tiles; and,**
- **Glazed and unglazed ceramic mosaic cubes and the like, whether or not on a backing.**

These ceramic tiles are currently classifiable within the following commodity codes:

6907 2100 00	6907 2300 00	6907 4000 00
6907 2200 00	6907 3000 00	

These codes are only given for information.

In this questionnaire, these goods will be referred to as the 'goods subject to review'. Any reference to 'goods subject to review' in this questionnaire refers to the goods description above, regardless of the commodity code under which they are exported.

SECTION A: About the case

A1 General information

1. Please complete the table below. Make sure the point of contact you name has the authority to provide this information.

Name (point of contact):	
Address:	17th Floor, Prime Tower, No.22 Chaowai Street Chaoyang District, Beijing, P.R. China
Telephone No:	
Email:	
Website:	https://www.cccmc.org.cn/

If you are representing a company, please also fill in the information below:

Company registration number:	51100000500010635K
Place of registration:	17th Floor, Prime Tower, No.22 Chaowai Street Chaoyang District, Beijing, P.R. China
Legal name of organisation:	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters
Legal structure (e.g., limited company, sole trader, partnership etc):	Non-profit social organization
Position in the organisation:	
Year of establishment:	1988
Other operating names:	N/A

2. Please explain your interest in this review.

[Members of CCCMC, such as Guangdong Overland Ceramics Co., Ltd., and Qingyuan Gani Ceramics Co., Ltd are exporting producers of the goods subject to this review and thus concerned by this investigation. Therefore, being the trade association of the Chinese exporters/producers of the goods under the review, we have interest in this review and had made a representation on behalf the Chinese industry in this case.](#)

Appendix reference:

A2 Information about this review

For each question, please give any information you feel is relevant to the case. If you have no information, please say so in your answer. This transition review will consider whether the current anti-dumping amount is necessary or sufficient to offset dumping and whether there would be injury to the UK industry if the measure were to be varied or revoked.

1. Please provide any information about the goods subject to review that you consider relevant.

CCCMC noted that the product scope of the transitional review covers all ceramic tile products (all 6-digit tariff numbers under chapter 6907 of the HS code were included) and did not exclude any products. The CCCMC considers that the product range is too broad and requests the TRA to identify in its investigation which products cannot be produced, were not produced in the UK, or although produced in the UK but cannot meet market demand, and therefore exclude such products from the product scope, even if the TRA eventually decides to continue to impose anti-dumping measures on products imported from China. From CCCMC member companies' feedback, at least the following products cannot be produced, were not produced in the UK by the UK domestic industry or although produced by the domestic industry but cannot meet the market needs of the UK:

1. Mosaic tiles. The UK has only a very small production capacity for mosaic tiles, the variety and specification of which is limited. Mosaic tiles produced by the UK domestic industry cannot meet the needs of the UK market in terms of quantity, variety, and specification.

2. Double loading unglazed tiles (particularly those equal to or greater than 900mm in length on either side). The UK domestic industry does not produce them.

3. Sintered stones/Porcelain slabs, not produced by the UK domestic industry.

4. Tiles with a water absorption of no more than 0.5% by weight. The UK domestic industry mainly produces products with water absorption of 3%-7% called semi-vitreous (medium density) tiles, and a few companies produce products with water absorption of 0.5%-3% called vitreous (high density) porcelain tiles. In contrast, many of China's exports to the UK are products with a water absorption of 0.5% or less, i.e., impervious (extremely dense) porcelain tile with an absorption rate of 0.5% or less, for example almost all floor tiles exported from China to the UK are such products. CCCMC notes that the HS Code for tiles is based on the main classification of water absorption, where 6907 21 is for products with water absorption coefficient of 0.5% or less, 6907 22 is for products with water absorption

between 0.5% and 10%, and 6907 23 is for products with a water absorption of 10% or more. This indicates that water absorption coefficient is an important basis for product classification and that there are significant differences in the physical characteristic, uses, costs and prices of products with different water absorption coefficients.

In summary, in accordance with Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019, the CCCMC recommends that the TRA exclude mosaic tiles, double loading unglazed tiles (in particular those equal to or greater than 900 mm in length on either side), sintered stones/porcelain slabs, and tiles with a water absorption of not more than 0.5% by weight from the scope of the Goods Subject to Review.

Appendix reference:

2. Provide any information which you think could help us assess the likelihood of dumping occurring if the existing anti-dumping measure for the goods subject to review were to be varied or revoked.

Please see our comments submitted on December 13, 2022.

But CCCMC would like to reiterate certain key points here:

China's ceramic tile enterprises are market-oriented enterprises,¹ and their production and sales are all for profits, which is also true if they sell their products to the UK, either with or without anti-dumping duty. As a highly fragmented, competitive and market-oriented industry, CCCMC does not believe any enterprise can achieve market advantage through dumping. While the CCCMC won't guarantee that dumping will not occur after the anti-dumping measures were modified or terminated, it considers that this is unlikely for the above reasons.

CCCMC also wishes to express its great concern about the unfortunate situations in anti-dumping investigations of United States, the European Union and other countries targeting imports from China-various excuse/methods have been used to refuse the domestic prices or costs of Chinese products in calculating the dumping margin, on pretexts that China is a "non-market economy country", "there are serious market distortions", "there are special market conditions which do not allow an appropriate comparison" and then "surrogate/analogue values" are used to calculate the dumping margin. As surrogate/analogue values so used are usually the import prices of a third country, on top of which ocean freight (although Chinese companies do not incur international freight when purchase domestically) and import taxes (although these taxes do not occur when Chinese companies purchase in China) are added, this methodology unsurprisingly resulted in recognition of dumping or artificially uplifted the dumping margin far from the actual number.

¹ Para2, P18, Final Report on Market Distortions in the Chinese Architectural Ceramics Industry, published on 11 May 2022 by THINK!DESK China Research and Consulting, compiled by Prof. Dr. Markus Taube.

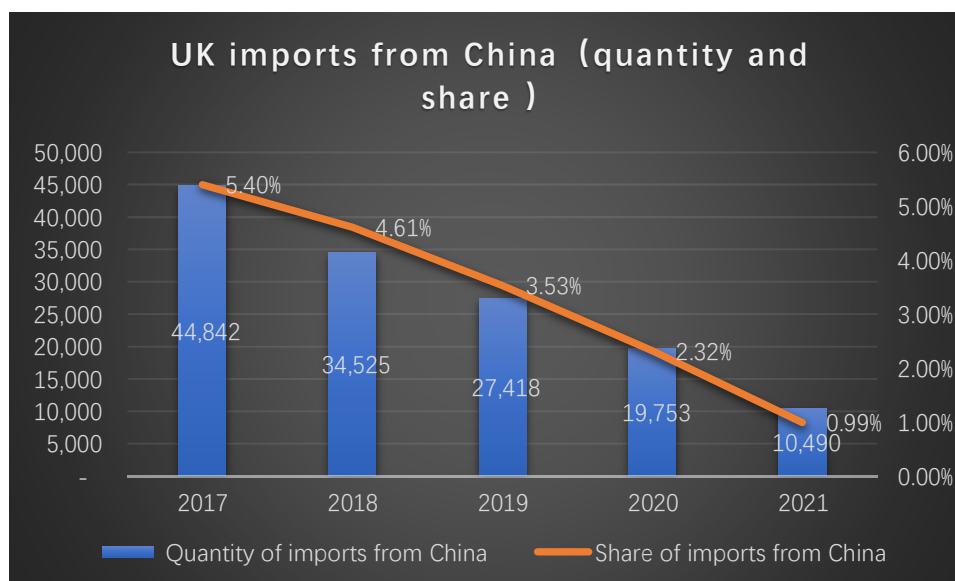
Appendix reference:

3. Do you think there would be injury to the UK industry if the existing anti-dumping measure for the goods subject to review no longer applied? Provide any information supporting your conclusions including what the cause of this injury would be. You can refer to our [guidance on how we assess injury](#) for a definition of injury.

Please see our comments submitted on December 13, 2022.

But CCCMC would like to express/reiterate certain key points here:

CCCMC would like to draw the attention of TRA to the far-reaching energy-conservative and environmental regulations, which, accompanied by the increasing costs of production, has substantially lowered the Chinese production capacity and output of the goods subject to the transition review, and the overall Chinese exports has also dropped by 45% from 2015 to 2020, which echoes the downturn of China's export to the UK, as shown below:



Data Source: Trade Map

At a macroeconomic level, the implementation of Chinese government's "Carbon Peaking and Carbon Neutrality" goals and other stricter environmental protection objectives have led to policies published by central government and local authorities that reduced the production of ceramic tiles. Such reduction in production is predicted to continue.

On May 13, 2021, the National Development and Reform Commission of China issued the *Guidance Opinion about the Improvement of High Consumption & High Emission Control*, which listed 6 industries as "High Consumption & High Emission" industries, encompassing the building material industry. Ceramic tile industry, as a major component of the building materials industry, was

therefore among them. In the *High Emission Industry Energy Efficiency Standards and Benchmarks (2021 Version)*, the document specified the energy efficiency standards to be applied to the manufacturing of architectural ceramics and sanitary wares and set out stricter standards for energy consumption. For companies in these industries that cannot meet the energy efficiency standard within the time limit, their factories will be shut down accordingly.

Local authorities in Guangdong, Guangxi, Jiangxi, Shanxi and Shaanxi have also published policies to shut down outdated production capacity and increase the energy consumption efficiency, which goals are expected to be achieved by the end of 2025. The production of ceramic tiles in the above five provinces (Guangdong, Guangxi, Jiangxi, Shanxi and Shaanxi) accounted for about 46% of the total production capacity of China's ceramic tiles in 2020.

According to a report published by the China Building Ceramic & Sanitaryware Association and the "*Ceramic Information*", by the end of 2020, there were 1,155 ceramic factories and 2,760 production lines in China in total, and the average natural gas usage rate across different ceramic production regions was about 53%. The switch in fuel from coal to natural gas was to follow the policy issued by local authorities. Only in 2020, over 800 production lines in Guangdong Province, which represented 29% of the total production lines in China, completed their switch to natural gas. The high cost of natural gas with its unstable and sometimes inadequate supply in China has resulted in a 29% reduction in the production capacity of the above production lines. For the rest, approximately 47% of ceramic companies that have not yet completed the shift from coal to natural gas, their factories might be shut down according to policies published by their local authorities. Thus, in the future, without extraordinary events, the decreasing trend of ceramic tiles production would remain.

As to raw materials, ceramic industry suffered from the rising costs of natural gas, coal, stone, pigment, and glaze. Natural gas prices have remained at a historical high point ever since the start of 2022. On June 6, 2022, the average cost of LNG natural gas was 1.9 CNY/m³ higher than the corresponding period last year, which revealed a 60% rise in the cost of natural gas. Combined with the policy of the "*Mandatory Shift from Coal to Natural Gas*", it is not hard to deduce that the ceramic tiles production in China is declining and will remain on a downward trend.

Appendix reference:

4. Please provide any information about the possible economic effects on the UK if the existing anti-dumping measure on the goods subject to review were no longer applied.

CCCMC realizes that pursuant to Regulation 100A(2)(a) of the Regulations, anti-dumping measures may only be applied if the UK economic interest test is met.

CCCMC requests that TRA take into account the interests of UK importers and users of the goods. As such, CCCMC points out that during a time of economic stress and rising prices, it is crucial to secure reliable and cost-effective sources of supply of goods, including from abroad as to ensure that the domestic economy does not overheat. In this regard, it is noteworthy that the UK government is already indicating that consumer price inflation for the UK rose another 1.6% in October 2022 alone, and currently stands at 9.6% year-over-year.

To ensure that inflationary pressure is not increased by anti-dumping measures on foreign goods which remain at a stable cost, CCCMC recommends the termination of the current transition review.

Appendix reference:

5. Particular Market Situation (PMS)

The Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019, Regulation 7(1) details that the TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price.

Regulation 7(2) states that it is not appropriate to use the comparable price to determine the normal value of the goods concerned where, (r.7(2)(b)) because of a particular market situation, such sales do not permit a proper comparison between the Like Goods destined for consumption in the exporting country or territory and the goods concerned.

Regulation 7(4) (a) and (c) state that a particular market situation includes situations where prices are artificially low or reflect non-commercial factors.

In their pre-sampling questionnaire submission, a UK producer of the Like Goods has alleged that a particular market situation (PMS) exists in the PRC Ceramic Tiles industry.

If found, the presence of PMS would denote that normal value has not been naturally shaped by market forces, as a result of existing or historic distortions to costs and profits.

In relation to the allegation of the existence of a PMS in the PRC Ceramic Tiles industry, please detail your position in as much detail as possible. If you are making a specific allegation in respect of the existence of a PMS, please be specific in relation to the area/s you believe to give rise to a market distortion.

CCCMC notes that as the question above stated, "Regulation 7(1) of the Trade Remedies (Dumping and Subsidisation) (EU Exit) Regulations 2019, provides that the TRA must use the comparable price to determine the normal value unless it is not appropriate to use that price", this provision and its context indicates that the use of the comparable price (i.e. the domestic sales price of the exporting enterprise in the exporting country) in the dumping

determination/calculation is the first and premier option, in line with the principle of Regulation 7(1), while the non-use of the comparable price is an exception. Whenever an exception method is presumed, the investigating authority must be very careful and must be satisfied in advance that “it is not appropriate to use the comparable price to determine the normal value of the goods concerned” as provided for in Article 7(2)(b).

In this regard, the CCCMC's position has been set out in its comments submitted on December 13, 2022, hereby the CCCMC wishes to again emphasises that the Chinese ceramic tile industry and its upstream industries are both predominantly private, highly fragmented and highly competitive, and that the CCCMC is confident that adequate facts demonstrate the circumstances described in Regulation 7(2) that made “it is not appropriate to use the comparable price to determine the normal value of the goods concerned” does not exist and, when compared to the three scenarios listed in Regulation 7(4), it is also clear that none of these three scenarios exist in either the ceramic tile market or the upstream market:

- (a) prices are artificially low;
- (b) there is significant barter trade;
- (c) prices reflect non-commercial factors.

Even though it is obvious that there is no PMS, CCCMC would like to take this opportunity to further elaborate on the following points:

Firstly, CCCMC is confident based on many years and in-depth knowledges of the Chinese ceramic tile industry, that there is no such situation where “normal value has not been naturally shaped by market forces, as a result of existing or historic distortions to costs and profits”. Any logical reasoning would lead to a conclusion that for an industry consisting of more than 1,100 companies, highly fragmented and almost entirely privately owned, especially when the main raw materials used in the industry, e.g., different types of clay, sand, chemicals and packaging cartons, are supplied by even more fragmented, private companies (or even individuals), there cannot be a PMS, especially the one characterised by government intervention. More importantly, the Chinese government's policy towards the industry in recent years has not been encouraging but restricting, through measures such as increased environmental protection and energy consumption requirements.

Secondly, the investigation was not initiated upon application, nor was it strictly speaking an autonomous investigation, so there were neither application documents nor did TRA disclose the factual basis for the investigation; without any facts to support the existence of PMS in the Chinese ceramic tile industry, there was no basis for TRA to initiate a PMS investigation; the question above only mentioned that a UK producer of the Like Goods in its pre-sampling questionnaire submission has alleged that a particular market situation (PMS) exists in the PRC Ceramic Tiles industry, but TRA did not provide the submission, nor did it state the specific allegations and basis from the UK producer.

Thirdly, the background of this investigation is the EU anti-dumping measure, but CCCMC noted that the EU investigation and reviews never contained a PMS investigation.

Fourthly, even if PMS is found to exist, the WTO ADA provides that dumping margins can only be determined using comparable price of the like product when exported to an appropriate third country or constructed normal values (cost of production plus reasonable administrative, selling and general expenses and profits).² CCCMC is strongly opposed to the practice of “surrogate/analogue values” as the existence of PMS.

Fifth, CCCMC wants to draw the attention of TRA to the fact that, even PMS were ruled to exist, the mere existence of a PMS is not sufficient to waive the use of domestic sales. Even if the TRA rules that PMS exists, it must further determine whether the PMS does not allow for an appropriate comparison between domestic sales and export sales of like products in the exporting country. Only when both aspects are satisfied can the investigating authority dispense with the use of domestic sales when calculating normal value. If PMS does not impede comparability between domestic sales prices and export prices, it will not change the methodology of anti-dumping investigations. Furthermore, the investigating authority is responsible to ensure the comparability and a fair comparison - when finding that PMS exists, the investigating authority is obliged to specifically examine the impact of this “particular” situation on domestic and export prices and whether the domestic sales of individual exporters have been affected on the same time, whether such impact makes an appropriate comparison of the two prices not possible. Without such an investigation, a finding of market “particular” affecting “price comparability” would not be convincing and may violate the “appropriate comparison” obligation under Article 2 of the WTO ADA.

To this end, the CCCMC expects the TRA to conduct an objective review and make full disclosure and statement of reasons for its decision, based on positive evidence and an objective investigation into the PMS.

Appendix reference:

6. If you have any other information which may help us with this review, please provide it below.

² Article 2.2 of WTO Anti-dumping Agreement:

When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country², such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country, provided that this price is representative, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.....

In addition to the information already provided above, the CCCMC wishes to emphasize that

Firstly, there is no basis for the UK, as a WTO member, to use a measure of EU of which the UK was no longer a member since long after Brexit, especially if such measures nullify or impairs the benefit accruing to other WTO member(s). Any anti-dumping measure taken by a WTO member must be the result of a legitimate investigative proceeding and on the basis of positive evidence. Such investigations shall include, but are not limited to, dumping, injury and causal link investigation. The UK has never conducted any such investigation into Chinese ceramic tiles industry, nor has it provided even the most prima facie evidence of the existence of dumping, injury and causal link of Chinese products imported into the UK.

The CCCMC holds that the continued use of the EU measure is already not acceptable, let alone the possible prolongment of such imposition by this transitional review.

In the absence of any petition or information as basis to initiate this review, as required by Article 5 of the WTO ADA, CCCMC and Chinese enterprises cannot even conduct any effective comments on the facts and data, which in turn undermines the legitimate procedural rights of interested parties.

Secondly, as indicated in the chart provided in question 3, the quantity of Chinese imported only accounted for 2.32% and 0.99% of the UK's total imports in 2020 and 2021 respectively, and a reasonable prediction can be made that for year 2022, the share of Chinese imports may not exceed 3%. According to Article 5.8 of the WTO ADA, "*there shall be immediate termination in cases where the authorities determine that the margin of dumping is de minimis, or that the volume of dumped imports, actual or potential, or the injury, is negligible..... The volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 3 percent.....*", CCCMC therefore submits that the Authority should terminate the current proceeding immediately. Also, China's stricter environmental and energy policies signify a lasting downward trend in China's ceramic tiles production and export capacity that the injury will hardly be able to occur in the future.

Appendix reference: