



TRA wishes to impose duties, Oxy Vinyls will reiterate its request that the TRA opt for a more precise Product Control Number ("PCN") to compare foreign and domestic PVC.

## **2. BSRs show that UK users purchase more domestically than from the US**

In its Initial Comments, Oxy Vinyls had argued that the stable (and at times, increasing) market share of the domestic PVC producer (Inovyn ChlorVinyls Ltd. or "Inovyn"; *i.e.* the applicant in the present case) points to the fact that the UK industry is doing well and has not faced economic injury.<sup>3</sup> The robustness of Inovyn's presence on the UK market is proven further by the BSRs. Question 10 of the survey inquired about the source of UK users' PVC. The replies show that more than half (53%) of the PVC used by the responding businesses were sourced from within the UK itself.<sup>4</sup> Only a little over one-tenth (11%) of the PVC consumed by the responding UK users came from the US.<sup>5</sup> This is corroborated by recent news reports which note that in the first quarter of 2024, European buyers are "*look[ing] again to local producers for PVC*".<sup>6</sup>

Thus, Inovyn's supposed concern regarding its loss of ground on the UK market<sup>7</sup> is unfounded. The BSRs show that Inovyn is not losing market share to US producers, for it is still the predominant supplier in the market. This is hardly the economic situation of an industry that requires or even calls for an intervention into the market by the UK government. Accordingly, the TRA should terminate the present investigation, for the UK industry is in a position of strength.

## **3. UK PVC users have strongly come out against the imposition of duties on US PVC**

In Section 9 of its Initial Comments, Oxy Vinyls had suggested that the interests of the UK PVC users should be taken into account by the TRA; and that, if this is done, it would become clear that the potential imposition of duties in the present case would result in a negative impact on these users (as well as the UK economy at large). The BSRs support our view. UK users have clearly indicated that they will be severely impacted (negatively). Notably, none of the responding business have expressed a view that is even remotely positive, as regards the potential imposition of duties. This is in contrast to other investigations conducted by the TRA where it found that there was "*no evidence to suggest that [applying] the measure as proposed will directly affect the downstream industries*".<sup>8</sup>

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<sup>3</sup> See: Oxy Vinyls, Initial Comments, Section 4.b.i.

<sup>4</sup> BSR, response to Q10a.

<sup>5</sup> BSR, response to Q10b.

<sup>6</sup> S&P Global, European PVC producers upbeat about Q1 due to freight chaos, EC ADD probe, 10 January 2024, available at: <<https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/chemicals/011024-european-pvc-producers-upbeat-about-q1-due-to-freight-chaos-ec-add-probe>> (last accessed: 12 June 2024).

<sup>7</sup> Inovyn ChlorVinyls Ltd., Anti-dumping investigation: Application form, 8 January 2024 ("Application"), page 51.

<sup>8</sup> UK TRA, Final Determination: Transition review of an anti-dumping measure applying to certain hot-rolled flat and coil products originating in the Russian Federation, Ukraine, Federative Republic of Brazil and Islamic Republic of Iran, Investigation No. TD0026 (29 August 2023), para. 461.

At the outset, Oxy Vinyls notes that the user industries in the UK, which have expressed views against duties, include very large companies. Such companies provide vocation to, literally, thousands of employees.<sup>9</sup> Furthermore, the responding companies generate a substantial amount of revenue in the UK economy – the total turnover of the responding businesses being £1.74 billion.<sup>10</sup> If duties are imposed, the economic fortunes of these UK users will be adversely affected, leading to a potential loss of employment and revenue in the UK economy.

UK users have stated that if duties are imposed as a result of the present investigation:

- Their profits – which are already low – will fall further (response to Q11);
- Their businesses will be exposed to greater risk (response to Q14);
- They may have to reduce the number of people employed by them (response to Q14);
- Investments into their business (plants, equipment, etc.) will be impacted (response to Q11 and Q14);
- They will face the risk of an "*[o]verall increase in prices of European resin leading to fewer producers, uncompetitive products, and a captive market*" (response to Q11);
- Their sources of supply will be curtailed, which will make them additionally dependent on more expensive inputs (response to Q11);
- They risk facing the catastrophic situation of production outsourcing – which in turn will entail a higher level of finished PVC products entering the market; this will eventually reduce the competitiveness of UK PVC products, compared to the imports (response to Q14).

These are all serious consideration. All of them are worthy of being taken into account by the TRA, in its assessment of whether the imposition of duties would be in the interests of the UK as a whole.<sup>11</sup> Oxy Vinyls notes that recently the TRA has terminated the review investigation into *E-bikes from China (anti-dumping and anti-subsidy)* on the grounds that the negative impact of the duties would outweigh any positive impact.<sup>12</sup> Oxy Vinyls requests the TRA to follow the same approach in the present investigation.

UK PVC users are clearly concerned with an increase in domestic PVC prices: As one of the responses noted: "*A tariff [on US PVC] would allow UK producers to further increase their already high market price, resulting in product price increase, loss of revenue and reduction in investments in the S-PVC industry*".<sup>13</sup> This situation is particularly concerning for the UK users since Inovyn is the sole domestic producer of PVC. In the end, the ultimate losers will be

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<sup>9</sup> BSR, response to Q4 and Q5.

<sup>10</sup> BSR, response to Q7.

<sup>11</sup> See: Regulation 25(4)(a)(iii) of Schedule 4 of the Taxation (Cross-border Trade) Act of 2018.

<sup>12</sup> See for example: Statement of Essential Facts Transition review of countervailing duties applying to electric bicycles originating in the People's Republic of China (PRC), Review No. TS0038, 24 May 2024, Sections H and I.

<sup>13</sup> BSR, response to Q11.

consumers of PVC goods: since the "[i]ncreased product prices will be passed on to consumers to maintain profit margins".<sup>14</sup> Oxy Vinyls implores the TRA to avoid such a scenario.

#### **4. The real threat of imports comes from European/EU PVC producers**

In Section 2a of its Initial Comments, Oxy Vinyls had requested the TRA to investigate the real source of import pressure on the UK industry. Oxy Vinyls reiterates that the present investigation selectively targets US imports, despite the fact that EU Member States (such as Belgium and the Netherlands) have larger import volumes than the US in all years of the period concerned. Moreover, other European/EU countries (Norway, Sweden, France, Spain and Germany), which have large and often increasing import volumes, have also been excluded from the scope of the investigation. To Oxy Vinyls, this exclusion is not inadvertent. The common factor between the excluded countries is that they all hold Inovyn's PVC production centres: Jemeppe in Belgium; Porsgrunn in Norway; Stenungsund in Sweden; Tavaux in France; Martorell in Spain; and Rheinberg in Germany.<sup>15</sup> If the potential import pressure from these countries is not analysed, and duties are imposed exclusively on US PVC, the UK market will be inundated by imports from these EU/European producers.

The BSRs support Oxy Vinyls' concern that duties on US PVC will lead to a flooding of the UK market by EU/European producers. The response to Q12 shows that UK PVC users will pivot to EU sources, over UK ones, by a ratio of 3:1.

Moreover, as noted by Oxy Vinyls in its Initial Comments, blocking US imports would place UK PVC users in a vulnerable position not only with respect to the applicant (located in the UK), but also with respect to other producers in the Inovyn family, which are located in countries such as Belgium, Norway, Sweden, France, Spain, and Germany – *i.e.*, countries that have been (incorrectly) excluded from the present investigation. These non-UK Inovyn producers could then begin to charge exorbitant rates for their products or refuse to engage flexibly in commercial negotiations. Denying UK PVC users the possibility of accessing US imports will give these non-UK producers an augmented commercial leverage over UK PVC users.

Thus, in case the TRA decides to press on with the present investigation, in the very least (and in order to maintain the objectivity and fairness of the investigation) import surges coming from EU/European producers must also be analysed.

#### **5. BSRs support Oxy Vinyls' request for the selection of a more precise PCN**

Finally, Oxy Vinyls notes that the BSRs supports our view that the TRA should opt for a more precise PCN in its investigation. In the event that the TRA does not terminate the investigation on

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<sup>14</sup> BSR, response to Q14.

<sup>15</sup> Inovyn, Locations, available at: < <https://www.inovyn.com/locations/>> (last accessed: 12 June 2024).

the ground that the interests of UK users will be unequivocally harmed, in the very least, the TRA should select a PCN that reflects the K-values of PVC.

As noted in Section 2.b of Oxy Vinyls' Initial comments, PCNs ensure apples-to-apples comparisons.<sup>16</sup> In our Initial Comments, we had noted that different grades of PVC have different physical and chemical characteristics, which in turn results in different end uses being served. This point is bolstered by the response to Q3a in the BSRs, which shows that UK producers use PVC to make a variety of products across several industries. These products include window/door extrusions, water/other types of pipes, medical supplies, flooring, as well as products used for "*building, roofline, decking and rainwater.*" The TRA must take these differences into account.

## **6. Conclusion**

In light of the above, Oxy Vinyls considers that the TRA should terminate the present investigation, and impose no duties, given that UK users have expressed strong and clear negative views regarding the imposition of such duties. The interests of these users are tied to the potential duties on US PVC, as is evident from their responses; and the TRA should take the views of these users into account. In case the TRA nonetheless decides to continue with the investigation, it should in the very least investigate the real sources of import pressure (EU/European countries) and opt for a more precise PCN.

Oxy Vinyls thanks the TRA for taking the above views into consideration.

Best regards,

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<sup>16</sup> See: UK TRA, Final Determination: Optical Fibre Cables imported into the United Kingdom from the People's Republic of China, Investigation No. AD0021 (23 October 2023), paras. 112 and 113.