

## Anti-Dumping Questionnaire for Interested Parties and Contributors.

### Case AD0059: Certain engine oils and hydraulic fluids exported from Lithuania and the United Arab Emirates

Period of Investigation (POI):	<input type="text" value="1 April 2023 – 31 March 2024"/>
Injury period:	<input type="text" value="1 April 2020 – 31 March 2024"/>
Deadline for response:	<input type="text" value="16 September 2024"/>
Contact details:	<input type="text" value="AD0059@traderemedies.gov.uk"/>
Completed on behalf of:	<input type="text" value="United Kingdom Lubricants Association Ltd"/>

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](http://www.trade-remedies.service.gov.uk)) by 16 September 2024.

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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 Trade Remedies Authority (TRA) is responsible for investigating the allegation that certain engine oils from Lithuania and the United Arab Emirates are being exported to the UK at prices less than their normal value and that this dumping (sales at less than normal value) is causing injury to the UK industry for these goods.

### Why should I take part?

We are asking contributors and interested parties to complete this questionnaire to help us understand the industry and market for this product and assess if a measure is needed. We need to establish whether the alleged dumping has occurred and has caused injury to the UK industry.

The information your company provides will help us to reach a fair and proportionate decision.

Please refer to our online guidance to understand more about [how we carry out a dumping investigation](#) 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 September 2024. 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

[AD0059@traderemedies.gov.uk](mailto:AD0059@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 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 investigation (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](http://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. 23/05/2023).
- 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, etc.
- 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, AD0059, 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 a dumping investigation](#).

## The scope of this investigation

### Goods concerned

This investigation covers **certain engine oils and hydraulic fluids** exported from **Lithuania and the United Arab Emirates**, described as:

- Certain engine oils and hydraulic fluids. This includes 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, S40, S50, 15W-40, ISO32, ISO46, ISO68, HV32, HV46 and HV68.

These **certain engine oils and hydraulic fluids** are currently classifiable within the following CN code(s) **ex 27101981 and ex 27101983**. These codes are only given for information.

In this questionnaire, these goods will be referred to as '**the goods concerned**'. Any reference to 'goods concerned' 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:	UKLA, 13 Chess Business Park, Moor Road, Chesham, Bucks. H5 1SD
Telephone No:	01442875922
Email:	directorgeneral@ukla.org.uk
Website:	<a href="http://www.ukla.org.uk">www.ukla.org.uk</a>

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

Company registration number:	00936857
Place of registration:	United Kingdom
Legal name of organisation:	United Kingdom Lubricants Association Ltd
Legal structure (e.g. limited company, sole trader, partnership etc):	Private company limited by guarantee without share capital
Position in the organisation:	Director General
Year of establishment:	7 <sup>th</sup> August 1968
Other operating names:	UKLA
Countries you operate in:	United Kingdom

2. Please explain your interest in this investigation.

The United Kingdom Lubricants Association is the representative trade body for the sector in the UK. Our interest is to ensure that the UK market continues to operate in the public interest by providing as an open and level playing field whereby all companies can compete on equal terms based on fair competition.

Appendix reference:

## A2 Information about this investigation

For each question, please provide any information you have which you feel is relevant to the case. If you have no information, say so in your answer.

In this case, it has been alleged that certain engine oils and hydraulic fluids have been dumped in the UK by exporters from Lithuania and the United Arab Emirates.

1. Please provide any information regarding the alleged dumping of certain engine oils and hydraulic fluids from Lithuania and the United Arab Emirates (the goods concerned) between 1 April 2023 – 31 March 2024. Would this differ between certain engine oils and hydraulic fluids?

1.0 The market for finished lubricants in the UK is slow decline as reported by the Department for Business & Trade's annual Digest of UK Energy Statistics (DUKES).

1.1. Import data available from UK Government at [uktradeinfo.com](http://uktradeinfo.com) shows an exponential increase in imports of both engine oil and hydraulic fluid from the UAE to the UK over the period whilst no free trade agreement exists between the UAE (GCC) and the UK.

1.2. At the same time, although the UK market for engine oil and hydraulic fluid has recovered to pre-pandemic levels it is still a low-growth, mature market that is slowly consolidating.

1.3. Therefore, substantial and significant imports of engine and hydraulic oil from the UAE would not be expected to be in response to general market growth but the displacement of volume from third party actors operating in the marketplace.

1.4. According to DoT and DVLA licensing statistics the number of vehicles on UK roads as at the end of March 2023 were 40,814,800 compared with 41,384,700 as at March 2024, an increase of 1.4%.

1.5. The latest data from [uktradeinfo.com](http://uktradeinfo.com) shows that imports of engine oil from the UAE stand at £25,156,152 year to date for 2024 compared with £28,063,556 for the whole of 2023, in effect a doubling of imports against a low growth market.

1.6. The latest data from [uktradeinfo.com](http://uktradeinfo.com) shows that imports of engine oil from Lithuania stand at £3,666,062 year to date for 2024 compared with £12,663,993 for the whole of 2023, a decline of 42% if the current import rate is maintained to year end.

1.7. The market for Industrial and metalworking lubricants act as a bellwether to industrial activity in an economy. In the first quarter of 2023, seasonally adjusted UK GDP was £657,793m and in the first quarter of 2024 it was £688,138m, an increase of 0.4% according to the Office for National Statistics.

1.8. At the same time imports of hydraulic oil from the UAE to the UK were £9,902,171 in 2023 and £5,267,504 year to date for 2024 according to UK trade data. If the current import rate is maintained to year end then this would represent a 6.4% increase which exceeds market growth.

1.9. The latest data from uktradeinfo.com shows that imports of hydraulic oil from Lithuania stand at £11,982 year to date for 2024 compared with £507,300 for the whole of 2023, a decline of 95% if the current import rate is maintained to year end.

1.10. According to Thomson Reuters, the price of a barrel of Brent crude was \$79.89 as at the 31<sup>st</sup> March 2023 and was \$87.42 as at 1<sup>st</sup> April 2024, an increase of 9.4% which would not account for the increase in value of imports from the UAE to the UK.

1.11 This is redacted in the Non-Confidential version of the questionnaire due to commercial confidentiality as it contains commercially sensitive pricing information which is anti-competitive in nature to publicise.

Appendix reference:

1.0 DUKES Lubricant market data 2010 to 2023.

1.1. UK Trade info data, source UK Government.

1.2 UK Free Trade agreements in force and those under negotiation.

1.3 DoT and DVLA vehicle licensing statistics 2024 versus 2023.

1.4 ONS Gross Domestic Product at market prices: Current price: Seasonally adjusted £m.

1.5 Brent crude FOB prices, source Thomson Reuters.

1.6 This Appendix is redacted due to commercially sensitive pricing information and commercial confidentiality as it contains commercially sensitive pricing information which is anti-competitive in nature to publicise.

2. Provide any information you have about injury, or potential injury, to UK producers of certain engine oils and hydraulic fluids. You can refer to our [guidance on how we assess injury](#) for a definition of injury. Would this differ between certain engine oils and hydraulic fluids?

**2.1 Material injury-** the dumping of engine oil and hydraulic fluid from the UAE and Lithuania if proven, has caused direct material injury to members of the UKLA through reduced sales volumes, reduced sales values and reduced margins. It has created

unfair competition, distorted the market and reduced investment from recruitment and research & development activities.

2.2 As UK based companies suffer with reduced sales volumes, values and margins, they would be less able to create the necessary income to invest in new product development to meet the needs of new automotive vehicles such as Electric Vehicles, Hybrid electric vehicles and Internal Combustion Engine vehicles meeting Euro 7 the latest emission regulations.

2.3 They would also be less able to invest in new low carbon manufacturing techniques or production efficiencies, less able to invest in more sustainable sources of supply and less able to attract the very best talent in the sector by paying attractive wages to compete with other types of chemical industry.

2.4 **Sector-wide material injury.** The dumping of finished engine oil and hydraulic oil from the UAE and Lithuania has caused sector-wide reputational damage as customers and end users have come to expect a deflationary market of reducing prices for engine oil and hydraulic fluid which is unrealistic given cost increases due to general economic inflationary pressures such as minimum wage increases and energy price inflation, are uneconomic to sustain and uneconomic to supply at prices that are below the raw material costs of our members.

2.5 This has led to margin suppression and price depression as customers expect increasingly cheaper goods and in effect a race to the bottom, even though companies are subject to the same inflationary pressures across the wider economy arising from raw materials price increases and wage labour costs as other companies.

2.6 Overall companies operating in the UK market would not typically be expected to increase sales values significantly in excess of market growth over the period April 2023 to March 2024 against a mature, low-growth market for both automotive and industrial lubricants, if operating on the same cost plus margin basis as other companies operating in the UK market which is to be expected if they source their supply from the same suppliers and are subject to the same raw material costs.

Appendix reference:  
2.1 A road map for the automotive industry in Europe \_ McKinsey

3. Provide any information you have on the cause(s) of the injury (as identified in question 2) to UK producers of certain engine oils and hydraulic fluids? Would this differ between certain engine oils and hydraulic fluids?

3.1 The United Kingdom Lubricants Association created a subsidiary company in October 2013 called the Verification of Lubricant Specifications (UK) Ltd, abbreviated to VLS.

3.2 The purpose of this company is to validate and verify the technical specifications and performance claims made on finished lubricants by companies operating in the UK marketplace. VLS came about in response to members' concerns that some companies were retailing products in the UK market at below the raw material cost of other companies.

3.3 Since this time VLS has investigated and resolved over 100 product complaints brought to its attention by lubricant marketers and end users.

3.4 There is evidence that products being imported from the UAE and Lithuania , particularly automotive engine oil, are not compliant with their own stated technical specifications and performance claims.

3.5 These products have been investigated multiple times by VLS and also escalated to Trading Standards on a number of occasions when corrective action was slow to take place or there was a public interest case.

3.6 Other ways the imports of dumped products could affect our members include:-

1. Margin reduction.
2. Sales volume reduction.
3. Sales value reduction.
3. Price reductions.
4. Price depression.
4. Price increase suppression.

Appendix reference:

- 3.1 VLS case 010184 bulletin
- 3.2 VLS case 010190 bulletin
- 3.3 VLS case 010200 bulletin

4. Please provide any information about the possible economic effects on the UK if an anti-dumping measure was to be introduced on the goods concerned. Would this differ between certain engine oils and hydraulic fluids?

4.1 The net effect would be to raise the prices of finished goods of importers from the UAE and Lithuania which would raise finished lubricant prices nearer to the market norm as was the case pre-pandemic.

4.2 However, the level at which a tariff would need to be imposed to counter loss leading or predatory pricing would vary between product and average at 17.55% however to catch all dumped products the level at which the tariff needs to be set would be not less than 120% to be effective, particularly if a free trade agreement negotiated with the GCC was to come into force after anti-dumping measures had been implemented, which would counter some of the anti-dumping measures.

4.3 It is important that any trade remedies include both the UAE and Lithuania as although the extent of the issue is more prevalent in the UAE, companies can switch

storage facilities in both countries and could realistically switch production if trade remedies were only applied in one or other of the countries to prevent circumvention.

Appendix reference:  
Appendix 4.1 This has been redacted as it contains confidential pricing and margin information which is anti-competitive to place in the public domain.

5. The following comments have been submitted as part of the registration process:
1. “Prices are artificially low. They do not reflect market factors. Namely raw material costs. [...] To consistently sell large volumes of the concerned goods, that contain over 99% base oil in the formulation at close to 50% of the price of the market price of said base oil is odd.”
  2. “Our understanding is that the United Arab Emirates do not currently have in place any trade sanctions on Russian base oil and due to other sanctions in place this has then meant base oils being sold into Lubricant manufacturers in the UAE cheaper than the global base oil prices.”
  3. “We understand that prices are artificially low on the concerned goods [...] Our Base oil is sold with reference to ICIS and ARGUS published prices, adjusted with a formula, this is the norm in the refining industry. We understand that the selling prices for the finished imported concerned goods are often well below these metrics. We don’t see any reasonable logic for base oil being consistently available below what can reasonably be achieved, ie. Inline with he published prices.”
  4. “Base oils are tradeable commodities which have been affected by the introduction of sanctions against Russia. This has created an advantage for any country outside the EU/UK/USA and Canada to purchase lower priced raw material.”

These comments are not a specific or evidenced accusation of a particular market situation in the domestic market of the exporting country or territory.

However, we wish to provide parties with an opportunity to expand on, or rebut, the comments submitted to the investigation upon registration.

Regulation 7(2)(b) of the Dumping and Subsidisation Regulations refers to a particular market situation in the domestic market of the exporting country or territory, and Regulation 7(4) sets out a non-exhaustive list of circumstances which might constitute such a situation:

- where prices are artificially low
- where there is significant barter trade
- where prices reflect non-commercial factors

A particular market situation could arise as a result of relationships between private sector parties. For example, in the case of barter trade between private companies where this covers a significant part of the domestic market (not international transactions), or where a significant part of domestic sales involves transactions between private companies engaged in non-commercial arrangements.

There may also be cases where the source of a particular market situation is government intervention in any of the following:

- the domestic market for the like goods
- an upstream market that inputs into the like goods
- a market indirectly providing inputs into the like goods, which results in artificially low sales prices in the domestic market of the like goods

Please explain whether you consider the cost of production and/or the price of the goods concerned are affected by a particular market situation. Please also provide relevant supporting evidence or supplementary sources (links to articles/official documents etc) that will demonstrate whether a distortion exists or not in the domestic market of the exporting country or territory.

5.1. There is no current free trade agreement that exists between the UAE (or Gulf Cooperative Council) and the UK therefore any imports from the region would be subject to a common external tariff. There does exist a free trade agreement between the UK and the EU but only raw materials originating from either the UK or the EU would qualify for free trade, raw materials from outside the region would not qualify.

5.2. There are a small number of base oil and additive companies whose raw materials are approved for use in automotive engine formulations that are compliant with market standards such as those of ACEA and also carry approvals from the major motor manufacturers or OEMs. Therefore, lubricant companies making similar performance claims against OEM specifications and ACEA market standards, will be subject to similar raw materials costs of production.

5.3. There is evidence that companies importing products from the UAE are engaging in predominantly price-based competition in an attempt to gain market share and selling products at prices below those of the home market in an effort to build short-term sales. This by itself is not illegal, however if the result is to destabilise the market by artificially lowering prices across a range of goods and selling at below cost price to reduce the number of competitors operating in the market, then the TRA needs to

take a view on whether this is loss leading behaviour which is legal, or predatory pricing behaviour, which is illegal.

Appendix reference:  
5.1 UK EU Trade and Cooperation agreement  
5.2 This has been redacted as it contains confidential cost price and margin information which is anti-competitive to place into the public domain.

6. If you have any other information which may be helpful to this investigation, please provide it below.

*Please answer here*

Appendix reference:

## SECTION B: Next steps

### Next steps

Once you have completed all parts of the questionnaire, the declaration below should be signed by an authorised official of your company.

Please submit this questionnaire through the Trade Remedies Service ([www.trade-remedies.service.gov.uk](http://www.trade-remedies.service.gov.uk)) by 16 September 2024.

A confidential and non-confidential version of the questionnaire must be submitted. You can find guidance on how to complete confidential and non-confidential versions in our guidance on [how to submit information](#).

Please list any appendices that you have referenced in your responses and are attaching with this questionnaire.

Appendix reference	Document title
1.0	DBT DUKES Lubricant market data 2010 to 2023.
1.1	UK Trade info data, source UK Government.
1.2	UK Free Trade agreements in force and those under negotiation
1.3	DoT and DVLA vehicle licensing statistics 2024 versus 2023.
1.4	ONS Gross Domestic Product at market prices: Current price: Seasonally adjusted £m.
1.5	Brent crude FOB prices, source Thomson Reuters.
1.6	This Appendix is redacted due to commercially sensitive pricing information and commercial confidentiality as it contains commercially sensitive pricing information which is anti-competitive in nature to publicise.
2.1	A road map for the automotive industry in Europe _ McKinsey
3.1	VLS case 010184 bulletin
3.2	VLS case 010190 bulletin
3.3	VLS case 010200 bulletin
4.1	This has been redacted as it contains confidential pricing and margin information which is anti-competitive to place in the public domain.
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5.2	This has been redacted as it contains confidential cost price and margin information which is anti-competitive to place into the public domain.

Confidential

Non-Confidential

+Add additional rows as required