



## Partial interim review of anti-dumping measures on imports of melamine from China

24 January 2024

### Introduction

The Commission opened an [interim review](#) of the anti-dumping (AD) duties on Chinese melamine on 20 December 2023, after a complaint from three EU producers (LAT Nitrogen, OCI Nitrogen and Gruopa Azoty), to assess whether it is in the “Union’s interest” to increase them. More specifically, these producers propose to replace the current measures of minimum import price and fixed duties with ad valorem duties.

EPLF is part of the European woodworking industry, which together represents a turnover of EUR 500 billion and provides 4 million jobs in the EU<sup>1</sup>. EPLF is a key user of melamine. The resins [used](#) in laminate flooring are melamine-urea formaldehyde resins<sup>2</sup>.

EPLF is sympathetic to EU producers facing unfair competition, and understand the needs of AD duties against China. However, increasing or broadening these measures would not only be unjustified, it would also be harmful for a number of downstream users. Ultimately harming European competitiveness. EPLF details below why revising the duties is against the European Union’s interest.

EPLF welcomes the opportunity to contribute to this consultation and is keen to exchange with the European Commission on the matter.

### Normalising markets

The reasons which led melamine producers to request an extension of the AD, i.e. the increase in the energy prices and the slowdown in the construction sector no longer prevail. While competition from China was harmful at the time the request was made, those exceptional circumstances are normalising and as such, European producers now face a different market reality.

The price of natural gas is the main driver of melamine production costs. After peaking in 2022 as a consequence of Russia’s invasion of Ukraine, natural gas prices went down substantially. Spot prices are [now](#) noting below 28 €/MWh (see TTF Day Ahead on [www.eex.com](http://www.eex.com)), relatively close to what was registered in 2018. By considering 2022 prices, applicants do not correctly reflect the current situation.

Moreover, thanks to the EU’s policy of energy investments and diversification of suppliers, alongside ample inventories (now full at 93% on average), European businesses and consumers will probably benefit from [stable prices](#) in the medium term.

<sup>1</sup> [https://www.cepi.org/wp-content/uploads/2023/03/CircularChoices\\_EU\\_Bioeconomy\\_SHORT.pdf](https://www.cepi.org/wp-content/uploads/2023/03/CircularChoices_EU_Bioeconomy_SHORT.pdf)

<sup>2</sup> <https://eplf.com/en/information-material>

Furthermore, as the inflation level is normalising, the main central banks are [expected](#) to start cutting interest rates this year. Consequently, mortgage and houses will become more affordable, leading to an expected rebound of the construction sector – a key purchaser of melamine.

### **Insufficient domestic production**

The applicant's argument of an aggressive foreign competition is not convincing either. Chinese producers are currently subject to a fixed duty of EUR 415/mt, save three producers who benefit from an exemption. It is therefore nearly impossible for most Chinese producers to access the EU market. The only competition can come from the three producers that benefit from an exception, for which a minimal import price of EUR 1,153/mt applies. Their total capacity is not expected to be more than 300,000 tonnes. This is (1) not enough to supply the European market, especially considering that part of it will be destined to internal demand; and (2) is not expected to flood the European market, especially considering that EU imports of Chinese melamine in 2022 were around a mere 100,000 tonnes, when the difference in price was very significant.

EU businesses will not be able to rely solely on European melamine production, especially when the market picks up. Downstream users will have to import the necessary melamine from abroad. Higher AD duties would then not be justifiable and would result into damaging other manufacturing sectors, notably in the woodworking industry in general, and in the laminate flooring sector in particular.

### **European producers at risk to lose competitive positions**

Finally, with higher input costs, European producers would end up being less competitive at international level, therefore exporting less and losing shares in other markets.

For instance, European laminate flooring producers are facing strong competition from Turkish manufacturers<sup>3</sup>. It is becoming increasingly difficult for European producers of laminate flooring to compete in extra-EU markets (e.g. Balkan, Middle East, Africa, Canada, etc.). This would become even worse in case higher AD duties on melamine from China are adopted, as non-EU producers would continue sourcing melamine at normal prices, thus gaining competitive advantage.

Ultimately, then the AD measure would backfire against its original goal to protect the European market, ending up being harmful for European competitiveness.

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<sup>3</sup> The EU import of laminate flooring from Turkey has increased from EUR 29 million to EUR 61 million between 2021 and 2022 (according to trade flows on [Eurostat](#) on CN code 44119290).