

COMMISSION IMPLEMENTING REGULATION (EU) No 1347/2014**of 17 December 2014****repealing the definitive countervailing duty on imports of sulphanilic acid originating in India following an expiry review pursuant to Article 18 of Council Regulation (EC) No 597/2009**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 597/2009 of 11 June 2009 on protection against subsidised imports from countries not members of the European Community ⁽¹⁾ and in particular Articles 14 and 18 thereof,

Whereas:

A. PROCEDURE**1. Measures in force**

- (1) In July 2002, by Regulation (EC) No 1338/2002 ⁽²⁾, the Council imposed a definitive countervailing duty of 7,1 % on imports of sulphanilic acid originating in India (the original investigation).
- (2) By Regulation (EC) No 1339/2002 ⁽³⁾, the Council imposed a definitive anti-dumping duty of 21 % on imports of sulphanilic acid originating in the People's Republic of China (the PRC) and a definitive anti-dumping duty of 18,3 % on imports of sulphanilic acid originating in India.
- (3) By Decision 2002/611/EC ⁽⁴⁾ the Commission accepted a price undertaking with regard to both the anti-dumping and anti-subsidy measures on the imports from India offered by one Indian exporting producer, namely Kokan Synthetics and Chemicals Pvt. Ltd (Kokan).
- (4) In March 2004, by Commission Decision 2004/255/EC ⁽⁵⁾, the Commission repealed Decision 2002/611/EC following the voluntary withdrawal of the undertaking by Kokan.
- (5) By Decision 2006/37/EC ⁽⁶⁾ the Commission accepted a new undertaking with regard to both the anti-dumping and anti-subsidy measures on the imports from India offered by Kokan. Regulations (EC) No 1338/2002 and (EC) No 1339/2002 were amended by Council Regulation (EC) No 123/2006 ⁽⁷⁾ accordingly.
- (6) By Regulation (EC) No 1000/2008 ⁽⁸⁾, the Council imposed the anti-dumping duties on imports of sulphanilic acid originating in the PRC and India following an expiry review of the measures. By Regulation (EC)

⁽¹⁾ OJ L 188, 18.7.2009, p. 93.

⁽²⁾ Council Regulation (EC) No 1338/2002 of 22 July 2002 imposing a definitive countervailing duty and collecting definitively the provisional countervailing duty imposed on imports of sulphanilic acid originating in India (OJ L 196, 25.7.2002, p. 1).

⁽³⁾ Council Regulation (EC) No 1339/2002 of 22 July 2002 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of sulphanilic acid originating in the People's Republic of China and India (OJ L 196, 25.7.2002, p. 11).

⁽⁴⁾ Commission Decision 2002/611/EC of 12 July 2002 accepting an undertaking offered in connection with the anti-dumping and anti-subsidy proceedings concerning imports of sulphanilic acid originating in India (OJ L 196, 25.7.2002, p. 36).

⁽⁵⁾ Commission Decision 2004/255/EC of 17 March 2004 repealing Decision 2002/611/EC accepting an undertaking offered in connection with the anti-dumping and anti-subsidy proceedings concerning imports of sulphanilic acid originating in India (OJ L 80, 18.3.2004, p. 29).

⁽⁶⁾ Commission Decision 2006/37/EC of 5 December 2005 accepting an undertaking offered in connection with the anti-dumping and anti-subsidy proceedings concerning imports of sulphanilic acid originating in India (OJ L 22, 26.1.2006, p. 52).

⁽⁷⁾ Council Regulation (EC) No 123/2006 of 23 January 2006 amending Regulation (EC) No 1338/2002 imposing a definitive countervailing duty on imports of sulphanilic acid originating in India and amending Regulation (EC) No 1339/2002 imposing a definitive anti-dumping duty on imports of sulphanilic acid originating, inter alia, in India (OJ L 22, 26.1.2006, p. 5).

⁽⁸⁾ Council Regulation (EC) No 1000/2008 of 13 October 2008 imposing a definitive anti-dumping duty on imports of sulphanilic acid originating in the People's Republic of China and India following an expiry review pursuant to Article 11(2) of Regulation (EC) No 384/96 (OJ L 275, 16.10.2008, p. 1).

No 1010/2008 ⁽¹⁾, the Council imposed definitive countervailing duties on imports of sulphanilic acid originating in India and amended the level of the anti-dumping duties on Indian imports of sulphanilic acid following an expiry and an interim review.

2. Request for an expiry review

- (7) Following the publication of a notice of impending expiry ⁽²⁾ of the definitive countervailing measures in force, the Commission received on 1 July 2013 a request for the initiation of an expiry review of these measures pursuant to Article 18 of Regulation (EC) No 597/2009 (the basic Regulation). The request was lodged by CUF — Quimicos Industriais ('the applicant' or 'CUF') the sole producer of sulphanilic acid in the Union thus representing 100 % of the Union production.
- (8) The request was based on the grounds that the expiry of the measures would be likely to result in a continuation of subsidisation and recurrence of injury to the Union industry.

3. Initiation of an expiry review

- (9) Having determined, after consulting the Advisory Committee, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 16 October 2013, by a notice published in the *Official Journal of the European Union* ⁽³⁾ (the Notice of Initiation), the initiation of an expiry review pursuant to Article 18 of the basic Regulation.

4. Parallel investigations

- (10) By Notice of Initiation published in the *Official Journal of the European Union* ⁽⁴⁾ on 16 October 2013 the Commission also initiated an expiry review investigation pursuant to Article 11(2) of the Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community ⁽⁵⁾ concerning imports of sulphanilic acid originating, inter alia, in India.

5. Investigation

5.1. Review investigation period and period considered

- (11) The investigation of a continuation or recurrence of subsidisation covered the period from 1 October 2012 to 30 September 2013 ('the review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of continuation or recurrence of injury covered the period from 1 January 2010 to the end of the review investigation period (the period considered).

5.2. Parties concerned

- (12) The Commission officially advised the applicant, the exporting producers in India, the importers, the users known to be concerned, and the representatives of the exporting country of the initiation of the expiry review. The interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set out in the Notice of initiation.
- (13) The sole Union producer, being the only interested party who so requested, was granted a hearing.

5.3. Sampling

- (14) In view of the apparent large number of exporting producers in India and of unrelated importers in the Union, sampling was envisaged in the Notice of initiation in accordance with Article 27 of the basic Regulation. In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, the above parties were requested to make themselves known to the Commission within 15 days of the initiation of the review and to provide the Commission with the information requested in the Notice of Initiation.
- (15) The Commission received two sampling replies from Indian exporting producers. Therefore, no sampling was applied.

⁽¹⁾ Council Regulation (EC) No 1010/2008 of 13 October 2008 imposing a definitive countervailing duty on imports of sulphanilic acid originating in India following an expiry review pursuant to Article 18 of Regulation (EC) No 2026/97 and a partial interim review pursuant to Article 19 of Regulation (EC) No 2026/97 and amending Regulation (EC) No 1000/2008 imposing a definitive anti-dumping duty on imports of sulphanilic acid originating in the People's Republic of China and India following an expiry review pursuant to Article 11(2) of Regulation (EC) No 384/96 (OJ L 276, 17.10.2008, p. 3).

⁽²⁾ OJ C 28, 30.1.2013, p. 12.

⁽³⁾ OJ C 300, 16.10.2013, p. 5.

⁽⁴⁾ OJ C 300, 16.10.2013, p. 14.

⁽⁵⁾ Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community (OJ L 343, 22.12.2009, p. 51).

- (16) One unrelated importer replied to the sampling form however, it did not import the product concerned from the country concerned and did not provide a questionnaire reply. Therefore no sampling was applied.
- (17) Since there is only one Union producer, sampling was not applied for the Union producers.

5.4. Investigation

- (18) The Commission sought and verified all the information deemed necessary for a determination of the likelihood of continuation of subsidisation, likelihood of continuation or recurrence of injury and for a determination of the Union interest. The Commission sent questionnaires to the sole Union producer, to the two exporting producers in India, to the Government of India (GOI), to known importers and to Union users.
- (19) Out of the two Indian exporting producers only one submitted a complete reply. This Indian producer represented a major part of the total Indian exports to the Union during the review investigation period.
- (20) The Commission also carried out consultations in Delhi with the GOI, Government of Maharashtra (GOM), Government of Gujarat (GOG) and the Reserve Bank of India (RBI).
- (21) Furthermore, verification visits were carried out at the premises of the following companies:

(a) *Union Producer:*

— CUF — Quimicos Industriais, Estarreja, Portugal

(b) *Exporting producers:*

— Kokan Synthetics & Chemicals Pvt. Ltd, Khed, India

(c) *Union users:*

— Blankophor GmbH, Leverkusen, Germany

— Hovione Farmaciencia SA, Loures, Portugal

— IGCAR Chemicals, S.L., Rubi, Spain.

B. PRODUCT CONCERNED AND LIKE PRODUCT

- (22) The product concerned is sulphanilic acid currently classifiable within CN code ex 2921 42 00 (TARIC code 2921 42 00 60). There are two grades of sulphanilic acid, which are determined according to their purity: a technical grade and a purified grade. In addition, the purified grade is sometimes commercialised in the form of a salt of sulphanilic acid. Sulphanilic acid is used as a raw material in the production of optical brighteners, concrete additives, food colorants and speciality dyes. Limited use by the pharmaceutical industry was noted as well. Though it is not contested that both grades have the same basic physical, chemical and technical characteristics and therefore deemed to be one single product, it is important to note that the investigation showed that in practical terms inter-changeability is limited. In particular users who rely on purified grade sulphanilic acid could only use technical grade in case they could further purify it themselves. Those users who need or prefer technical grade sulphanilic acid could in theory use purified grade, however due to the price difference (20 %-25 %) this is economically not a viable solution.
- (23) Sulphanilic acid is a pure commodity product and its basic physical, chemical and technical characteristics are identical whatever the country of origin. The product concerned and the products manufactured and sold by the exporting producer in India on its domestic market and to third countries, as well as those manufactured and sold by the Union producer on the Union market have thus been found to have the same basic physical and chemical characteristics and essentially the same uses, and are therefore considered to be like products within the meaning of Article 2 of the basic Regulation.

C. LIKELIHOOD OF A CONTINUATION OR RECURRENCE OF SUBSIDISATION

1. Introduction

- (24) Cooperation from the Indian exporters was limited to one exporting producer. In the absence of cooperation from other producers, the amount of countervailable subsidies had to be determined on the basis of the facts available: the replies of the cooperating company, who accounted for major proportion of exports from India to the Union, and on the information provided by the Indian authorities.

- (25) On the basis of the information contained in the review request and the replies to the Commission's questionnaire, the following schemes, which allegedly involve the granting of subsidies, were investigated:
- Subsidy schemes investigated in the original investigation:
 - Nationwide Schemes:
 - (a) Export Processing Zones Scheme (EPZ)/Special Economic Zones Scheme (SEZS)/Export Oriented Units Scheme (EOUS)
 - (b) Duty Entitlement Passbook Scheme (DEPBS)
 - (c) Export Promotion Capital Goods Scheme (EPCGS)
 - (d) Income Tax Exemption Scheme (ITES)
 - (e) Advance Authorisation Scheme (AAS)
 - Regional Schemes:
 - (f) Package Scheme of Incentives (PSI) of the Government of Maharashtra
 - Subsidy schemes not investigated in the original investigation but investigated in the first expiry review and parallel interim review:
 - Nationwide Schemes:
 - (g) Export Credit Scheme (ECS)
 - Subsidy schemes not investigated in the original investigation or/and in the previous reviews:
 - Nationwide Schemes:
 - (h) Focus Product Scheme (FPS)
 - (i) Duty Free Import Authorisation (DFIA)
 - (j) Duty Drawback Scheme (DDS)
 - (k) Focus Market Scheme (FMS)
 - (l) Status Holder Incentive Scrip (SHIS)
 - (m) Capital Infusions
 - Regional Schemes:
 - (n) Regional Schemes of the Government of Gujarat
- (26) The schemes (a), (b), (c), (e), (h), (i), (k) and (l) specified above are based on the Foreign Trade (Development and Regulation) Act 1992 (No 22 of 1992) which entered into force on 7 August 1992 (Foreign Trade Act). The Foreign Trade Act authorises the GOI to issue notifications regarding the export and import policy. These are summarised in Foreign Trade Policy documents which are issued by the Ministry of Commerce every five years and updated regularly. The Foreign Trade Policy document relevant to the RIP of this investigation is 'Foreign Trade Policy 2009-2014' (FTP 09-14). In addition, the GOI also sets out the procedures governing the FTP 09-14 in a 'Handbook of Procedures, Volume I' (HOP I 09-14). The Handbook of Procedures is updated on regular basis
- (27) The Income Tax Exemption Scheme specified above under (d) is based on the Income Tax Act of 1961, which is amended yearly by the Finance Act.
- (28) The regional schemes specified above under (f) and (n) are managed by the States of Maharashtra and Gujarat respectively and are based on resolutions of the Government of Maharashtra Industries, Energy and Labour Department and resolutions of the Government of Gujarat Industries and Mines Department.

- (29) The Export Credit Scheme specified above under (g) is based on Sections 21 and 35A of the Banking Regulation Act 1949, which allows the Reserve Bank of India (RBI) to direct commercial banks in the field of export credits.
- (30) The Duty Drawback scheme specified above under (j) is based on section 75 of the Customs Act of 1962, on section 37 of the Central Excise Act of 1944, on sections 93A and 94 of the Financial Act of 1994 and on the Customs, Central Excise Duties and Service Tax Drawback Rules of 1995. Drawback rates are published on a regular basis; those applicable to the RIP were the All Industry Rates (AIR) of Duty Drawback 2012-13, published in notification No 92/2012- Cus.(N.T). The duty drawback scheme is also referred to as a duty remission scheme in chapter 4 of FTP 09-14.

2. Export Processing Zones (EPZ)/Special Economic Zones (SEZ)/Export Oriented Units Scheme (EOUS)

- (31) It was found that the cooperating exporting producer was not located in an SEZS or in an EPZS. However, the cooperating exporting producer had been set up under the EOUS and received countervailable subsidies in the review investigation period. The description and assessment below is therefore limited to the EOUS.
- (a) *Legal basis*
- (32) The details of the EOUS are contained in chapter 6 of the FTP 09-14 and in chapter 6 of the HOP I 09-14.
- (b) *Eligibility*
- (33) With the exception of pure trading companies, all enterprises which, in principle, undertake to export their entire production of goods or services may be set up under the EOUS. Undertakings in industrial sectors have to fulfil a minimum investment threshold in fixed assets (10 million Indian rupees) to be eligible for the EOUS.
- (c) *Practical implementation*
- (34) EOUS can be located and established anywhere in India.
- (35) An application for EOUS status must include details for the next five years of, inter alia, planned production quantities, projected value of exports, import requirements and indigenous requirements. Upon acceptance by the authorities of the company's application, the terms and conditions attached to this acceptance will be communicated to the company. The agreement to be recognised as a company under the EOUS is valid for a five-year period. The agreement may be renewed for further periods.
- (36) A crucial obligation of an EOUS as set out in FTP 09-14 is to achieve net foreign exchange (NFE) earnings, namely in a reference period (five years) the total value of exports has to be higher than the total value of imported goods.
- (37) EOUS units are entitled to the following concessions:
- (i) exemption from import duties on all types of goods (including capital goods, raw materials and consumables) required for the manufacture, production, processing, or in connection therewith;
 - (ii) exemption from excise duty on goods procured from indigenous sources;
 - (iii) reimbursement of central sales tax paid on goods procured locally;
 - (iv) partial reimbursement of duty paid on fuel procured from domestic oil companies.
- (38) Units operating under these schemes are bonded under the surveillance of customs officials in accordance with Section 65 of the Customs Act.
- (39) The cooperating exporting producer was operating under EOUS for the first four months of the review investigation period. The formal letter of de-bonding from the scheme was issued on 6 February 2013. Thus, in the review investigation period the company utilised the scheme only to obtain central sales tax reimbursement. The investigation showed that the exporting producer concerned did not avail of benefits of exemption of import duties and excise duties on domestic purchases, and of partial reimbursement of duty paid on fuel procured from domestic oil companies.

(d) *Conclusions on the EOUS*

- (40) The reimbursement of the central sales tax constitute subsidy within the meaning of Article 3(1)(a)(ii) of the basic Regulation. Government revenue which would be due in the absence of this scheme is forgone, thus conferring a benefit upon the EOU within the meaning of Article 3(2) of the basic Regulation, because it improved its liquidity by obtaining reimbursements of the central sales tax. The subsidy is contingent in law upon export performance and, therefore, deemed to be specific and countervailable under Article 4(4)(a) of the basic Regulation. The export objective of an EOUS as set out in paragraph 6.1 of the FTP 09-14 is a *conditio sine qua non* to obtain the incentives.

(e) *Calculation of the subsidy amount*

- (41) The subsidy amount was calculated on the basis of the amount of central sales tax reimbursed on goods procured locally during the review investigation period. In accordance with Article 7(2) of the basic Regulation this subsidy amount was allocated over the total export turnover generated during the review investigation period as the appropriate denominator, because the subsidy is contingent upon export performance and it was not granted by reference to the quantities manufactured, produced, exported or transported. The subsidy margin thus obtained was 1,4 %.

3. **Duty Entitlement Passbook Scheme (DEPBS)**

- (42) It was confirmed that DEPBS has effectively been withdrawn from 30 September 2011 that is before the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

4. **Export Promotion Capital Goods Scheme (EPCGS)**

(a) *Legal basis*

- (43) A detailed description of the EPCGS is contained in chapter 5 of the FTP 09-14 and in chapter 5 of the HOP I 09-14.

(b) *Findings*

- (44) It was found that the cooperating exporting producer did not obtain any benefits under the EPCGS in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

5. **Income Tax Exemption Scheme (ITES)**

- (45) It was confirmed that ITES was abolished in April 2011 that is before the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

6. **Advance Authorisation Scheme (AAS)**

(a) *Legal basis*

- (46) A detailed description of the scheme is contained in sections 4.1.3.1 to 4.1.14 of the FTP 09-14 and sections 4.1 to 4.30 of the HOP I 09-14.

(b) *Findings*

- (47) It was found that the cooperating exporting producer did not obtain any benefits under the AAS in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

7. **Package Scheme of Incentives (PSI) of the Government of Maharashtra (GOM)**

(a) *Legal basis*

- (48) In order to encourage the establishment of industries in the State of Maharashtra to the less developed areas of the State, the GOM has been granting incentives to new-expansion units set up in developing regions of the State since 1964, under a scheme commonly known as the 'Package Scheme of Incentives' (PSI). The scheme has been amended many times since its introduction and in the RIP there were two PSI schemes in force: PSI 2007 (which was valid till April 2013) and PSI 2013. The PSI of the GOM is composed of several sub-schemes amongst which the main ones are: (i) the refund of octroi tax/entry tax, (ii) the exemption from electricity duty, (iii) the exemption

from local sales tax/deferral of local sales tax, (iv) interest subsidy for new establishments and (v) certain grants for small and medium enterprises to upgrade technology. The investigation revealed that the only sub-scheme used by the cooperating exporting producer during the review investigation period was the one concerning sales tax deferrals (part of (iii) above) which in fact originated from PSI 2001 but the outstanding sales tax was still partially due in the review investigation period.

(b) *Eligibility*

- (49) In order to be eligible, companies must as a rule invest in less developed areas of the State (which are classified according to their economic development into different categories, for example less developed areas, lesser developed areas and least developed areas) either by setting up a new industrial establishment or by making a large scale capital investment in the expansion or diversification of an existing industrial establishment. The main criterion to establish the amount of incentives is the classification of the area in which the enterprise is or will be located and the size of the investment.

(c) *Practical implementation*

- (50) The Eligibility Certificate issued by the GOM to the cooperating exporting producer provided that the company was, under the sales tax deferral sub-scheme, allowed to defer the payment of State sales taxes collected on its domestic sales.

(d) *Conclusion*

- (51) The sales tax deferral sub-scheme of the PSI of the GOM provides subsidies within the meaning of Article 3(1)(a) (ii) and Article 3(2) of the basic Regulation. The sub-scheme examined constitutes a financial contribution by the GOM, since this concession postpones the collection of the GOM's revenue which would be otherwise due. This deferral confers a benefit upon the company as it improves the company's liquidity.
- (52) The sub-scheme is only available to companies having invested within certain designated geographical areas within the jurisdiction of the State of Maharashtra. It is not available for companies located outside these areas. The level of benefit is different according to the area concerned. The scheme is specific in accordance with Article 4(2)(a) and Article 4(3) of the basic Regulation and therefore countervailable.

(e) *Calculation of the subsidy amount*

- (53) The deferred amount of State sales taxes, under the deferral element of the scheme, which was still due at the end of the review investigation period, was considered equivalent to an interest-free loan of the same amount granted by the GOM. Thus, the benefit to the cooperating exporting producer has been calculated on the basis of the interest that was paid on a comparable commercial loan by the company during the review investigation period.
- (54) Pursuant to Article 7(2) of the basic Regulation, the amount of subsidy (numerator) was then allocated over the total company turnover during the review investigation period as the appropriate denominator, because the subsidy is not export contingent and it was not granted by reference to the quantities manufactured, produced, exported or transported.
- (55) On the basis of the above, the amount of subsidy that the company has obtained under this scheme is 1,1 %.

8. **Export Credit Scheme (ECS)**

- (56) It was confirmed that after amendments in the ECS (July 2010 with regard to export credits in INR and May 2012 with regard to export credits in the foreign currency) the preferential export credits' interest rates within the framework of this scheme in principle ceased to exist with the exception of specific limited number of sectors of industry. Since chemical sector in question was not found to be on the list of sectors covered by the interest rates subventions in the review investigation period, it was not necessary to further analyse this scheme in this investigation.

9. **Focus Product Scheme (FPS)**

(a) *Legal basis*

- (57) A detailed description of the scheme is contained in section 3.15 of the FTP 09-14 and section 3.9 of the HOP I 09-14.

(b) *Findings*

- (58) It was found that the cooperating exporting producer did not obtain any benefits under the FPS in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

10. Duty Free Import Authorisation Scheme (DFIA)

(a) *Legal basis*

- (59) A detailed description of the scheme is contained in sections 4.2.1 to 4.2.7 of the FTP 09-14 and section 4.31 to 4.36 of the HOP I 09-14.

(b) *Findings*

- (60) It was found that the cooperating exporting producer did not obtain any benefits under the DFIA in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

11. Duty Drawback Scheme (DDS)

(a) *Legal Basis*

- (61) The detailed description of the DDS is contained in the Custom & Central Excise Duties Drawback Rules 1995 as amended by successive notifications.

(b) *Eligibility*

- (62) Any manufacturer-exporter or merchant-exporter is eligible for this scheme.

(c) *Practical implementation*

- (63) An eligible exporter can apply for drawback amount which is calculated as a percentage of the FOB value of products exported under this scheme. The drawback rates have been established by the GOI for a number of products, including the product concerned. They are determined on the basis of the average quantity or value of materials used as inputs in the manufacturing of a product and the average amount of duties paid on inputs. They are applicable regardless of whether import duties have actually been paid or not. The DDS rate for the product concerned during the review investigation period was 4 % of FOB value.
- (64) To be eligible to benefits under this scheme, a company must export. At the moment when shipment details are entered in the Customs server (ICEGATE), it is indicated that the export is taking place under the DDS and the DDS amount is fixed irrevocably. After the shipping company has filed the Export General Manifest (EGM) and the Customs office has satisfactorily compared that document with the shipping bill data, all conditions are fulfilled to authorise the payment of the drawback amount by either direct payment on the exporter's bank account or by draft.
- (65) The exporter also has to produce evidence of realisation of export proceeds by means of a Bank Realisation Certificate (BRC). This document can be provided after the drawback amount has been paid but the GOI will recover the paid amount if the exporter fails to submit the BRC within a given delay.
- (66) The drawback amount can be used for any purpose.
- (67) It was found that in accordance with Indian accounting standards, the duty drawback amount can be booked on an accrual basis as income in the commercial accounts, upon fulfilment of the export obligation.
- (68) The cooperating Indian exporting producer was found to use the DDS during the review investigation period after de-bonding from the EOUS.

(d) *Conclusion on DDS*

- (69) The DDS provides subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation. A duty drawback amount is a financial contribution by the GOI as it takes form of a direct transfer of funds by the GOI. In addition, the duty drawback amount confers a benefit upon the exporter, because it improves its liquidity.
- (70) Furthermore, the DDS is contingent in law upon export performance, and is therefore deemed to be specific and countervailable under Article 4(4), first subparagraph, point (a) of the basic Regulation.

- (71) This scheme cannot be considered as permissible duty drawback system or substitution drawback system within the meaning of Article 3(1)(a)(ii) of the basic Regulation. It does not conform to the strict rules laid down in Annex I point (i), Annex II (definition and rules for drawback) and Annex III (definition and rules for substitution drawback) of the basic Regulation.
- (72) There is no system or procedure in place to confirm which inputs are consumed in the production process of the exported product or whether an excess payment of import duties occurred within the meaning of point (i) of Annex I and Annexes II and III to the basic Regulation. Lastly, an exporter is eligible for the DDS benefits regardless of whether it imports any inputs at all. In order to obtain the benefit, it is sufficient for an exporter to simply export goods without demonstrating that any input material was imported. Thus, even exporters which procure all of their inputs locally and do not import any goods which can be used as inputs are still entitled to benefit from the DDS.
- (73) This is confirmed by GOI's circular no 24/2001 which clearly states that '[duty drawback rates] have no relation to the actual input consumption pattern and actual incidence suffered on inputs of a particular exporter or individual consignments [...]' and instructs regional authorities that 'no evidence of actual duties suffered on imported or indigenous nature of inputs [...] should be insisted upon by the field formations along with the [drawback claim] filed by exporters'.
- (74) In view of the above, it is concluded that DDS is countervailable.

(e) *Calculation of the subsidy amount*

- (75) In accordance with Articles 3(2) and 5 of the basic Regulation, the amount of countervailable subsidies was calculated in terms of the benefit conferred on the recipient, which is found to exist during the investigation period. In this regard, it was considered that the benefit is conferred on the recipient at the time when an export transaction is made under this scheme. At this moment, the GOI is liable to the payment of the drawback amount, which constitutes a financial contribution within the meaning of Article 3(1)(a)(ii) of the basic Regulation. Once the customs authorities issue an export shipping bill which shows, inter alia, the amount of drawback which is to be granted for that export transaction, the GOI has no discretion as to whether or not to grant the subsidy. In the light of the above, it is considered appropriate to assess the benefit under the DDS as being the sums of the drawback amounts earned on export transactions made under this scheme during the review investigation period.
- (76) In accordance with Article 7(2) of the basic Regulation these subsidy amounts have been allocated over the total export turnover of the product concerned during the review investigation period as appropriate denominator, because the subsidy is contingent upon export performance and it was not granted by reference to the quantities manufactured, produced, exported or transported.
- (77) Based on the above, the subsidy rate established in respect of this scheme for the cooperating Indian exporting producer amounted to 0.6 %.

12. Focus Market Scheme (FMS)

(a) *Legal basis*

- (78) A detailed description of the scheme is contained in section 3.14 of the FTP 09-14 and section 3.8 of the HOP I 09-14.

(b) *Findings*

- (79) It was found that the cooperating exporting producer did not obtain any benefits under the FMS in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

13. Status Holder Incentive Scrip (SHIS)

(a) *Legal basis*

- (80) A detailed description of the scheme is contained in section 3.16 of the FTP 09-14 and section 3.10 of the HOP I 09-14.

(b) *Findings*

- (81) It was found that the cooperating exporting producer did not obtain any benefits under the SHIS in the review investigation period. It was therefore not necessary to further analyse this scheme in this investigation.

14. Capital Infusions

- (82) It was found that the cooperating exporting producer did not benefit from capital infusions from the GOI or regional governments. It was therefore not necessary to further analyse this scheme in this investigation.

15. Regional Schemes of the Government of Gujarat (GOG)

- (83) It was confirmed that the cooperating exporting producer does not have related companies or production facilities in the State of Gujarat. It was therefore not necessary to further analyse the regional schemes of the GOG.

16. Amount of countervailable subsidies

- (84) The amount of countervailable subsidies found in the review investigation period in accordance with the provisions of the basic Regulation, expressed *ad valorem*, for the investigated exporting producer is 3,1 %.

Kokan Synthetics & Chemicals Pvt. Ltd

Scheme	%
EOUS (*)	1,4
DEPBS (*)	nil
EPCGS (*)	nil
ITES	nil
AAS (*)	nil
PSI (Maharashtra Regional Scheme)	1,1
ECS (*)	nil
FPS (*)	nil
DFIA (*)	nil
DDS (*)	0,6
FMS (*)	nil
SHIS (*)	nil
Capital Infusions	nil
Gujarat Regional Schemes	nil
TOTAL	3,1

(*) Subsidies marked with an asterisk are export subsidies.

- (85) On the basis of the available information, the cooperating exporting producer accounted for major proportion of exports of sulphanilic acid from India to the Union during the review investigation period. No information was available showing that the level of subsidisation of other exporting producers that might exist would be at a lower level.

17. Likelihood of a continuation of subsidisation

- (86) In accordance with Article 18(2) of the basic Regulation, it was examined whether the expiry of the measures in force would be likely to lead to a continuation of subsidisation.
- (87) It was established that though the subsidy margin found during the expiry review investigation is lower than the one established during the original investigation and previous expiry review, the cooperating Indian exporter of the product concerned continued to benefit from countervailable subsidisation by the Indian authorities. There is no indication that DDS — the main programme currently used by the company after de-bonding from the EOUS will be phased out in the foreseeable future. Under these conditions, it is clear that the exporter of the product concerned will also continue to receive countervailable subsidies in the future.

D. LIKELIHOOD OF A CONTINUATION OR RECURRENCE OF INJURY

1. Union production and definition of the Union industry

- (88) During the review investigation period, the like product was manufactured in the Union by one single Union producer who therefore represents 100 % of the Union production and constitutes the Union industry within the meaning of Article 9(1) of the basic Regulation.

2. Union consumption

- (89) Union consumption was established on the basis of:
- sales volumes of the like product by the Union industry into the Union market,
 - import volumes of sulphanilic acid (TARIC level) into the Union market reported in Eurostat.
- (90) In view of the fact that the Union industry consists of only one producer and there is only one US exporting producer, in order to respect confidential business information, it is necessary to present the information in tables below in an indexed form.

Table 1

Consumption in the Union market

Volume (index)	2010	2011	2012	RIP
Union consumption (2010 = 100)	100	106	106	114

Source: Eurostat and questionnaire reply.

- (91) The investigation showed that the market for sulphanilic acid gradually expanded over the period considered and increased by 14 % by the end of the RIP.

3. Imports from the country concerned

- (a) *Import volumes and market share*

Table 2

Imports from the country concerned

Import volume (index)	2010	2011	2012	RIP
India	100	422	187	52

Source: Eurostat.

Table 2a

Imports from the country concerned

Import volume (ranges) ⁽¹⁾	2010	2011	2012	RIP
India	50-200	250-550	100-250	10-80

Source: Eurostat.

⁽¹⁾ Following the disclosure the Union producer requested that the import volumes and values of sulphanilic acid from the countries concerned made available in ranges as well, as on the basis of the indexed figures it was difficult to assess the real (absolute term) development of the figures and to understand the conclusions of the Commission thereof.

Table 3

Market share of the country concerned

Market share (index)	2010	2011	2012	RIP
Market share of imports from India	100	397	177	46

- (92) The volume of imports originating in India decreased by 48 % over the period considered and their market share decreased by 54 % over the same period.

(b) *Import prices*

Table 4

Average prices of imports of sulphanilic acid from the country concerned

	2010	2011	2012	RIP
Price of imports from India index (2010 = 100)	100	79	84	92

Source: Eurostat.

Table 4a

Average prices of imports of sulphanilic acid from the country concerned

	2010	2011	2012	RIP
Price of imports from India ranges	1 200-1 800	1 000-1 400	1 100-1 500	1 300-1 700

Source: Eurostat.

- (93) The average price of the product concerned from India decreased in 2011 by 21 % and since then increased gradually but remained still below the 2010 price levels by 8 %.

(c) *Level of price undercutting*

- (94) The investigation showed that the prices charged by the sole cooperating Indian exporting producer were not undercutting the prices of the Union producer. In order to respect confidential business information, the exact result cannot be disclosed but the undercutting found was between – 20 % to – 40 %.

- (95) Following the disclosure and the comments made by the Union producer the Commission was requested to calculate the possible price undercutting for the remaining part of Indian imports based on Eurostat data. According to these data, no undercutting was found with regard to those imports and therefore the findings made in recital 94 above can be confirmed.

4. Imports from other third countries

- (96) With the exception of three negligible transactions (in 2010 and 2011 from Switzerland and one in 2012 from Malaysia), all imports of sulphanilic acid from other third countries came from the PRC and the USA in the period considered.

Table 5

Imports of sulphanilic acid from other third countries

	2010	2011	2012	RIP
Volume of imports from the US (index)	100	267	253	299
Market share of US imports (index)	100	180	171	188
Average prices of US imports (index)	100	95	101	102
Volume of imports from China (index)	100	77	14	1
Market share of Chinese imports (index)	100	73	13	1
Average prices of Chinese imports	100	92	104	164

Source: Eurostat.

- (97) Volumes of imports of sulphanilic acid from the PRC decreased by 99 % between 2010 and the review investigation period and their market share also decreased by 99 % in the same period.
- (98) The average price of imports of sulphanilic acid from the PRC decreased slightly in 2011 by 8 % and showed an increasing trend thereafter with a very sharp increase of 64 % in the review investigation period.
- (99) Both the volume and market share of US imports of sulphanilic acid have increased significantly during the period considered, by 199 % and 88 % respectively. As the Union industry's market share remained relatively stable during the same period, it was the US imports that took over the market left by the Chinese and Indian exporters.
- (100) The price levels of US imports remained rather stable during the period considered and were in the same range as those of the Union producer. During the review investigation period there was no price undercutting by the US imports.

5. Situation of the Union industry

- (101) In accordance with Article 8(4) of the basic Regulation, the examination of the likelihood of continuation or recurrence of injury included an evaluation of all economic factors having a bearing on the state of the Union industry during the period considered.
- (102) In order to respect confidential business information, it has been necessary to present information concerning the sole Union producer in an indexed form.

5.1. *Production, production capacity and capacity utilisation*

Table 6

Production, capacity, capacity utilisation

	2010	2011	2012	RIP
Production tonnes (index)	100	87	99	107
Capacity tonnes (index)	100	100	100	100
Capacity utilisation rate (index)	100	87	99	107

Source: Questionnaire reply.

- (103) The production of the Union industry was 7 % higher in the review investigation period than the level recorded at the beginning of the period considered. The Union industry's capacity remained unchanged during the period considered and therefore the capacity utilisation rate changed the same way as the production i.e. increased by 7 % in the review investigation period.
- (104) It should be noted that the Union industry maintained a satisfactory level of capacity utilisation during the period considered with the exception of 2011 and managed to achieve an optimal level during the review investigation period.
- (105) Following the disclosure the Union industry claimed that throughout the period considered it reached optimal capacity utilisation levels only in the RIP which shows that its recovery is still very recent and fragile.
- (106) This comment in the Commissions' assessment does not change the conclusions of recital 104 above which do not contradict in any way the comments of the Union industry.

5.2. *Closing stock*

Table 7

Closing stock in volume

	2010	2011	2012	RIP
Closing stocks tonnes (index)	100	576	328	171

Source: Questionnaire reply.

- (107) The Union industry's year end stock levels showed a sharp increase in 2011 with a decreasing trend afterwards but still remaining 71 % above the 2010 level in the review investigation period. In any case, based on the production volume during the review investigation period the closing stock level represents less than one month of production.

5.3. *Sales volumes and market share*

Table 8

Sales volume and market share

	2010	2011	2012	RIP
Sales volume tonnes (index)	100	70	97	104
Market share % (index)	100	66	92	92

Source: Questionnaire reply.

- (108) Sales volumes of the Union industry have increased by 4 % compared to the levels recorded in the beginning of the period considered. There was a very sharp dip in 2011 followed by a steady increase afterwards.
- (109) In terms of market share, the Union industry's performance can be considered stable during the period considered with the exception of 2011 when similarly to the decrease in sales, the market share of the Union industry decreased as well. In the following years the sales and market share showed an increasing trend. Even though the market share of the Union producer remained in the review investigation period slightly below the 2010 level, it is worth noting that the Union industry still managed to take part of the growth in the Union consumption and held a dominant position on the Union market throughout the period considered.
- (110) In its submission following the disclosure the Union industry stated that its market share is very unstable due to the fact that sulphanilic acid is a price driven commodity and provided the example of 2011 when the Union industry's market share plummeted.
- (111) In this regard it has to be emphasised that the loss in market share experienced in 2011 coincided with a price increase by the Union producer against market trends at that time. Indeed, the investigation showed that import prices from all the countries decreased in the range of 5 % to 20 % in 2011. It is also noteworthy that the statistical data available shows that it was mainly the US importer which took over the market share lost by the Union industry.

5.4. Prices and factors affecting prices

Table 9

Sales prices

	2010	2011	2012	RIP
Average sales prices EUR/tonne (index)	100	109	108	112

Source: Questionnaire reply.

- (112) The Union industry's sales prices on the Union market have increased by 12 % during the period considered which was due to the passing on of the increase in the cost of main raw material (aniline).

5.5. Employment and productivity

Table 10

Employment and productivity

	2010	2011	2012	RIP
Employment (index)	100	100	117	117
Labour productivity (index)	100	88	85	91
Average labour cost (index)	100	105	102	116

Source: Questionnaire reply.

- (113) The employment in full time equivalent has increased during the review investigation period by 17 %. The average labour costs have shown an increasing trend during the period considered reaching a 16 % increase in the review investigation period compared to 2010. Since production only increased by 7 % as shown in recital 103, the labour productivity has decreased in the period considered by 9 %.

5.6. Profitability

Table 11

Profitability

	2010	2011	2012	RIP
Profitability (index)	100	96	20	65

Source: Questionnaire reply.

- (114) The profitability of the Union industry on the like product decreased during the period considered and it was slightly below the optimal level claimed by the Union industry, however it is important to note that it still remained positive throughout the period considered.
- (115) The decrease in the profitability is mainly due to the increase in the average cost of production which increased by 20 % between 2010 and the review investigation period and which could not be fully compensated by the 12 % increase in the sales prices as indicated in recital 112.

5.7. Investments, return on investment and cash flow

Table 12

Investments, return on investment and cash flow

	2010	2011	2012	RIP
Investments (index)	—	100	133	57
Return on investments (index)	100	86	30	103
Cash flow (index)	100	116	68	82

- (116) The investigation showed that the Union Industry could not invest in 2010. Subsequently, investments for the sulphanic acid business have decreased by 43 % from 2011 to the end of the review investigation period and their amount in absolute terms can be considered to be low, relating mainly to maintenance activity. These findings are consistent with the return on investments and the low profitability achieved during the review investigation period.
- (117) Return on investment followed closely the profitability trend in 2011 and 2012. In the review investigation period the return on investment improved and reached the same level as in 2010 due to the increase in the profitability from 2012 to the review investigation period.
- (118) Cash flow showed a fluctuating trend but remained positive throughout the period considered. In the review investigation period cash flow decreased by 18 % compared to 2010 level. The Union industry has not reported any difficulties in raising capital during the period considered.

5.8. Magnitude of actual subsidy margin and recovery from past subsidisation

- (119) As concluded in recital 84, the subsidy margin found in the review investigation period was not substantial though it was still above *de minimis*.
- (120) Taking into account the increase in the sales volumes, prices and in the capacity utilisation rate of the Union industry, it can be concluded that the measures were successful and that the Union industry has recovered from the effects of past subsidisation during the period considered. A certain decline in some injury indicators such as profitability and market share was observed during the review investigation period however this cannot be attributed to the imports from the country concerned due to their very low level in the review investigation period. In any case, the injury indicators which developed negatively still indicate a sustainable situation for the Union industry.

6. Conclusion on the situation of the Union industry

- (121) The investigation showed that imports of the product concerned from India have fallen to a very low level. The market share of the Union industry remained fairly stable and the volumes lost by the country concerned were taken up by imports from the US at a price level similar to that of the Union industry. The Union industry was able to increase its sales volumes, average sales prices and to achieve close to optimal capacity utilisation rates.
- (122) The moderate decline in the market share and the profitability of the Union industry cannot be attributed to Indian imports as explained in recital 120.
- (123) It is therefore concluded that the Union industry did not suffer material injury during the review investigation period.
- (124) Although the Union industry made some observations concerning the injury analysis and they were addressed above in recitals 95, 105-106 and 110-111, it agreed with the overall conclusion concerning the absence of material injury in particular during the RIP.

7. Likelihood of recurrence of injury

- (125) For the assessment of likelihood of recurrence of injury it is important to point out that under optimal capacity utilisation — which has been achieved during the review investigation period — the Union industry is not able to satisfy the whole Union consumption and consequently a significant part of the Union consumption needs to be covered by imports.
- (126) In addition, the Union industry only produces purified sulphanilic acid, which means that users who prefer technical sulphanilic acid for their production have to turn to imports.
- (127) Furthermore, the Union industry had a stable market share with sales to a number of long-lasting customers. The investigation revealed that for some users the suppliers of sulphanilic acid need to undergo stringent and costly certification/verification process which makes changes from one supplier to another more difficult.
- (128) It is in this context that the potential impact of the Indian imports on the Union market and the Union industry was analysed in accordance with Article 18(2) of the basic Regulation in order to assess the likelihood of recurrence of injury if the measures were allowed to lapse.
- (129) As concluded above in recitals 84-85 and 87 sulphanilic acid imported from India still benefits and is likely to benefit in future from subsidisation.
- (130) At the same time the findings of the investigation point to the fact that the presence of subsidised imports from India will not lead to a recurrence of injury to the Union industry. This reasoning is based on the analysis of the following factors:
- spare capacity in India,
 - Indian exporters' price behaviour,
 - impact of the level of the subsidisation on prices,
 - Indian product mix.
- (a) *spare capacity in India*
- (131) The investigation did not reveal the existence of significant spare capacity in India.
- (132) The Union industry challenged this finding claiming in particular that there will be a likely increase of Indian spare capacity as a result of the increasing presence of Chinese products on the Indian market and that therefore the incentive to export will further increase.

(133) In this regard the Commission notes that the biggest known Indian producer and exporter of sulphanilic acid abandoned its status of Export Oriented Unit (EOU) in 2013 as described in recital 39 as the company was planning to increase its sales on its domestic market. These sales had been seriously limited by the conditions of EOU scheme. The company confirmed that it did not perceive pressure from Chinese competitors and that in their assessment the Indian market had good prospects of development. Therefore, there are no reasons to assume that the present or any future spare capacity of Indian producers will be diverted to the Union due to an alleged Chinese pressure on the Indian market.

(b) price behaviour of Indian exporters

(134) With regard to the price behaviour of Indian exporters, it was found in recitals 94 and 95 above that the cooperating exporting producer but also other Indian exporters were selling at prices which did not undercut the Union price levels during the RIP.

(135) The Union industry claimed that Kokan's export prices were based on a price undertaking and were therefore not representative for the other Indian exporting producers. The Commission notes that over the period considered Kokan's prices were substantially above the minimum import price (MIP) set by the undertaking. With regard to the other Indian exporters their average export prices as reported in Eurostat were even higher during the RIP. This means that the prices of Indian exporters including Kokan were rather based on the market situation and not on the price undertaking.

(136) The Union industry also pointed out that the prices of Indian imports decreased by 8 % in the period considered despite an increase by over 40 % in the prices of the main raw material (benzene) in the same period. The investigation showed that the relatively high price level for sulphanilic acid in the Union market created a scope for a price decrease despite an increase in the cost of main raw material. Notwithstanding its importance as a cost component, benzene in isolation cannot explain the evolution of costs and prices of the product under investigation. Finally, the investigation showed that Indian sales prices to the Union were not exceptionally low as they were similar to Indian prices of exports to third countries which were made in considerable quantities. Therefore, the trends of pricing the end product (sulphanilic acid) and main raw-material (benzene) raised by the Union industry are not found to be contradictory.

(137) Finally, the Union industry raised the point that Indian export prices to third countries, namely Turkey, were lower than those to the EU. The Commission notes that the data collected from Kokan showed that their prices to Turkey were also above the MIP and that they were not undercutting the prices of the Union industry. The export volumes of Kokan to Turkey were in the same range as those on which the Union industry based its claim, therefore findings with regard to Kokan are valid for all Indian exports to Turkey. Based on the above, the alleged different price behaviour of Indian exporters to third countries as opposed to the EU is not supported by the information available.

(c) impact of the level of subsidisation of prices

(138) As indicated in recital 84 above the subsidy margin found in the RIP for the cooperating Indian producer amounted to 3,1 %. This shows a continued declining trend in subsidisation observed since the imposition of the original countervailing measures in 2002.

(139) This decline is not merely linked to the situation of this individual company but to systemic changes in the Indian subsidy schemes. As explained in part C of this Regulation some of the schemes were abandoned by the GOI and most of the others were scaled down in terms of benefits to the companies. Only in the case of one particular scheme investigated, namely the DDS, the conditions of eligibility and the administrative procedures were loosened. As a result, Kokan immediately switched to this scheme. However, the use of DDS excludes the use of most of the other schemes (EOU, AAS, FPS, DFIA and FMS). For the product concerned the DDS scheme has a clear maximum level of subsidisation: in the RIP 4 % of the export FOB value, and it was further reduced to 3 % afterwards. Despite this limit on subsidy level it can be expected that other producers would or already have switched to this scheme due to its low administrative burden.

(140) The Commission has already observed such trend in several other anti-subsidy investigations in India over the last 2 years⁽¹⁾. It can thus be concluded that findings with regard to Kokan, as described in recital 139 above, can be extrapolated to the rest of Indian producers of sulphanilic acid.

⁽¹⁾ Example: Stainless Steel Wire (OJ L 240, 7.9.2103), PET film (OJ L 137, 23.5.2013).

(141) Taking into account the above level of subsidisation (forecast on around 3 % with DDS as a main scheme) and the current level of export prices from India, which already include the subsidies, it is concluded that these export prices would not undercut the prices of the Union industry even if the countervailing measures on India were removed. It can therefore be concluded that exports from India, even if subsidised, will not be injurious to the Union industry.

(d) *product mix*

(142) The cooperating Indian producer (representing a significant share of Indian imports to the Union) was mainly selling the technical grade of sulphanilic acid where it competed primarily with US and Chinese imports as the Union industry did not produce technical grade of sulphanilic acid. Moreover, basically all of Kokan's exports of sulphanilic acid to Turkey, which were made in significant quantities, were of technical grade.

(143) The Union industry claimed that there was very large overlap in the use of technical and purified grade of sulphanilic acid and that there is thus substantial competition between the two grades.

(144) Though it is not contested that both grades are deemed to be a single product, it is important to note that the investigation confirmed that in practical terms inter-changeability is limited. In particular users who need or prefer technical grade sulphanilic acid could in theory use purified grade, however due to the significant price difference (20 % - 25 %) this is economically not a viable solution. Therefore, it is maintained that sales of Indian producers as far as technical grade sulphanilic acid is concerned mainly compete with Chinese and US products.

8. Conclusion on recurrence of injury

(145) In view of the findings of the investigation as explained in the recitals above, it is concluded that repealing the countervailing measures against India is not likely to result in recurrence of injury in the short to medium term.

E. UNION INTEREST

(146) Since it was concluded that there was no likelihood of recurrence of injury, it was not necessary to determine the Union interest.

F. TERMINATION OF COUNTERVAILING MEASURES

(147) All parties were informed of the essential facts and considerations on the basis of which it is considered appropriate that the existing countervailing measures on imports of sulphanilic acid from India be repealed. Interested parties were also granted the possibility to submit comments subsequent to that disclosure. The submissions and comments were duly taken into consideration where warranted.

(148) It follows from the above that, as provided for by Article 18 of the basic Regulation, the countervailing measures applicable to sulphanilic acid originating in India should be repealed. The Commission Decision accepting the undertaking currently in force concerning imports of sulphanilic acid from Kokan should also be repealed.

(149) Taking into consideration that the recovery of the Union industry is recent, the Commission following the request of the Union producer, will monitor the imports of the product concerned. The monitoring will be limited to a period of two years after the publication of this Regulation.

(150) The Committee established by Article 25(1) of the basic Regulation did not deliver an opinion,

HAS ADOPTED THIS REGULATION:

Article 1

1. The definitive countervailing duty on imports of sulphanilic acid currently falling within CN code ex 2921 42 00 (TARIC code 2921 42 00 60) originating in India is hereby repealed and the proceedings concerning these imports is terminated.

2. The Commission Decision 2006/37/EC accepting the undertaking currently in force concerning imports of sulphonic acid from Kokan Synthetics & Chemicals Pvt. Ltd (India) is hereby repealed.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 December 2014.

For the Commission
The President
Jean-Claude JUNCKER
