

## An open door for dumped imports? The China-EU trade dispute

By Pavle Popovic

For 15 years, Chinese government officials say, the World Trade Organisation (WTO) has provided cause for its member states to treat the Asian nation as a non-market economy in anti-dumping investigations.

In December 2016, the Chinese government informed the WTO that it was time for this to stop and soon after it began a dispute with the EU regarding the matter, which some say could lead to an increase of dumping in Europe.

### INVESTIGATIONS INTO CHINA

It was in 2001, under China's Protocol of Accession, Section 15 (a), that the WTO set a prerogative for anti-dumping investigations focused on the Asian nation's markets.

In anti-dumping investigations, a WTO reporting member typically tries to establish if a company is exporting a product at a price lower than the firm usually charges domestically.

However, this Protocol of Accession states that importing WTO members probing Chi-

nese exporters could use a methodology in their investigations that is not based on strict comparison with domestic prices or costs in the Asian country.

Instead, there are WTO member states, such as the EU, that use an analogue methodology, which utilises price data from a market economy country that then comprises the state's calculations in Chinese anti-dumping investigations. China's application was eventually ratified, with the freedom for other member states to use the analogue methodology forming part of its treaty provisions, and on 11 December 2001 the country became a member of the WTO.

### QUEST FOR MARKET ECONOMY STATUS

It was not the fact of honouring its own commitments that China expressed concern with in December 2016. Instead, it was the actions of others that it called into question.

After its accession to the WTO, between 2002 and 2015, China faced 637 anti-dumping measures. WTO statistics, from 1995 to

“It's very likely that beside the already affected industries, the next industry to become the target of Chinese dumping will be chemicals”

2015, attest that the most anti-dumping measures exacted on an exporter were on China at 840. South Korea, in this same period, was the exporter with the second most amount of anti-dumping measures put in place against it at 229 with 147 enacted during 2002 and 2015.

India imposed the most anti-dumping measures against China, between 1 January 1995 and 30 June 2016, while the US and EU came second and third respectively.

It was, nonetheless, the EU that China began a dispute with after it asked all WTO members, in December 2016, to treat it as a market economy in anti-dumping investigations following the expiry of Section 15(a) in its Protocol of Accession.

China said that the analogue methodology some WTO member states used resulted in much higher prices than those reported by its domestic producers and, consequently, as an exporting nation, it received higher anti-dumping duties than other nations.

Since then, a WTO panel for the dispute between China and the EU was established on 3 April 2017, leading some to disclose their disagreements with China's push for market economy status.

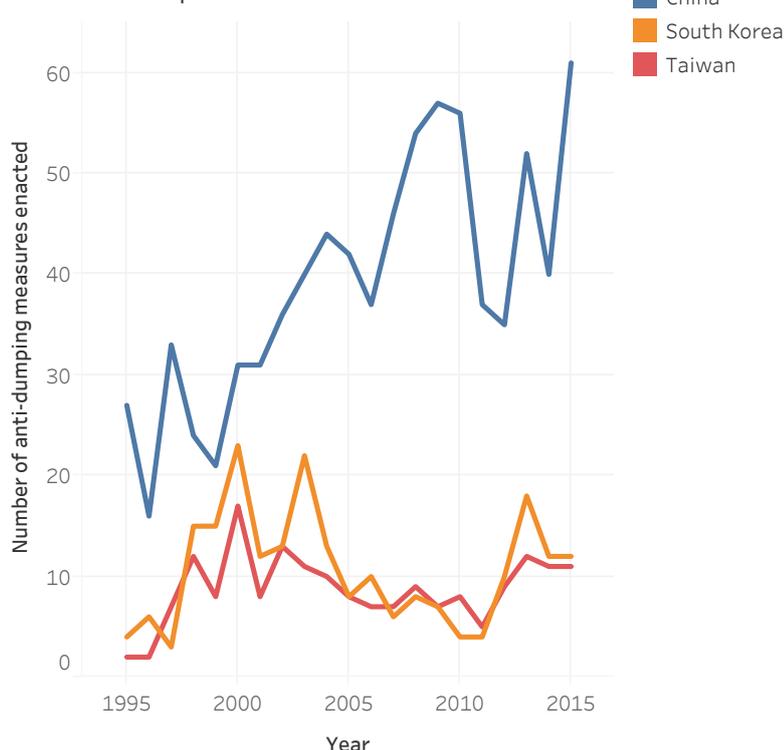
Industry alliance AEGIS Europe took a firm view on the matter.

“We all know that prices in China are dominantly state-influenced. By accepting them as a benchmark the whole anti-dumping law would become useless,” said Milan Nitzschke, a spokesperson at the organisation. “It would be an open door for dumped imports without any option to be closed again.”

The industry alliance is specifically perturbed by China's actions as it does not agree with the country's previous market involvement in Europe. Nitzsche continued to say that it was only the imposition of anti-dumping measures that helped stop more job losses in Europe in the face of Chinese actions.

“It's very likely that beside the already affected industries, such as steel, metals or ceramics, the next industry to become”

ADDs on exporters 1995-2015



» the target of Chinese dumping will be chemicals, tool manufacturing, e-mobility and car parts," he said.

**THE EFFECT OF OVERCAPACITY**

China's overcapacity in various sectors has also been called to attention with AEGIS Europe arguing that it leads to the dumping of products.

Former US Treasury Secretary Jack Lew made similar statements at the 2016 US-China Strategic and Economic Dialogue Joint Opening Session when he said that excess capacity "has a distorting and damaging effect on global markets."

On top of this, there are those that argue China is still not a market economy and therefore is not deserving of such status.

"It is a quasi-market economy in which the state still plays a huge role – through state-owned banks which dominate finance and channel savings in a repressed financial system mainly to state enterprises," said Manu Bhaskaran, director of strategic and policy advisors Centennial Group International.

Although, he added, "But its leadership also sees a lot of advantages in the market economy and the direction of reforms is very

much in favour of becoming more and more like a market economy."

That China has specifically picked the EU to dispute with is, furthermore, significant.

The European Commission, in November 2016, proposed changing its anti-dumping and anti-subsidy legislation to counter overcapacities in the international trading environment.

However, Claude Barfield, of public policy research institute AEI, says that China targeted the bloc due to current perceived vulnerabilities.

"It is purely a political tactic and they [China] figure the Europeans are weaker economically and that sooner or later they may feel that they need, because of their other connections, economic dependence on China," said Barfield.

The resident scholar, who was previously a consultant to the office of the US Trade Representative, contends that nations are acting in self-interest when declaring China a non-market economy.

He points out that there are plenty of examples of non-market economies in the WTO or in the organisation's previous incarnation, General Agreement on Tariffs and

Trade (GATT), that were not questioned. "In the 1980s the French socialists took over a lot of banks and industries. Now, we didn't kick them out of the then GATT," he said.

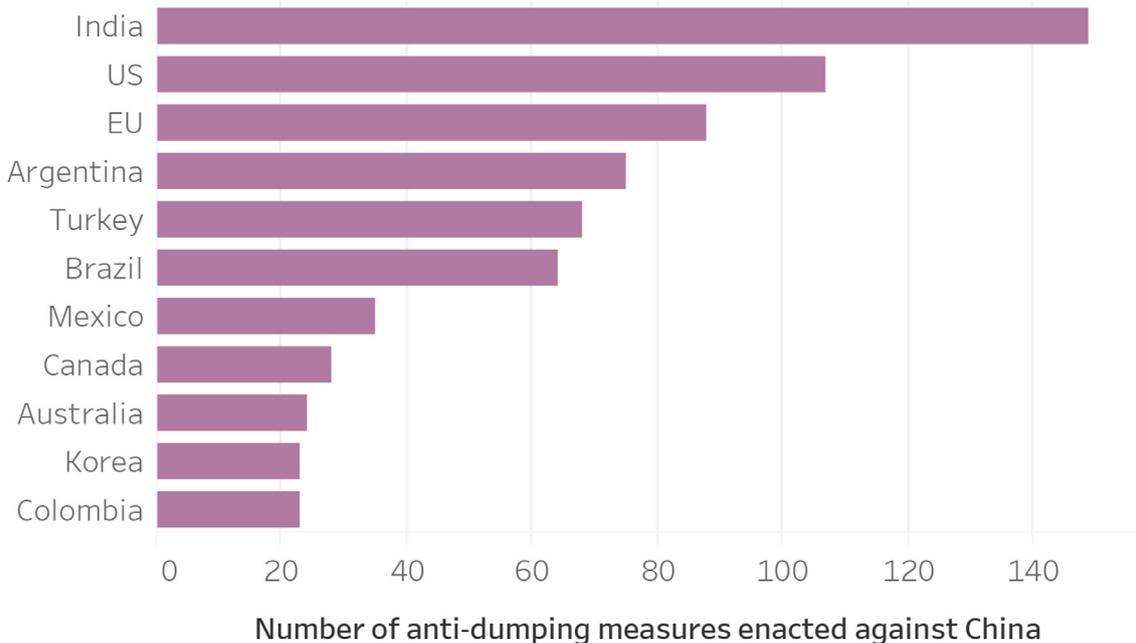
Barfield added, "What the people who are pushing for China to be a non-market economy [want]...is to give themselves an extra boost. You can do a little bit more. You can add 10-20%, it would depend on the case obviously, to the anti-dumping duty if you can use constructive values which is really a scam that's used by...[the US] commerce department and the trade department in Europe and other places."

Barfield concluded that the Chinese government was told by the WTO that provisions in its Protocol of Accession would expire in 2016 and that agreements made regarding it should there be upheld.

If the scholar is right may be debated, nevertheless, Nitzschke, Bhaskaran and Barfield say that the EU will either attempt to please China or that the Asian country will eventually be granted the status it desires.

Bearing that in mind, WTO member states might have to accept a new methodology treating China as a market economy status, whether they like it or not. ■

ADDs against China from January 1995 - June 2016



# With protectionism on the rise, the EU struggles with free-trade principles

By Jonathan Lopez

2016 left two trade policy issues unresolved, and they will haunt EU politicians for years to come. They are the granting of market economy status (MES) to China and the type of commerce relations the UK will have with the EU once it leaves the bloc in 2019.

## CHINA'S MES STATUS

By granting MES to a country, the EU would recognise a level playing field under the commerce terms set out by the World Trade Organisation (WTO), but China does not fulfil most of the five criteria set out by the EU to be a MES (see sidebar).

Although initially the Commission – the EU's executive body – seemed friendly to the idea of closer trade ties with China, the pressure from manufacturers in the EU has pushed it towards a more protectionist stance.

On 10 May, trade group Eurofer said: "A large part of this ballooning import share [of steel coming into the EU in the first quarter of 2017] has to do with the dumping of unfairly cheap steel from third countries," it said.

European chemicals firms have been more contained against implementing tariffs or protectionist measures against China. Many European chemical companies have facilities in China and the trade surplus in this case works in the EU's favour.

"VCI rejects protectionist measures; they are obviously unsuitable from the perspective of a globalised industry like chemistry," said the powerful German chemical trade group in late 2016.

### To grant a country market economy status, the EU has established five criteria

- A low degree of government influence in the allocation of resources and in decisions of enterprises
- An absence of distortion in the operation of the privatised economy
- The effective implementation of company law with adequate corporate governance rules
- An effective legal framework for the conduct of business and proper functioning of a free-market economy (including intellectual property rights, bankruptcy laws, etc.)
- The existence of a genuine financial sector

EU-wide trade group Cefic said on 12 May in a written response to ICIS that "basically, there is no such thing as China-MES" issue anymore, arguing that the political debate had moved on.

"Around 1% of Chinese imports into Europe are subject to dumping measures and we therefore support the Commission in its balanced and country-neutral new anti-dumping methodology proposal," said Rene van Sloten, director for industrial policy at Cefic.

## THE BREXIT EFFECT

Aside from the Chinese relationship with the EU, the UK's future trade relationship with the EU has just started to be explored.

A few voices have expressed concern about chemicals trade and how quitting the EU's REACH regulatory framework could affect health and environment. The UK's relationship with the EU once it leaves the bloc will be negotiated by the new government formed after the snap election called for 8 June.

Pre-June election Prime Minister Theresa May – whose Conservative party was predicted at the time of writing to expand its majority in the House of Commons – has already said the UK will come out of the EU's single market in order to free the UK from the jurisdiction of the European Court of Justice (ECJ), which safeguards the common trade rules within the bloc.

Under the ECJ's rules, all countries with the EU or trading with it must comply with REACH. With more than 60% of UK chemical exports going to the EU, complying with REACH is considered a given – otherwise, trade with the EU would not be possible.

However, jurisprudence of the ECJ in the UK is likely to end – May has opted for breaking all legal ties with the EU – and the conundrum of how to comply without being part of it has brought up a new acronym – BREACH.

However, the debate has just started and different actors have begun to lobby for the UK to continue its membership of REACH.

A Member of Parliament (MP) from the opposition Labour party in the UK said in an interview with ICIS in April that his party would ask for assurances the country will continue to produce and trade chemicals under the "current regime" so corporates and consumers could be sure that standards will not be lowered once the UK withdraws.

"Once we leave the EU, we would be in a much weaker position to strike our own trade deals with other countries. Facing the US, for

“ We therefore support the Commission in its balanced and country-neutral new anti-dumping methodology proposal ”

example, where they have a lot of chemicals in the market which wouldn't be allowed under Reach, we'd be in a weaker position to impose high health and safety standards," said the MP Geraint Davies.

## THE TRUMP TRADE POLICY QUESTION

Regarding the EU's relationship with the US, after years of negotiations between the EU and the US to sign a free trade deal, known as TTIP, the election of a new US President in November and the protectionist winds that followed killed off the deal and put it to rest.

The new US President Donald Trump has no appetite for trade deals with trading blocs, but prefers to negotiate from a stronger position with countries individually.

The demise of the free trade policies that guided the US in the last 60 years also prompted Trump to sign the country's withdrawal from a trade deal with countries in the Pacific – TPP – which would have anchored its economic influence in the region.

Interestingly, the head of petrochemicals at Spain's energy and petrochemical major CEPSA said to ICIS in March that the US has always been very protectionist, so he was not too surprised about the current trend in Washington.

"The US has always been a very protectionist country and it's fascinating how you have this duality of being an open country supporter of liberties, but on the other hand has tendencies to look inwards, like in trade," said Jose Manuel Martinez.

The US seems to be in retreat in global trade. The EU, a champion of free trade and in favour of its expansion, may be prompted to revise that position and turn more protectionist.

Fascinating times of change are ahead – especially as many thought global free trade trends were irreversible. ■

# US and EU could learn from each other on trade regulation, says trade lawyer

By Pavle Popovic

The contrasts between US and EU trade regulatory systems are significant and a combination of both should lead to better results, according to an international trade lawyer.

Edwin Vermulst, of international law firm VVGB Advocaten, has been making note of the differences between EU and US anti-dumping law and practices since the 1980s.

The trade lawyer, who served as a World Trade Organization (WTO) panelist, wrote his US doctorate thesis in law on the topic in 1986 and has been arguing since that a combination of both systems would produce better results.

He has more recently accumulated even more knowledge on trade regulation while representing clients such as the Chinese Ministry of Commerce (MOFCOM) in anti-dumping, countervailing duty and safeguards' investigations.

## TWO DIFFERENT APPROACHES

"First of all, the US system is very transparent," said Vermulst when identifying distinctions between the two different approaches to trade regulation.

"They have a system called APO [administrative protective order]. Lawyers for interested parties can have access to the confidential information filed by other parties in the case."

Disagreements often need to be resolved using a lot of calculations, which he says need to be double-checked by those involved. Such

verification is not possible in the EU. "That means that you have to put a lot of trust in the authorities as it is only the authorities that have all the information and that will put two and two together," said Vermulst.

However, Vermulst suggests that there are benefits to the EU system too.

"In the EU we have a public interest test, so that means even if there is dumping and even if there is injury as a result of the dumping, the EU may decide, for example, that is it not in the public interest to impose anti-dumping duties [ADDs]." he said.

## ONGOING THREAT TO GLOBALISATION

Such understanding of global regulation has, after all, magnified in significance since the UK's EU referendum vote and Donald Trump's election as US president.

On 21 April, researchers at Germany's ZEW economic research group *went as far as to say* that Donald Trump's tax reform could spark a global trade war. The researchers argue it would create greater incentive for companies to move their profits and production to the US and, consequently, nations, such as EU member states, would have to adapt their tax and trade policies in response.

Indeed, according to Vermulst, expectations that the US president's policies will influence the EU in the near term are not unreasonable.

The US does have multiple trade instruments, and Vermulst says that as long as Trump does not stray too much from them he can only go so far.

Those filing anti-dumping requests in the US would be encouraged by a statement made in the president's 2017 trade policy agenda in which it says that the administration rejects any notion that the government should turn a blind eye to unfair trade practices that disadvantage domestic businesses participating in global



I don't believe in these kinds of dumping and subsidy measures.... If people cannot compete with China, OK let them do something else

markets. Further to that, they would also want an increase in the quantity of anti-dumping measures during Trump's term in order to see a change from Barack Obama's administration.

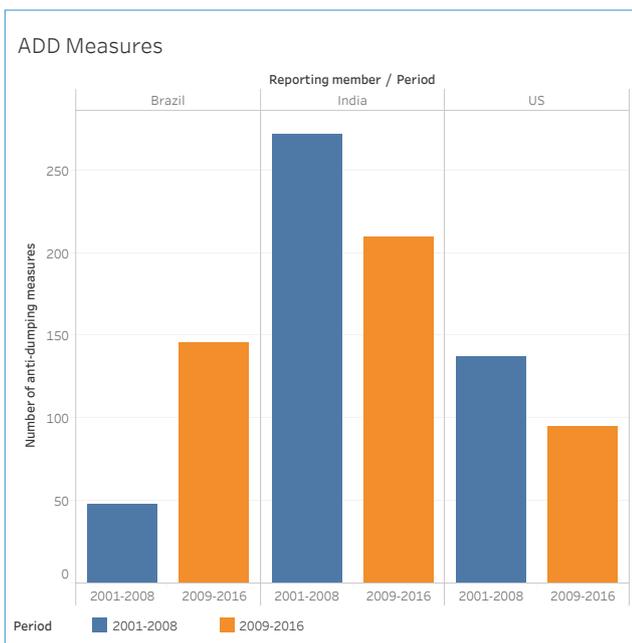
At the end of Obama's tenure, according to WTO statistics, the amount of anti-dumping measures decreased when compared to those imposed in his precursor's incumbency.

Between 2009 and 2016, there were 95 anti-dumping measures put in effect. The data shows, though, that under George Bush's administration, there were 137 anti-dumping measures. The US under Obama, therefore, had fewer anti-dumping measures enacted than India and Brazil separately managed in the same spell. Vermulst mentions Brazil specifically when he lists nations that could escalate the use of their trade instruments in reaction to Trump's protectionist measures.

"What you are seeing already is that many new user countries like Thailand, Indonesia, China, Argentina and Brazil are also using these instruments quite often against China but also against each other, the EU and the US," he said. "You also have some kind of tit for tat. I bring a case against you, you bring a case against me."

In the end, Vermulst's preference is that there were no anti-dumping duties at all. He says that, as a lawyer operating in the EU, he finds it beneficial that he competes with professionals from countries such as India and China.

"From that perspective I don't believe in these kind of dumping and subsidy measures," he said. "Of course it is good [to not have trade remedies] for the consumer or the users so why should we stop that? If people cannot compete with China, OK let them do something else." ■



## PRODUCT SPOTLIGHT

## European ethanolamines players keep a close eye on the glyphosate debate

By Heidi Finch

Glyphosate has been under the political spotlight in the EU and California over the past year, amid ongoing health concerns.

The product is used as a weed killer, and is widely used in farming and garden applications globally. Any concerns could also have repercussions for di-ethanolamines (DEA), which finds a main outlet in the downstream glyphosate sector.

Political discussions intensified last year, with lobbying from various EU committees against the renewal of the glyphosate licence in the EU. This lobbying stemmed from concerns that glyphosate may be carcinogenic and have endocrine disruptive properties.

As EU member states failed to reach a qualified majority decision in June 2016, the European Commission decided to temporarily extend the glyphosate licence in the EU until the end of 2017 at the latest, pending the assessment on glyphosate by the European Chemical Agency (ECHA).

Also in June 2016, the Commission recommended that EU member states ban co-formulant POE tallowamine in glyphosate based products and restrict glyphosate usage in pre-harvesting and in public spaces.

### FOR AND AGAINST CARCINOGENIC CLASSIFICATION

Since then, the ECHA has said it would not classify glyphosate as a carcinogen, mutagen or toxic for reproduction, stating that there was insufficient scientific evidence to meet the criteria.

Nevertheless, the current hazard classifications for the material regarding causing serious eye damage and poisoning aquatic life still stands, the ECHA added.

Following the ECHA assessment, the European Commission plans to restart discussions with the member states about the possible renewal of glyphosate licencing for 10 years, taking into account the latest scientific research on the herbicide, said Commission spokesperson for Health, Food Safety and specific Energy Union projects, Anca Paduraru in mid-May.

While the scientific assessment from the ECHA, among other regulatory bodies, is likely to be a key part of the discussions between the Commission and the member states, the Commission's recommendation for stricter usage of glyphosate in the EU still stands.

In contrast to the ECHA's assessment, Californian authorities recently decided to classify glyphosate as a carcinogen in that US state.

The Office of Environmental Health Hazard Assessment (OEHHA) said it intended to list certain chemicals such as glyphosate "as known to the state to cause cancer under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 651)".

The body also intends to establish a safe harbour watermark known as the no significant risk level (NSRL), to be finalised prior to the date warning requirements for the material.

At the time of writing, the exact date for the verdict to take effect awaits a decision from the Court of Appeal regarding a request for a stay in the pending Monsanto v OEHHA case. Glyphosate giant



Monsanto is in a legal battle with the OEHHA against this carcinogen listing for herbicide glyphosate.

### ECI REGISTERED IN EARLY 2017

In Europe, the European Citizens' Initiative (ECI) petition was registered with the Commission in early 2017, and sets out the following proposals: a ban on glyphosate; reform of the pesticide approval procedure; and a compulsory target to lower pesticide use in the EU, according to a recent Commission press release.

The ECI is a tool developed under the Lisbon Treaty to allow citizens to influence legislation, provided the petition gathers sufficient support. It needs to receive a million signatures

from at least a quarter of EU member states within a year for the European Commission to consider the possible glyphosate ban, among other factors proposed.

### PLAYERS MULL FUTURE EFFECTS AND SCENARIOS

European ethanolamine players remain largely unfazed by the discussions surrounding glyphosate. This is because DEA is mainly an export product from the EU, with the main downstream glyphosate markets being in Asia and the Americas.

Nevertheless, European ethanolamine players said they expect little to no effect on the California state's carcinogen listing on the European ethanolamines market. DEA is a relatively small market in Europe compared to the other homologues.

In addition, it is understood that ethanolamines are typically sourced for glyphosate production mainly in the surrounding area rather than further afield.

European ethanolamines players suggest that any effect of California's carcinogen listing for glyphosate is likely to be primarily felt on ethanolamine demand in the Americas.

However, if the California ruling were to trigger similar actions on a wider scale, it would potentially have more of an impact on ethanolamine demand into glyphosate globally and would be a greater cause for concern for ethanolamine players in Europe and outside the region.

European ethanolamine players, however, have said that they have some flexibility to adjust production ratios and to convert DEA to another homologue in order to mitigate any possible adverse effects on DEA demand, should they occur.

As glyphosate remains on the radar for policymakers and citizens alike in Europe and further afield, it will continue to be a consideration for ethanolamines players, although for the time being it remains business as usual in Europe.

However, key milestones are yet to be determined such as the decision of the Commission and member states on the future of EU glyphosate licencing beyond 2017 and the outcome of the ECI once known, which will continue to keep ethanolamines and glyphosate players' attention. ■ **Additional reporting by Tom Brown**

PRODUCT SPOTLIGHT

## Anti-dumping drawbridge is coming down for Europe’s ethanol market

By Vicky Ellis

European makers of bioethanol have been cushioned for half a decade by an anti-dumping duty keeping out all but the cheapest of US ethanol. The US has been the world’s largest ethanol-producing nation since 2005, according to the Official Journal of the EU.

In 2010, the EU became an easy target, especially with rules demanding more biofuel blending in petrol (a target of 5.75% by 31 December 2010, up from 2% required in December 2005).

The US share of the European market rose from 1.9% in 2008 to 15.7% in the investigation period (IP) of 1 October 2010 to 30 September 2011, according to the Journal.

Imports of US ethanol into the EU rose tenfold in four years from 2008 to the IP, according to data from the US International Trade Commission (ITC). After complaints from European manufacturers, the European Commission applied a tariff of 9.5% on US imports. Explaining its decision, the Commission’s 2013 analysis had judged there was “consistent price undercutting” of 5.6% on average.

As a defensive measure it has worked exceptionally well. US exports of fuel ethanol to EU nations plunged: the UK and the Netherlands, two key recipients, saw fuel ethanol volumes fall off after 2013.

### EUROPEAN IMPORTS OF US ETHANOL

	2008	2009	2010	IP
Volumes (tonnes)	63,406	53,332	348,868	686,185

SOURCE: US International Trade Commission

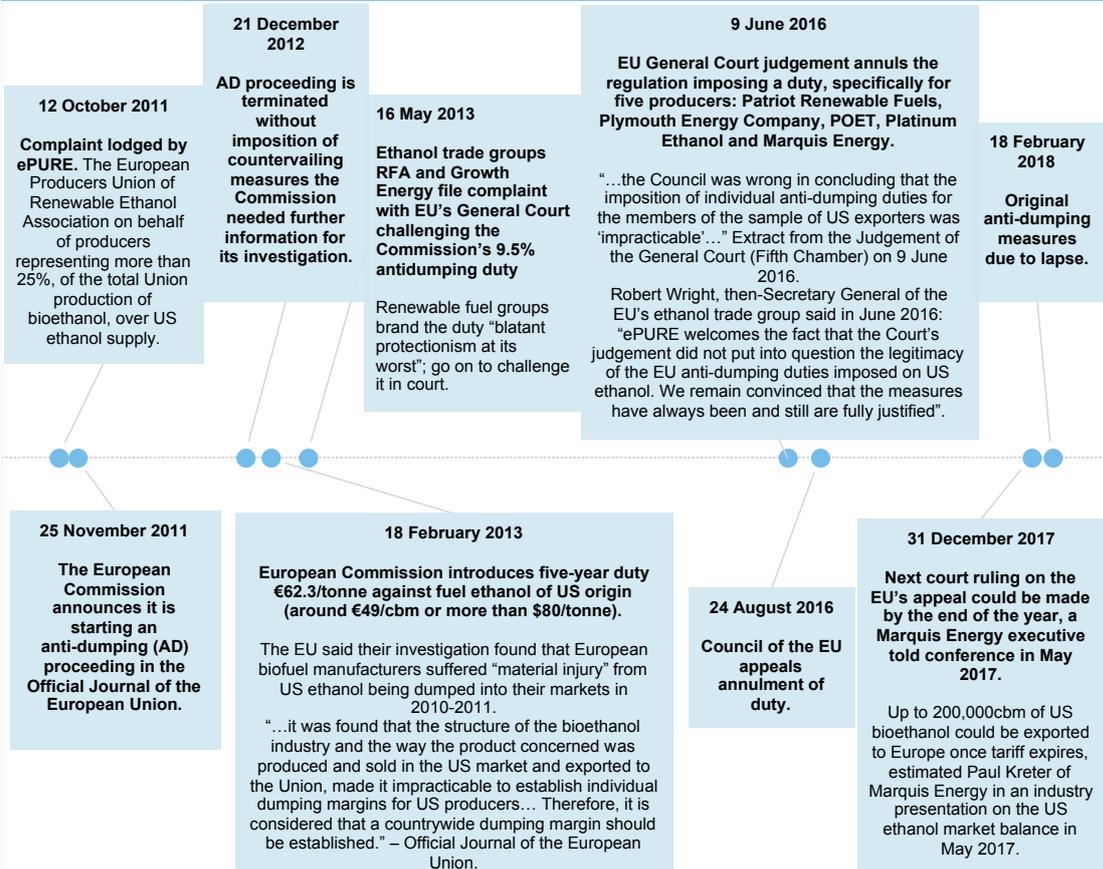
On some rare occasions, ethanol has forced its way past the trade barrier when a price arbitrage made it profitable (when European prices soared sky-high in late 2015, Dutch imports ticked up briefly).

Stateside producers didn’t take the anti-dumping decision lying down, challenging it in European courts. After three years, the EU General Court overturned the initial ruling.

It was a win for five producers. But by this point, and with the expiry of the anti-dumping measure in sight, industry players at the time were of the view there was little point risking bringing product over – even if it was ostensibly suspended.

Now the 2018 deadline for the end of the original anti-dumping measures is on the horizon, there are subtle signals that some players are preparing to make the most of this transatlantic trade corridor. ■

### EU bioethanol anti-dumping duties



PRODUCT SPOTLIGHT

## What happens now that the EU ADD on Chinese PET is gone?

By Pavle Popovic and Hazel Goh

As of 8 February 2017, the EU confirmed that anti-dumping duties (ADDs) on polyethylene terephthalate (PET) originating from China would be removed.

In March 2016, the US International Trade Commission (ITC) made public that Chinese, Indian and Omani PET were to be subjected to countervailing and ADD measures.

A few months later, in November, the Brazilian government imposed ADDs on PET resin imports from China, India, Indonesia and Taiwan.

By the end of the same year, in December, the EU announced that ADDs on Chinese PET would stop by 12 February 2017.

The EU's ADDs, in place since August 2004, were originally scheduled to expire in November 2015. A review request, regarding the removal of the ADDs was made on 29 June 2015 by the Committee of PET Manufacturers in Europe (CPME).

The last two years have been unpredictable for European PET, with participants questioning what will happen to the product after atypical price trends.

### INITIAL APATHY

Chinese PET hit a 2016 peak in December, in what is normally the low season for the northern hemisphere because of bullish feedstock costs. Indeed, it was this rise in the value of Chinese PET that originally caused some European players to greet the EU's ADD news apathetically.

At the time, a producer said that even without ADDs, Chinese PET companies would have struggled to compete in Europe in 2016: "In the past, raw materials in Europe were higher than Asia. In the last few years, [this has] changed and Europe became competitive, so it was good for European producers. As long as [feedstock monoethylene glycol prices affect] everybody— Asia, Europe and the US – then it is OK."

These arguments from European players, regarding the ineffectiveness of the ADD's removal were supported by Chinese producers. Sellers in China were similarly indifferent about the news that the EU's ADD on Chinese material was due to expire.

Chinese producers spoke of the difficulty

in re-establishing seller-buyer relationships with EU customers.

As they had not been selling PET to the EU since the high ADDs were imposed, the consensus was that building those relationships would take time.

### THE EU'S THIRD-COUNTRY DUTY

On top of this, Chinese suppliers said that their exports would still face a 6.5% import tariff, with or without the ADDs, as their product is subject to the EU's third-country duty. Third-country duty applies to all imports originating from a non-EU country although exemptions exist. South Korea, which sources say is a big PET exporter to the EU, benefits

from such an exemption. As a result of the free-trade agreement between South Korea and the EU, its exports to the bloc do not face a tariff.

### OVERCAPACITY OVERRULES DUTIES

Others pointed towards Chinese PET overcapacity and the market's less than optimal average operating rates in previous years.

Sources highlighted that, with this overcapacity, China would need to eventually sell product outside of its borders even if it had to drop its prices. One buyer mentioned that Octal, from Oman, was an example of a company exporting to Europe regardless of its 6.5% duty.

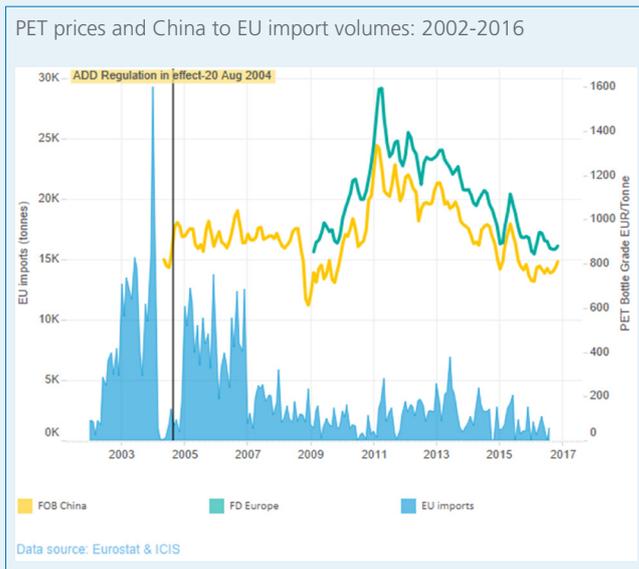
This point was expanded on by a trader who put forward that Indian companies also export in large quantities regardless of import duties. Eurostat statistics show that between January-November 2016, India was the third largest PET exporter to the EU out of all non-EU countries.

Indian PET companies that are exporting, could be doing so regardless of the EU anti-subsidy measures they face. Reliance Industries, for example, currently has a €69.39/tonne anti-subsidy duty, while Dhunseri Petrochem pays €35.69/tonne. Both have been pinpointed by multiple European players as the source of PET imports to the EU.

These anti-subsidy measures have been in place since November 2000, and were applied by the EU as it judged that Indian imports benefited from subsidies and were harming the European PET industry. A source, after discussing the impact of Indian PET in Europe last year, concluded: "That goes to show you, if some of these big players are under pressure, or if they are willing to go to Europe, they just do it. Whatever it takes."

### PET OUTLOOK

Some European buyers, in February, said that the ADD withdrawal would result in a PET price decrease in the first quarter of 2017, but many players in both markets appeared unconcerned. Asian prices started 2017 on an uptrend as feedstock prices were firm on the back of a balanced to short supply. As PET prices were high in February, initial indifference to the ADD news seemed justified. Nevertheless, it feels safe to anticipate a recovery of some sort in PET trade flows between the EU and China. ■



Data source: Eurostat & ICIS

PROPOSALS AND CHANGES AT A GLANCE			
Chemical	Regulatory proposals or changes made	Region	Time frame for implementation
DEA/glyphosate	Temporary extension of glyphosate licence, and recommended usage restriction	EU	End 2017
DEA/glyphosate	To be added to the list of chemicals known to the state to cause cancer	California	Pending Monsanto v OEHHA court case
Methylene chloride, n-methylpyrrolidone (NMP)	US Environmental Protection Agency proposed prohibitions and limitations in early 2017	US	Two to three years
DOTP/plasticizer	Turkey launched ADD investigation into Korea imports of DOTP in November 2016	Turkey, southern Europe	Possibly in May 2017
POM	Chinese producers initiated ADDs in September 2016 on imports from Korea, Thailand and Malaysia.	EU and Asia	Sept 2017 - April 2018
E-SBR	US producers filed petitions against Brazil, Korea, Mexico and Poland for selling into the US at less than fair value.	Global	July - August 2017
LDPE	ADDs remain on Iranian imports	Turkey	Existing
PET	EU ADDs removed on China PET	China, EU	As of February 2017
PET	Japan initiates ADD investigation on imports from China	Japan, China	June 2017
PTA	The European Commission proposed to terminate investigations on South Korea product in April 2017. Investigations had started in August 2016.	EU, South Korea	N/A
Urea	US ADDs removed on all Russian urea. Duties had been valid since 1987.	US, Russia	As of December 2016
Fuel ethanol	US ethanol producers challenged EU ADDs. EU courts approved challenge, annulled ADD, but a new challenge is pending. Next court ruling on the EU's appeal could be made by the end of the year.	US, EU	Original ADDs due to lapse in February 2018
Biodiesel	EU ADDs imposed on US biodiesel in November 2009	EU, US	Under review as of April 2016
Melamine	Expiry review of Chinese imports requested by European producers	EU, China	Under review as of February 2016
Fatty Alcohols	EU ADDs removed for certain fatty alcohols and their blends	EU, India, Indonesia Malaysia	Duty expired as of November 2016

## Shipping update

By Sarah Trinder and Melissa Bartlett

### AMERICAS

At the time of writing, sources expected a downturn in the second quarter citing a cyclical move said to usually occur in the second quarter, but in recent years the reverse has been the case. In three of the past four years (2013-2016), the second quarter has been stronger than the first for new shipping fixtures, with increases of 6-10%, and the year without a raise was basically flat.

New business in Q1 2017, however, showed

a noticeable under-average performance. The global oversupply of ship tonnage continues to depress freight rates.

### ASIA

A spate of refinery maintenances, coupled with rising stockpiles at shore tanks in China, had dampened demand for petrochemical cargoes within the northeast Asian region.

As such, shipping activity towards China from southeast and northeast Asia and the Middle

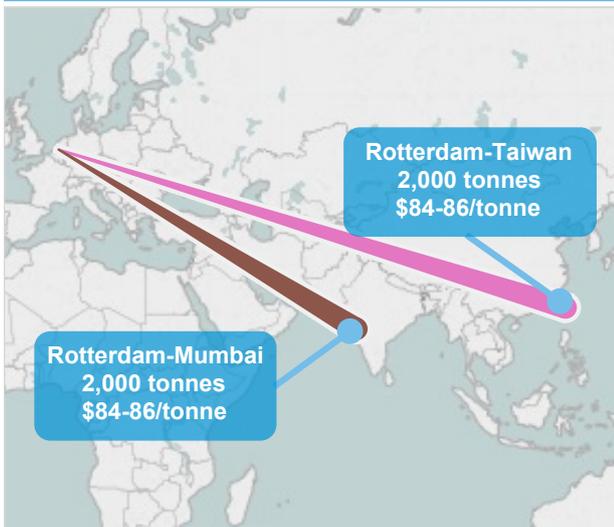
East is expected to remain slow, which would lengthen tonnage supply, exerting downward pressure on freight.

### EUROPE

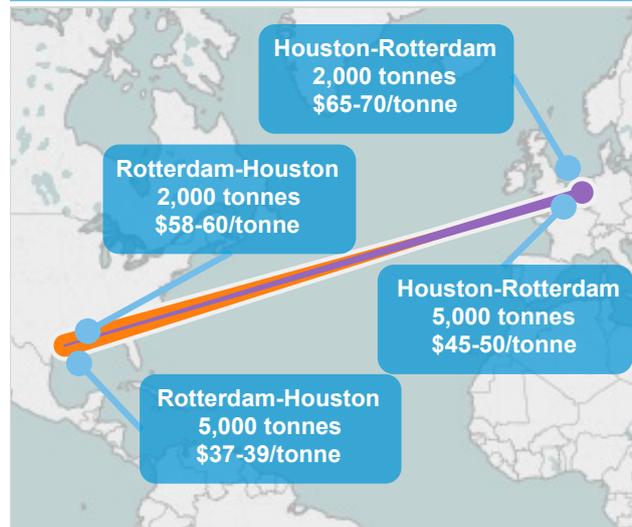
Levels of activity in the European shipping market are likely to continue to fluctuate during the second quarter with volatile crude oil prices making it difficult for traders to take positions. Vessel space on most routes is generally healthy in supply.

## Freight rate maps

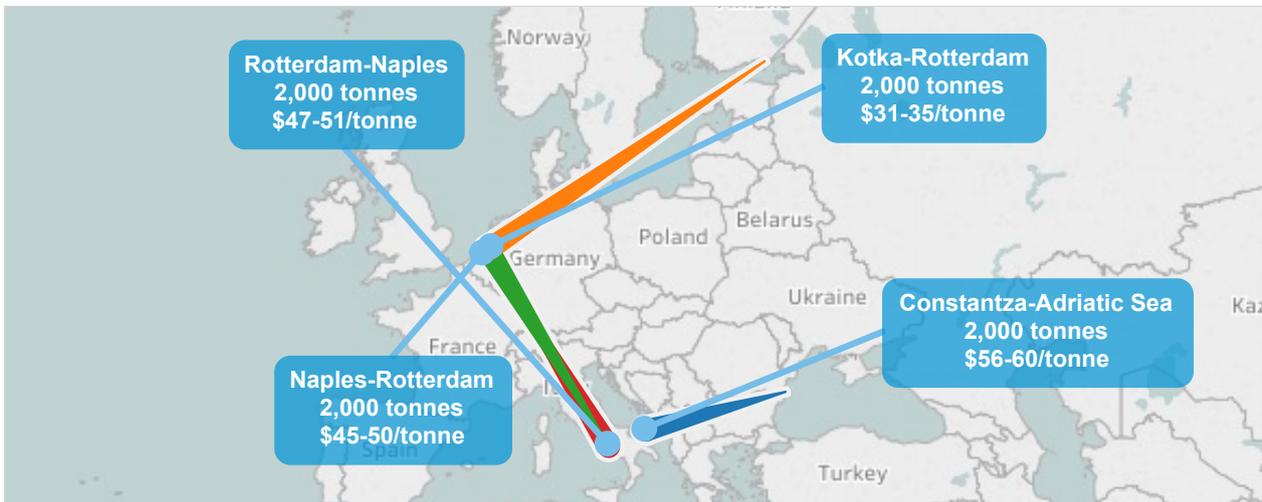
### Europe to Asia Chemical Tankers - Assessed Routes



### Trans-Atlantic Chemical Tankers - Assessed Routes

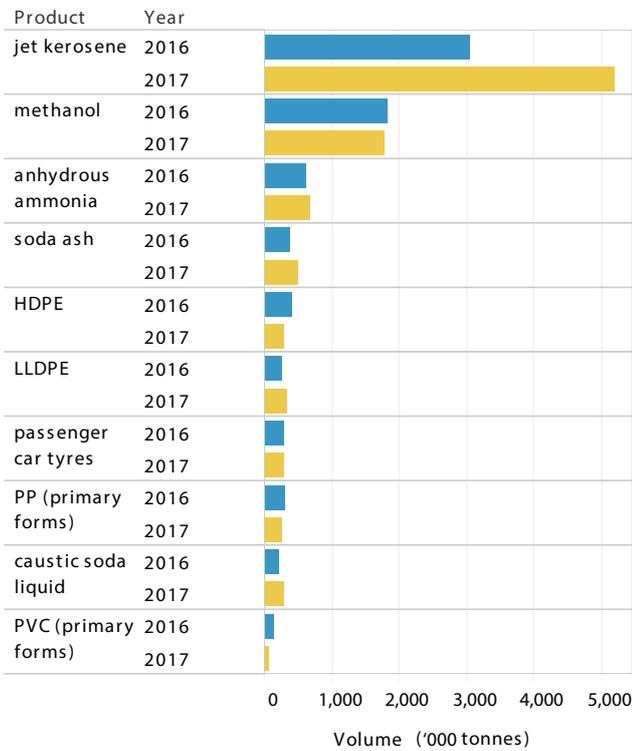


### Intra-European Chemical Tankers - Assessed Routes

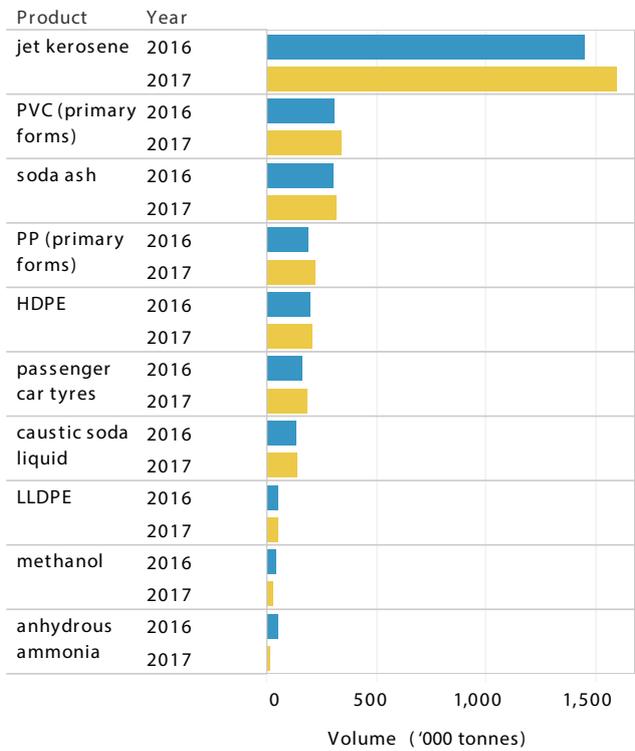


Rates as assessed by ICIS for easy chemicals cargoes in week ending 19/05/2017

Top EU Chemical Imports Q1 2016 & 2017



Top EU Chemical Exports Q1 2016 & 2017



Data source: Eurostat

Eurostat import/export data is subject to revision as more detailed information becomes available. EU figures comprise the aggregate of member states data published by Eurostat.