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Mexico

Oilseeds and Products

Mexico Initiates Antidumping Investigation Against U.S. Soy-oil

2004

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Report Highlights:

The Mexican government has officially announced initiation of an investigation on dumping charges filed against U.S. soybean oil exporters by two Mexican Companies Especialidades Industriales Quimicas (EIQSA) and Resinas y Materiales (RYMSA)

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Introduction: This report summarizes a resolution published in Mexico's "*Diario Oficial*" (Federal Register) on May 17, 2004

Disclaimer: This summary is based on a *cursory* review of the subject resolution and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary: On May 17, 2004, Mexico's Secretariat of Economy (SE) announced in the "*Diario Oficial*" ("Federal Register") the initiation of an official anti-dumping investigation against U.S. inedible soy-oil (H.S. 1518.00.02). The investigation is in response to a petition submitted by the companies "Especialidades Industriales Quimicas" (EIQSA) and "Resinas y Materiales (RYMSA). The official resolution did not include the immediate imposition of countervailing duties. All interested parties have twenty-eight (28) working days from the date of publication of this official resolution to respond to the questionnaires provided by SE. The questionnaires may be picked up by interested parties beginning on May 18, 2004 from 9:00 a.m. - 2:00 p.m. in the SE offices, specifically in the International Commercial Practices Unit offices of the at the following address:

Oficialia de Partes
Insurgentes Sur 1940
Planta Baja
Colonia Florida
Delegacion Alvaro Obregon
C.P. 01030
Mexico, D.F.

Also, the questionnaires may be downloaded at the following website:
www.economia.gob.mx

(FAS/Mexico Note: Historically, the Mexican Government has strictly enforced the timetable for submitting comments. Failure to provide and return the information required by SE could be looked upon as a de facto guilty plea and could result in the establishment of large dumping margins for companies that don't respond. End Note)

Title: "Resolution for which the application of the interested party is accepted and it is declared the beginning of the anti-dumping investigation on import of epoxidized soybean-oil, merchandise classified in tariff code 1518.00.02 of the General Import and Export Tax Law, originating in the United States of America, regardless of the country from which they were imported."

Type of Investigation: Initial Investigation on antidumping claims.

Important Dates

- 1. Publication Date:** May 17, 2004
- 2. Effective Date:** May 18, 2004
- 3. Start of Public Comment Period:** Initial SE questionnaires must be submitted within 28 working days from the publication date of this official resolution.
- 4. End of Public Comment Period:** Final statements must be submitted by 14:00 hours June 24, 2004.

Products Affected: Inedible Soybean-oil under tariff code: 1518.00.02

Agency in Charge: The Secretariat of Economy (SE), International Commercial Practices Unit

A machine translation of the announcement is available from the office of Agricultural Affairs (see e-mail at the end of this report).

Summary of the Resolution's Important Provisions

The allegations that EIQSA and RYMSA submitted to demonstrate unfair international trade practices are as follow:

- A. The unfair practice, referring to price discrimination, was detected in the following areas:
 - a. Strong increase in epoxidized soybean-oil imports coming from the United States, comparing those of the period investigated with those of the analyzed period;
 - b. Sharp drop in EIQSA and RYMSA's sales to traditional clients, in the investigated period;
 - c. Comparing the U.S. soy-oil domestic prices with those that their main clients paid for imported product from the United States, which are lower than the production cost.
- B. Epoxidized soybean oil imports increased from 636,749 kilograms in the period January-October 2001 to 1,420,981 kilograms in the period January-October, 2003, an increase of 123.2 percent. Between January-October 2001 and same period of 2002, the growth was 73.2 percent. The increase between January-October 2002 and the same period of 2003 was of 28.8 percent.
- C. In value terms, when comparing January-October of 2001 with January-October 2003, the growth was of 72.5 percent, as the declared average unit price decreased in the first period (January-October 2002) to US\$ 0.72 per kilogram from US\$ 1.03 per kilogram a year before. While for the second period (January-October 2003) the price increased slightly to US\$ 0.76/kilogram, which demonstrates that the exporters reduced their prices, in order to achieve an export increase.
- D. The strong decrease in the export prices is further evidenced by the fact that when Mexico's imported volume increased by 123.2 percent, imports value increase by 72.5 percent.
- E. The market share of imports in the National Domestic Consumption increased from 24.3 percent in January-October, 2001 to 41.69 in the period of investigation (Jan-Oct, 2003)
- F. The strong increase in imports was brought about by a reduction in price and the national industry suffered substantial damage in the investigated period.
- G. Prices increases were limited in the period of investigation as a result of the substantial increase in the imports and their predatory prices, a situation that allows determining the existence of damage.
- H. The origin of the damage that the applicants suffered (EIQSA and RYMSA) is evident through the substantial reduction in their production, sales and self-consumption during the analyzed period and the investigated period, as consequence of the substantial increase in imports and predatory prices.

The period of investigation for this antidumping petition is January–October 2003. Based on information provided by EIQSA and RYMSA as well as data obtained in the SICM system (World Trade Atlas), the SE analyzed the economic indicators of domestic production of epoxidized soybean oil for the periods January-October of 2001, January-October of 2002 and January-October of 2003.

For More Information:

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FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.