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Mexico

Oilseeds and Products

Final Decision in the Antidumping Case Against U.S. Inedible Soy Oil

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Report Highlights: On July 29, 2005, the Secretariat of Economy (SE) issued its final decision on the antidumping case against exporters of U.S. inedible soy-oil (H.S. 1518.00.02) by imposing a duty of 62.45 percent.

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 July 29, 2005

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 July 29, 2005, Mexico's Secretariat of Economy (SE) announced in the "*Diario Oficial*" ("Federal Register") its final decision on the antidumping case against imports of U.S. inedible soy-oil (H.S. 1518.00.02). SE found that U.S. exporters sold inedible soy-oil into Mexico at prices that it determined to constitute dumping. Consequently, SE assessed a compensatory duty of 62.45 percent.

Background: On May 17, 2004, the SE announced in the "*Diario Oficial*" the initiation of an official anti-dumping investigation against U.S. inedible soy-oil (H.S. 1518.00.02). The investigation was in response to a petition submitted by the companies "Especialidades Industriales Quimicas" (EIOSA) and "Resinas y Materiales" (RYMSA). On October 29, 2004, SE announced a preliminary decision in the anti-dumping case against exporters of U.S. inedible soy-oil, assessing a preliminary duty of 74.50 percent (see MX4064).

Title: "Final Resolution on 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 Ruling: Final

Important Dates:

1. **Publication of Preliminary Ruling:** May 17, 2004
2. **Publication Preliminary Resolution:** October 29, 2004
3. **Effective Date of Final Ruling:** July 30, 2004

Products Affected: Inedible soy-oil (H.S. 1518.00.02)

Agency in Charge: Secretariat of Economy (SE)

Summary of the Resolution's Important Provisions

This is a summary derived from the Spanish-language announcement, following the same headings and order of the published text:

Additional Elements

In the final stage of investigation, SE evaluated the possibility of establishing a compensatory duty lower than the 91.98 percent found to be the discriminatory margin that would still be enough to eliminate the damage to the domestic soy oil industry and to reestablish non-discriminatory trade conditions in the domestic market. As a result, SE analyzed the available options based, in part, on the information presented by the national producers, to determine a non-prejudicial price that could be used as reference for U.S. inedible soy-oil imports into the domestic market. As a result, SE determined that a compensatory duty of 62.45 percent would be enough to reestablish the fair trade conditions in the Mexican market for inedible (epoxidized) soybean oil.

Summary

The Secretariat of Economy determined that during the period investigated (January-October 2003), the volumes and prices of epoxidized soybean-oil imports coming from the United States into the domestic market constituted price discrimination that caused damage to the domestic industry. Among the main elements found by the investigation:

- A. The price discrimination margin was calculated at 91.98 percent for total epoxidized soybean-oil exports originating from the United States.
- B. The volume of imports under dumping conditions reached between 85 and 96 percent of total imports in the analyzed period.
- C. These imports registered an accumulated growth rate of 108 percent in the analyzed period; in terms of the domestic market it absorbed 20 percent of the market share, while domestic production registered an equivalent loss of total domestic consumption.
- D. The price level that imports entered into the domestic market under conditions of price discrimination were 22 percent below the price average of the national industry and 55 percent below other supply sources.
- E. The conditions brought about by a more significant volume of imports under dumping conditions depressed the national price by 4 percent in the investigated period and impeded price increases that otherwise could have occurred due to a 14-percent increase in the cost of raw material. Over the analyzed period, domestic prices decreased 12 percent.
- F. In the investigated period, national production diminished 9 percent and sales to the domestic market 20 percent. Domestic production's market share decreased 9 percent, revenues from sales fell 18 percent, and the industry operation losses increased. In the analyzed period, production fell 26 percent, sales declined 20 percent, market share decreased 20 percentage points, sales income diminished 26 percent, and operative results 190 percent.
- G. In addition, it is important to point out that given the freely available capacity of the United States industry, the trend of falling prices and growing volumes of epoxidized soybean-oil imports coming from the United States observed in the analyzed period indicates the probability that a substantial increase of these imports would continue in the immediate future.

Decision

As mentioned under Additional Elements, specified in the points 207 and 208 of this Resolution, SE determined reasonable the application of a definitive compensatory duty of 62.45 percent to epoxidized soybean-oil imports coming from the United States that enter for the tariff code 1518.00.02 of the General Import and Export Tax Law, regardless of the

country from which they were imported. Therefore, based on article 59 fraction I of the Foreign Trade Law, it is reasonable to issue the following decision:

It is declared concluded this administrative procedure of investigation regarding unfair practices of international trade, in their modality of price discrimination, and it imposed a definitive compensatory duty of 62.45 percent to the definitive imports of epoxidized soybean-oil, product classified in the tariff code 1518.00.02 of the General Import and Export Tax Law, or for the tariff code that later are classified originating from the United States of America, regardless of the country from which they were imported.

The compensatory duty imposed in the previous point of this Resolution, will be applied on the customs value declared in the import request ("pedimento").

Mexico's Official Data of Epoxidized Soybean-oil (H.S. 1518.00.02):

Following are SE's official data of Mexico's imports of inedible soy-oil (H.S. 1518.00.02) in the last three years:

Mexico - Imports - Total - H.S. 15180002 Epoxidized animal or vegetal oils. Quantity & Value								
	January – December						% Change - 04/03 -	
	2002		2003		2004		Quantity	Value
Country	MT	Million U.S. Dollars	MT	Millions U.S. Dollars	MT	Millions U.S. Dollars		
-- World --	1,727	1.448	1,860	1.520	1,442	1.393	-22.46	-8.35
United States	1,580	1.281	1,796	1.412	1,376	1.241	-23.39	-12.14
Germany	127	0.123	22	0.030	61	0.095	173.97	213.6
Sweden	7	0.019	2	0.006	2	0.008	0	22.59
Netherlands	0.042	0.003	.032	0.003	2	0.0122	5,071.88	256.05
United Kingdom	0	0	0	0	2	0.005	0	0
Italy	9	0.013	40	0.067	1	0.031	-100	-53.21
France	0.165	0.003	0	0	0	0	0	0
Canada	4	0.006	0	0	0	0	0	0

Source of data: Secretariat of Economy

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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.