

The Ministry of Commerce of the People's Republic of China
Initiation of Countervailing Investigation on Wine Imported from the EU

Public Notice [2013] No. 37

On 15 May 2013, the Ministry of Commerce of the People's Republic of China ("MOFCOM") officially received a petition submitted by China Alcoholic Drinks Association ("CADA") on behalf of the domestic wine industry. The petitioners requested MOFCOM to conduct a countervailing investigation on the imported wine from the EU.

Pursuant to Article 16 of the *Anti-Subsidy Regulations of the PRC*, MOFCOM invited to conduct consultation regarding the countervailing investigation with the European Commission on 5th June 2013 and conducted the consultation with the EU on 17th June 2013. On 21st June 2013, the European Commission submitted its written statement.

According to the stipulations of the *Anti-Subsidy Regulations of the PRC*, MOFCOM examined the standing of the petitioners, the relevant information of the subject merchandise in the petition, the information of the domestic like products in Mainland China, the impact of the subject merchandise in the petition on the domestic industry, the relevant situation of the subject country, etc. Meanwhile, MOFCOM examined the evidence of subsidy, injury and the causal link between subsidy and injury shown in the petition. The prima facie evidence provided by the petitioner shows that the total wine output of the domestic producers represented by CADA in 2009, 2010, 2011 and 2012 accounted for more than 50% of the total output of like products in the same period in China, which meets the requirements defined by Articles 11, 13 and 17 of the *Anti-Subsidy Regulations of the PRC* regarding the standing of petitioner applying for a countervailing investigation on behalf of the domestic industry. Meanwhile, the petition includes the contents and evidences required by Articles 14 and 15 of the *Anti-Subsidy Regulations of the PRC* in relation to initiation of a countervailing investigation.

Based on the above examination result and Article 16 of the *Anti-Subsidy Regulations of the PRC*, MOFCOM decided to initiate a countervailing investigation against the imported wine originating from the EU as of 1st July 2013. MOFCOM hereby announces the following relevant issues:

I. Initiation and Period of Investigation (POI)

As of the Notice date, MOFCOM initiated a countervailing investigation into the imported wine originating from the EU. The POI for the subsidy investigation is from 1 January 2012 to 31 December 2012 and the POI for the injury part is from 1 January 2009 to 31 December 2012.

II. Subject Merchandise and Scope of Investigation

Scope of investigation: Imported Wine Originating from the EU

Name of the subject merchandise: Wine.

Specific description of the subject merchandise:

An alcoholic beverage made from fresh grapes or grape juice, after fully or partly fermentation.

HTS code in the Customs Import and Export Tariff of the People's Republic of China: 22041000, 22042100, and 22042900

III. Programs under the Countervailing Investigation

In the petition, the petitioner alleged that the EU and its member states provided 20 subsidy programs to the involved industry and enterprises. After examination, this investigation includes the following subsidy programs alleged by the petitioners.

- 1 Single Payment Scheme
- 2 Promotion on third-country markets
- 3 Restructuring and conversion of vineyards
- 4 Green Harvesting
- 5 Mutual Fund
- 6 Harvest insurance
- 7 Investment
- 8 By-product distillation
- 9 Export refund
- 10 Storage of wine and grape musts
- 11 Aid for specific uses
- 12 Rural development fund
- 13 Tax credit for certain investment made and exploited in Corsica (France)
- 14 Regional economic incentives scheme (Spain)
- 15 Investment allowance in eastern region (German)

Meanwhile, MofCOM decided not to conduct investigation on the following subsidy programs:

- 1 Potable alcohol distillation
- 2 Crisis distillation
- 3 Use of concentrated grape must
- 4 Grubbing-up scheme
- 5 Regional programmes in support of commerce and industry of Bavaria (German)

IV. Response Registration

For the subsidy investigation, any interested parties and any interested governments can apply for response to the Bureau of Fair Trade for Imports & Exports (“BOFT”) of MOFCOM within 20 days from the date of this Notice. The responding foreign exporters / producers shall provide their volume and value of the subject merchandise exported to China from 1 January 2012 to 31 December 2012. The Registration Form for Subsidy Investigation (for reference) can be downloaded from Column “Case updates” at the website of the Bureau of Fair Trade for Imports & Exports under MOFCOM: <http://gpj.mofcom.gov.cn>.

For the industry injury investigation, interested parties and interested governments can apply for response to the Industry Injury Investigation Bureau of MOFCOM within 20 days from the date of this Notice. The application to the Industry Injury Investigation Bureau shall contain the information regarding production capacity, output, inventory, and producer’ production in construction and expansion plan, as well as its respective volume and value of the subject merchandise exported to Mainland China during the POI for injury part. The Application Form can be downloaded from Column “Response Registration” at <http://www.cacs.gov.cn>.

V. Rights of Interested Parties and interested governments

Interested parties and interested government can download the non-confidential version of petition submitted by the petitioners at <http://gpj.mofcom.gov.cn> or consult at the public information reading room of MOFCOM (Tel:010-65197878).

Interested parties can submit their comments to MOFCOM in writing during the above-mentioned time period for registration if they have different opinions on the product scope of the investigation, the standing of the petitioners, the subject countries / regions and other relevant issues.

VI. Investigation Approaches

The investigation authorities can obtain related information from interested parties, and conduct investigations by issuing questionnaires, sampling, holding public hearings, conducting on-the-spot verification, etc.

VII. Questionnaires

(A) Subsidy Questionnaire of Countervailing investigation

MofCOM will send the questionnaire to replying companies and other companies listed in the petition within 10 working days from the deadline of response registration. The questionnaire requests information regarding the structure and operation of companies, affiliated companies, production cost and sales, as well as detailed information on each subsidy program. MofCOM will also issue the questionnaire to countries (governments) registered as respondents or listed in the petition within 10 working days from the deadline of response registration.

"Subsidy Questionnaire of Countervailing Investigation on Solar-Grade Polysilicon" can be downloaded from Column "Case updates" at the website of the Bureau of Fair Trade for Imports & Exports under MOFCOM: <http://gpj.mofcom.gov.cn>. Non-responding companies can download directly or ask for it from MofCOM, and make declaration as required.

All the above mentioned companies and countries (governments) should submit the complete and precise questionnaire within the time-limits. The questionnaire should include all the information required. All the questionnaires should be delivered to MofCOM within 37 days from the date of issuing. To justify the incapability of accomplishing the questionnaire before deadline, the responding company should submit an application in writing 7 days before the deadline of questionnaire submission to MofCOM to request the deadline extension and to claim the reason.

To those responding companies or countries (governments) involved that fail to submit questionnaire before the deadline, or fail to provide a complete and precise questionnaire as required, or prevent MofCOM from examining the data and materials provided, or severely impede the investigation by other means, according to Article 21 of the *Anti-Subsidy Regulations of the PRC*, MofCOM can make a determination based on the facts obtained and best information available.

(B) Injury Questionnaire of Countervailing investigation

The relevant notice of questionnaire of industry injury can be downloaded at <http://www.cacs.gov.cn>.

VIII. This investigation starts from 1st July 2013 and normally shall end before 1st July 2014; under special circumstances, the investigation can be extended to 1st January 2015.

IX. Contact Address of MOFCOM:

No. 2 Dong Chang'an Avenue, Beijing Post Code: 100731

Bureau of Fair Trade for Imports & Exports (BOFT) of MOFCOM

Tel: 86-10-85093417, 85093407 and 65198417

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Industry Injury Investigation Bureau (IBII) of MOFCOM

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