

Client Alert

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**For further information
please contact**



Junko Suetomi
Partner
+81 3 6271 9741
junko.suetomi@bakermckenzie.com



Izumi Matsumoto
Counsel
+81 3 6271 9720
izumi.matsumoto@bakermckenzie.com



Mami Ohara
Senior Associate
+81 3 6271 9539
mami.ohara@bakermckenzie.com



Takumi Hasegawa
Senior Associate
+81 3 6271 9540
takumi.hasegawa@bakermckenzie.com

Japanese government makes a preliminary determination in its anti-dumping duty investigation regarding dipotassium carbonate originating in South Korea

On March 11, the Japanese Ministry of Finance (MOF) published a report issued by the Council on Customs, Tariff, Foreign Exchange and other Transactions stating that it would be appropriate to impose a 30.8% anti-dumping duty on dipotassium carbonate originating in South Korea¹. On March 19, the Suga Cabinet approved a cabinet ordinance imposing a provisional anti-dumping duty. A 30.8% anti-dumping duty will be levied in addition to the 3.9% WTO tariff rate for four months — from the day following the publication of the cabinet ordinance on March 24 (from March 25) until July 24.

Dipotassium carbonate, generally in the form of a white powder, is mainly used in glass (including liquid crystal panels) and as a food additive in lye water used to make ramen noodles and other products. In 2019, Japan imported a total of 6,565 tons of dipotassium carbonate, of which South Korea accounted for 80.5% (5,293 tons)². Sales by domestic producers AGC Inc. and Nippon Soda Co., Ltd. dropped 16% from 2018 to 2019³. As a result, an industry group formed by the two companies applied for the imposition of an anti-dumping duty on April 30, 2020. The MOF and the Ministry of Economy, Trade and Industry (METI) initiated an investigation in response on June 29, 2020. After providing opportunities for interested parties, including a Korean supplier, to present evidence and express their views, the Japanese government made a preliminary determination presuming both that dumped products were imported and that domestic industry had been materially injured as a consequence on February 25, 2021⁴.

Under the WTO's anti-dumping agreement, provisional measures shall not, in principle remain in effect for more than four months⁵. The cabinet ordinance on the anti-dumping duty includes this limitation. The Japanese government will continue its investigation and make a final determination by December 28, 2021 (Article 8.6 of the Customs Tariff Act).

¹ https://www.mof.go.jp/about_mof/councils/customs_foreign_exchange/sub-of_customs/report/kana20210311.htm (Japanese)

² https://www.mof.go.jp/about_mof/councils/customs_foreign_exchange/sub-of_customs/proceedings_tokusyu/material/20200908/kanb20200908siryo3.pdf (Japanese)

³ <https://www.meti.go.jp/press/2020/02/20210225001/20210225001-2.pdf> at 42 (Japanese)

⁴ https://www.mof.go.jp/english/customs_tariff/traderemedy/ka20210225_e.htm

⁵ Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, Article 7.4



In this case, a Korean company, UNID Co. Ltd., is the sole producer being investigated⁶. The Japanese government previously imposed an anti-dumping duty on the company's potassium hydrate starting in April 2016⁷.

The Japanese government has imposed several measures affecting trade with South Korea in recent years, including stronger licensing policies and procedures related to certain exports to the country in July 2019 and the second WTO consultation on the financial assistance South Korea provides to its commercial vessels in February 2020. Under these circumstances, companies engaging in overseas trade should keep an eye on further developments in the relationship between Japan and South Korea.

⁶ <http://www.unid.co.kr/eng/company/company.php>

⁷ https://www.meti.go.jp/english/press/2016/0405_01.html