COMMISSION DECISION

of 2 June 1980

terminating the anti-subsidy proceedings concerning certain stainless steel bars originating in Brazil

(80/552/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 3017/79 of 20 December 1979 on protection against dumped or subsidized imports from countries not members of the Community (1), and in particular Article 9 thereof,

After consulting the Advisory Committee set up under that Regulation,

Whereas in November 1979 the Commission received a complaint lodged by the British Independent Steel Producers' Association (BISPA) on behalf of all the Community manufacturers of stainless steel bars, containing evidence of the existence of dumping and subsidies in respect of like products falling within NIMEXE codes ex 73.73-53 and ex 73.73-83, originating in Brazil, and of material injury resulting therefrom ;

Whereas the said evidence was sufficient to justify initiating an investigation ; whereas the Commission accordingly announced, by a notice published in the *Official Journal of the European Communities* (2), the initiation of proceedings concerning imports of certain stainless steel bars originating in Brazil and commenced an investigation of the matter at Community level ;

Whereas the Commission officially so advised the exporters and importers known to be concerned as well as representatives of the exporting country and the complainants ;

Whereas the Commission has given the parties directly concerned the opportunity to make known their views in writing, to be heard orally, and to meet so that opposing views might be presented and rebuttal arguments put forward ;

Whereas the majority of the parties concerned have taken this opportunity of making known their views in writing ;

Whereas, in order to arrive at a preliminary determination of the existence of subsidies and injury resulting therefrom, representatives of the Commission first visited Brasilia to seek clarification from the Brazilian authorities ; whereas they subsequently carried out investigations at the premises of the main Brazilian exporters, including Aços Villares SA (São Paulo), Aços Finos Piratini SA (Porto Alegre) and Inter Bras Comercio Internacional SA (Rio de Janeiro), and the main United Kingdom importers, including Amari World Steel Ltd (London), GME Steels Ltd (Macclesfield) and G. M. Elders Steels (Sheffield) ; whereas the Commission contacted a number of other agents and importers and also sought and verified all information it deemed to be necessary from the main Community producers concerned, viz. the United Kingdom producers, including Spartan Redheugh Ltd (Sheffield), Firth Vickers Special Steels Ltd (Sheffield), Osborn Steels Ltd (Sheffield) and British Steel Corporation (Rotherham) ;

Whereas the preliminary assessment of the subsidies was carried out at the same time as the investigation of dumping by Brazilian producers ; whereas for this reason the assessment was made in respect of sales from 1 December 1978 to 30 November 1979 ;

Whereas the above preliminary examination of the facts showed that certain Brazilian Government programmes have brought financial advantages to producers and exporters of the product in question ;

Whereas it was thus established that by a number of resolutions, notably Nos 331, 398, 515 and 583, the Brazilian Government authorized preferential credit terms for exports ; whereas there was, in respect of exports, an excessive remission of the tax on industrial products (IPI), in that a tax credit was granted which exceeded the amount of tax actually collected at the production stage ; whereas, furthermore, under Government resolution No 515 Brazilian producers had access to working capital at lower rates of interest than those obtaining on the commercial market ;

Whereas the above preliminary examination of the facts shows that in the period under consideration the Brazilian Government provided export subsidies equivalent to around 20 % of the fob export price ; whereas a countervailing duty could have been imposed in respect of those subsidies ;

(1) OJ No L 339, 31. 12. 1979, p. 1.
(2) OJ No C 317, 18. 12. 1979, p. 3.

Whereas, with regard to the injury caused to the Community industry by those subsidies and by the dumping by Brazilian producers, the evidence available to the Commission shows that imports into the Community of stainless steel bars originating in Brazil rose from about three tonnes in 1975 to 120 tonnes in 1978 and 1 267 tonnes in 1979; whereas these imports are concentrated almost entirely on the market of the United Kingdom (which produces a large part of the Community output), where they have risen from about three tonnes in 1975 to 120 tonnes in 1978 and 1 167 tonnes in 1979;

Whereas in 1979 the imports in question attained a market share of 3 % in the Community and 17 % in the United Kingdom and, therefore, had a considerable influence on the United Kingdom market, while constituting a real threat to other Community producers;

Whereas, according to the information available to the Commission, the prices of the imported product substantially undercut the prices of the same product manufactured by Community producers; whereas, in November 1979, for example, the price to the distributor in the United Kingdom of stainless steel bars originating in Brazil was 10 % to 30 % lower than the prices charged by domestic producers;

Whereas the consequent impact on the Community industry has taken the form of stagnation of production and sales at a level of 4 000 tonnes, the loss of about 3 000 jobs since 1975 and a depression of prices, making it impossible in most cases to cover production costs; whereas, for this reason, the United Kingdom undertakings concerned are making considerable losses;

Whereas injuries caused by other factors which could adversely affect the Community industry, such as the volume of other imports, which has been steadily contracting, or the prices of such imports, or the stagnation of demand, have been examined, and any adverse effects caused by these factors have not been attributed to the imports under consideration;

Whereas by ministerial notice No 960 of 7 December 1979, however, the Brazilian authorities abolished the excessive remission of internal taxes, known as 'IPI Credit', and the advantages hitherto accorded in respect of working capital;

Whereas it is therefore clear from the preliminary examination that since that date the only advantage accorded to Brazilian producers and exporters consists in the availability of preferential credit terms for exports under Government resolutions Nos 331, 398, 515 and 583;

Whereas the subsidy resulting from the use of these advantages by Aços Finos Piratini SA and Aços Villares SA amounts to less than 1 % of the fob export price and is, therefore, negligible as a factor in the injury caused to Community producers;

Whereas for this reason there is no need at present to impose a countervailing duty in respect of exports of the product in question and the proceedings may, therefore, be terminated,

HAS DECIDED AS FOLLOWS:

Sole Article

The anti-subsidy proceedings concerning imports of certain stainless steel bars originating in Brazil are hereby terminated.

Done at Brussels, 2 June 1980.

For the Commission

Wilhelm HAFERKAMP

Vice-President