II

(Acts whose publication is not obligatory)

COMMISSION

COMMISSION DECISION

of 19 June 1989

terminating the proceeding in connection with a review of anti-dumping measures concerning imports of fibre building board (hardboard) originating in Romania, Brazil and Sweden, confirming the expiry of the undertakings given by Romanian, Brazilian and certain Swedish exporters, and repealing the undertaking given by another Swedish exporter

(89/377/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2423/88 of 11 July 1988 on protection against dumped or subsidized imports from countries not members of the European Economic Community (1), and in particular Articles 14 and 15 thereof,

After consultations within the Advisory Committee as provided for by the above Regulation,

Whereas :

A. Product

(1) The product concerned is fibre board of a density exceeding 0,8g/cm³ falling within CN codes 4411 11 00 and 4411 19 00.

B. Procedure

(2) The Commission received two requests for a review of anti-dumping measures, lodged by the European Confederation of Wood-working Industries on behalf of Community producers representing the great majority of Community output of hardboard. One request was lodged under Article 15 of Council Regulation (EEC) No 2176/84 (2), as last amended by Regulation (EEC) No 1761/87 (3), with regard to the undertakings accepted by the Commission on imports from Romania (4), Brazil (5) and certain Swedish exporters (6), and alleged that the expiry of the measures would lead again to injury or threat of injury. The other request, lodged under Article 14 of that Regulation, concerned the definitive anti-dumping duties imposed by the Council on imports from Czechoslovakia and Poland (7) and from the USSR (8), and the undertakings accepted by the Commission on imports from certain (i. e. three) other Swedish exporters (9) (10), and contained evidence of changed circumstances sufficient to justify the need for such review.

(3) The Commission, accordingly, announced by a notice in the *Official Journal of the European Communities* (11) the initiation of a review of anti-dumping measures concerning imports into the Community of fibre building-board (hardboard)

(1) OJ No L 209, 2. 8. 1988, p. 1.

(2) OJ No L 201, 30. 7. 1984, p. 1.
(3) OJ No L 167, 26. 6. 1987, p. 9.
(4) OJ No L 49, 22. 2. 1983, p. 6.
(5) OJ No L 47, 19. 2. 1983, p. 30.
(6) OJ No L 181, 25. 6. 1982, p. 19.
(7) OJ No L 361, 24. 12. 1983, p. 6.
(8) OJ No L 170, 29. 6. 1984, p. 68.
(9) OJ No L 46, 25. 2. 1986, p. 23.
(10) OJ No L 361, 24. 12. 1983, p. 47.
(11) OJ No C 165, 24. 6. 1988, p. 2.

originating in Czechoslovakia, the USSR, Poland, Romania, Sweden and Brazil, and commenced an investigation which covered the period from 1 July 1987 to 31 May 1988.

(4) The Commission officially so advised the exporters and importers known to be concerned, the representatives of the exporting countries and the complainants, and gave the parties directly concerned the opportunity to make known their views in writing and to request a hearing. Most of the known producers and exporters and some importers made their views known in writing. Most of the known exporters and some producers and importers requested and were granted hearings.

(5) In December 1988 (1) the Commission gave notice that, in accordance with Article 15 (4) of Regulation (EEC) No 2423/88, the anti-dumping measures concerning imports of handboard from Czechoslovakia, Poland and two Swedish exporters (Swedeboard Vrena AB and Royal Board AB) would remain in force after the end of the relevant five-year period, pending the outcome of the review being carried out under Article 14 of that Regulation. The relevant five-year period has not expired regarding both the undertaking given by the third Swedish exporter, Karlit AB, and the anti-dumping duty on imports from the USSR.

(6) The Commission sought and verified all information it deemed to be necessary for the purposes of a preliminary determination and carried out investigations at the premises of the following companies :

(a) *Community producers*

— Isorel (Boulogne), France,
— ICL SpA (Mondovi), Italy,
— Legnochimica SpA (Mondovi), Italy,
— Tafisa (Madrid), Spain,
— Renitex GmbH (Losheim), Federal Republic of Germany,
— Atex Werke GmbH & Co. KG (Grafenau), Federal Republic of Germany,
— Tafinsa Ltd (Agent of Tafinsa) (Maidenhead), United Kingdom ;

(b) *Importers*

— Portes Simon SA (Durtal), France,
— Ets Jean Huet et Fils SA (Challans), France,
— Sadepan SpA (Viadana), Italy,
— Homanit GmbH & Co. KG (Loehne), Federal Republic of Germany,
— Steinbrügge and Berninghausen GmbH & Co. (Bremen), Federal Republic of Germany,
— Svedex BV (Varsseveld), Netherlands,
— Beyleveld BV (Rotterdam), Netherlands,
— Tribomij BV (Amsterdam), Netherlands.

(1) OJ No C 327, 20. 12. 1988, p. 8.

C. Injury or threat of injury

(7) The protective measures under consideration were introduced by the Commission and only concern imports from Romania, Sweden and Brazil. However, for the assessment of injury or threat of injury, it is considered appropriate to take into account also the imports from Czechoslovakia, Poland and the USSR, on which definitive anti-dumping duties were imposed by Council Regulations. The cumulation of the imports is in line with the institutions standard practice.

(8) With regard to the injury allegedly still being caused to the Community industry, the evidence available to the Commission shows that imports of hardboard originating in the six countries involved in the proceeding increased from 208 000 tonnes in 1985 to 263 000 tonnes in 1987 and reached 112 500 tonnes during the first five months of 1988. The development of these imports, assessed in the light of the increase in Community consumption of hardboard over the same period, was such that the combined market-share held by imports from those exporting countries, which remained stable at about 21 %.

(9) In particular, imports from Sweden and Brazil taken together, showed a decline of their market-share from 14,3 % in 1985 to 13 % during the first five months of 1988. In terms of volume these imports progressed by 15 % in that period, which is distinctly slower than the rise in Community consumption.

(10) Imports originating in the State-trading countries concerned increased over the same period faster than Community consumption, and consequently their combined market-share rose from 6,1 % to 8,3 %. It was found, however, that at least one third of the imports concerned related to a specification of hardboard exclusively addressed to the packaging industry in the Netherlands. This specification is hardly produced by the Community industry, so that no competition for it exists. As for the remaining imports, they consist mainly of hardboard directed at low-price segments of the market for which Community producers, under the present hight rate of capacity utilization, produce only insignificant quantities. Accordingly, the impact of imports from those countries on the Community industry is limited by their reduced degree of competition.

(11) As regards prices of the imports from the six countries concerned, their comparison during the period under investigation with prices of Community producers of like products did not show, in the case of Sweden, any margins of undercutting at all, and margins found for Brazil were not significant.

As for the prices of imports from the State-trading countries involved, it was found that, considering the application of the anti-dumping duties in force, as well as the adjustments justified by differences in quality and finish of the imported product, levels of undercutting were likewise not significant in the case of Czechoslovakia and Poland. Margins of undercutting found for the USSR and Romania have not significantly affected Community prices owing to the very small market-share held by imports from these two countries and their concentration in certain low-price sectors of the Community market.

(12) As far as the possible impact of the imports on the situation of the Community producers is concerned, account had to be taken of the following factors :

(a) total Community production of hardboard during the first five months of 1988, extrapolated on an annual basis, amounted to 789 000 tonnes against 651 000 tonnes in 1985, which represents an increase of 21 %. Over the same period, production capacities, expressed in tonnes, of Community producers taken together, increased by 5 % and capacity utilization consequently also increased by nearly 16 %. These trends enabled the Community industry to achieve a rate of capacity utilization of 93 % on average ;

(b) stocks held by Community producers at the end of May 1988, expressed in tonnes, were nearly 9 % lower in tonnes than at the end of 1985 ;

(c) sales by Community producers of hardboard in the Community were in line with the increase in production between 1985 and the first five months of 1988 ;

(d) a comparison between the abovementioned development of production and sales of Community producers and that of Community consumption of hardboard shows that the market-share held by the Community producers remained stable at about 61 %. This indicates that the Community industry was able to take advantage of the increasing demand ;

(e) with regard to profitability, the Community situation has improved considerably in the last three years. During this period the Community industry has been able to progressively reduce its losses and since the end of 1986 the majority of Community producers have once again achieved reasonable profit margins.

(13) In the light of the trends of the relevant economic factors referred to above, it appears that the situation of the Community has substantially improved. This is witnessed especially by the good financial results and the high level of capacity utilization, achieved by most Community producers. Under these circumstances, it is concluded that the Community industry is not at present suffering material injury as a result of the imports concerned.

(14) In order to analyse whether the expiry of the anti-dumping measures in force would lead to a situation causing or threatening to cause material injury to the Community industry, the Commission took into consideration the probable development of volumes and prices of the imported product.

(15) As previously mentioned, imports from the six countries concerned did not progress in terms of volume, during the last four years, distinctly faster than Community consumption, and consequently the market-share held by those countries remained stable over that period.

(16) With regard to installed capacity, that of Sweden has been recently reduced after the closure of one of the main producers/exporters in that country. In respect of Brazil and the State-trading countries concerned, no clear indication exists of additional capacities being installed in recent years.

(17) As to the likelihood that the existing spare capacities will be used to increase exports to the Community, two factors should be considered. First, even if these countries were to increase production, the magnitude of such increase would be limited, at least in the near future, by the already relatively high estimated rate of capacity utilization. Secondly, given the distribution of traditional exports from those countries between the Community and other regions, it is doubtful that such increase in production would lead to significant increases in exports to the Community in relation to Community consumption.

(18) It follows that, after the expiry of the protective measures, the foreseeable development of the imports concerned is not likely to have a significant impact on the Community industry.

(19) Concerning prices of imports from Sweden and Brazil, it was found that the exporters have been selling their products in the Community at prices similar to those of Community producers and that they have respected and, in many cases, even exceeded the minimum prices of the undertakings in force. This, together with the high quality of

Swedish and Brazilian hardboard, leads the Commission to assume that there is no clear indication that prices for hardboard imported from these two countries would decline and undercut Community producers prices to an extent likely to cause material injury, if the undertakings were allowed to lapse.

(20) With regard to prices of imports from the State-trading countries concerned, the expiry of the protective measures would give the exporters an opportunity to adjust their prices to the level prevailing on the Community market. Even if the exporters did not take full advantage of such an opportunity, whatever undercutting would remain should have, under present circumstances, a limited effect on the prices charged by Community producers. The reason for this is that, in addition to the fact that no sizeable increase in imports from these countries is expected, a major proportion of these imports does not directly compete with Community production.

(21) In view of the above considerations, it must be assumed that, following the expiry of the anti-dumping measures in force, a situation in which the imports concerned would cause or threaten to cause material injury to the Community industry is not, at present, clearly foreseeable.

D. Dumping

(22) Given the above findings with respect to injury and threat of injury, the Commission considered it unnecessary to investigate further the question of dumping with regard to the imports concerned.

E. Termination of review proceeding

(23) In these circumstances, therefore, the review proceeding concerning imports of hardboard originating in Romania, Brazil and Sweden should be terminated without the imposition of further protective measures. The anti-dumping measures concerning one Swedish exporter (Karlit AB) should be repealed and those in respect of Romania, Brazil and the rest of the Swedish exporters allowed to lapse.

(24) No objections to this course of action were raised in the Advisory Committee.

(25) The complainants were informed of the considerations and main facts on the basis of which the Commission intended to terminate the proceeding.

(26) Termination of the review proceeding concerning imports of hardboard originating in Czechoslovakia, Poland and the USSR, is adopted by Council Regulation (EEC) No 1786/89 [1],

HAS DECIDED AS FOLLOWS:

Sole Article

1. The review procedure of the anti-dumping measures concerning imports of fibre building-board (hardboard) falling within CN codes 4411 11 00 and 4411 19 00, originating in Romania, Brazil and Sweden, is hereby terminated.

2. The undertakings currently in force concerning imports of fibre building-board (hardboard) originating in Romania, Brazil and Sweden, with the exception of Karlit AB, shall lapse with effect from the day following the publication of this Decision in the *Official Journal of the European Communities.*

3. The undertaking currently in force concerning imports of fibre building-board (hardboard) from Karlit AB (Sweden) is repealed with the effect from the day following the publication of this Decision in the *Official Journal of the European Communities.*

Done at Brussels, 19 June 1989.

For the Commission

Frans ANDRIESSEN

Vice-President

[1] See page 1 of this Official Journal.