COMMISSION

COMMISSION DECISION

of 26 July 1990

terminating an anti-dumping proceeding concerning imports of certain single phase, two-speed electric motors originating in Bulgaria, Romania and Czechoslovakia

(90/399/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 Article 9 thereof,

After consultation within the Advisory Committee as provided for by Regulation (EEC) No 2423/88,

Whereas :

A. PROCEDURE

(1) In July 1989 the Commission received a complaint lodged by Associazione Nazionale Industrie Elettrotechniche ed Elettroniche (ANIE), Italy, Groupement des Industries de Matériels d'Equipement Electrique et de L'Electronique Industrielle Associée (Gimelec), France and Asociación Nacional de Fabricantes de Bienes de Equipo (Sercobe), Spain, trade associations which represent the majority of the Community production of the electric motors concerned.

The complaint was accompanied by sufficient evidence of dumping and injury to justify the initiation of an investigation.

Consequently, the Commission published a notice in the *Official Journal of the European Communities* [2] announcing the initiation of an anti-dumping proceeding concerning imports into the Community of certain single phase, two-speed electric motors originating in Bulgaria, Romania and Czechoslovakia falling within CN code 8501 40 90, and started an investigation.

B. PRODUCT

(2) The products allegedly being dumped are AC, single phase, two-speed, electric motors used in the construction of low-speed washing machines. These electric motors fall within CN code 8501 40 90.

It should be noted that electric motors of the type described are used only in washing machines destined for markets in the southern half of the Community, i.e. France, Spain, Italy, Greece and Portugal, owing to the fact that the washing machine motors that are produced and used in northern Community countries have different technical specifications and fall within different CN codes.

(3) When considering the 'likeness' between the Community electric motors concerned and the exported electric motors which are the subject of this proceeding, the Commission established that these motors were alike in their essential character and identical in their use. None of those concerned commented on this question, within the meaning of Article 2 (12) of Regulation (EEC) No 2423/88.

C. SUBSEQUENT PROCEDURE

(4) The Commission officially notified the exporters and importers known to be concerned, representatives of the exporting countries and the complainants, giving those directly concerned the opportunity to make their views known in writing and to request a hearing. Some of them asked for and received a hearing from the Commission. Some importers made their views known in writing.

[1] OJ No L 209, 2. 8. 1988, p. 1.
[2] OJ No C 286, 14. 11. 1989, p. 11.

(5) The Commission collected and verified all the information it considered necessary to assess the evidence and carried out inspections at the premises of the following firms:

Community producers

— Société Electromécanique du Nivernais (Selni), Nevers, France,

— Nuova IB-MEI spa, Asti, Italy,

— Sole spa, Pordenone, Italy,

— IB-MEI, Mostoles, Spain.

(6) Pursuant to Article 7 (1) (c) of Regulation (EEC) No 2423/88, the dumping investigation covered the period 1 January to 30 September 1989 (hereinafter the 'investigation period').

D. INJURY

(7) When deciding whether the allegedly dumped imports caused major injury to the Community industry, the Commission considered whether or not to regard these imports as a whole.

After having eliminated Bulgaria from its study, since no exports from this country had been recorded in 1988 or during the investigation period, the Commission established that the imported products were alike, that they were competing on the Community market and that they were destined for the same customers, and decided to regard them as a whole.

When assessing the situation of the Community industry, the Commission took account of the following:

(a) Volume, market share and price of imports

Volume and market share

(8) Imports into the Community of the electric motors which are the subject of the procedure originating in Romania and Czechoslovakia rose from 984 086 units in 1986 to 1 084 523 in 1988, an increase of 10,2 %.

During the investigation period 745 365 units were imported. When extrapolated for the whole of 1989, these imports are revealed to be 8,3 % down.

(9) Compared with Community consumption, which rose from 3 703 871 units in 1986 to 4 206 932 in 1988, an increase of 13,6 %, the market share of motors imported from Romania and Czechoslovakia fell from 26,6 % to 25,7 %.

During the investigation period, the market share of the imports concerned fell further to 23,9 %, Community consumption in 1989 being down 0,6 % on 1988.

Price

(10) Evidence available to the Commission showed undercutting in Italy and Spain, the two main markets for the imports.

On the Italian market, the Romanian exporter was established to be undercutting by between 3 and 26 %, and the Czechoslovak exporter by between 5 and 26 %.

In Spain, the Czechoslovak exporter was established to have been undercutting by between 4 and 18 %. There were no Romanian exports to this market during the investigation period.

(b) Situation of the Community industry

The Commission examined whether the imports alleged to have been dumped had had any serious effect on the Community industry.

Community production

(11) Community production increased by 19,6 % from 1986 to 1988, from 2 737 574 units to 3 275 226, while its consumption increased by only 13 %.

During the investigation period, Community production was 2 484 652 units; extrapolating this figure for the whole of 1989 shows a slight increase in production of 1 % against a 0,6 % drop in Community consumption.

Utilization of production capacity

(12) Utilization of production capacity, which had increased from 69 % to 76,7 % between 1986 and 1988, fell noticeably during the investigation period (to 71,7 %) because Community producers had increased their production capacity during 1988 and the investigation period.

Community sales and market share

(13) From 1986 to 1988 the sales of the Community producers concerned increased by 14,8 %, from 2 719 785 units to 3 122 409. During the investigation period 2 378 048 units were sold. Extrapolating this figure for the whole of 1989 reveals an increase of 1,3 %.

(14) The market share of Community sales rose from 73,4 % in 1986 to 74,6 % in 1988 and 76 % in the investigation period.

Selling price and profit

(15) Community producers raised their prices considerably during the investigation period. Some Community producers alleged, however, that competition from allegedly dumped imports had prevented them from raising their prices in line with increasing production costs.

(16) Although the financial circumstances of Community producers seem overall to have deteriorated when the investigation period is compared with the preceding years, the Commission was not able to verify this trend because two undertakings accounting for almost half of Community production during the investigation period supplied no data on their financial situation in preceding years.

Whatever the case may be, two producers are still showing a profit. One is a producer of electric motors integrated into a group making washing machines, and the other is an independent producer, i.e. one not linked to a washing machine manufacturer. Of the Community producers making losses, one is an integrated producer and the other the subsidiary of the abovementioned independent producer.

The Commission found that the losses recorded by the integrated producer were a consequence more of the group's purchasing policy than of the imports alleged to have been dumped. In the case of the independent producer's subsidiary and in the absence of data regarding its financial situation in preceding years, it was not possible to prove that the losses found during the investigation period were caused by the imports in question.

Conclusions concerning the injury

(17) The above information shows that the imports of motors of Romanian and Czechoslovak origin increased less rapidly than Community consumption ; the decline in these imports was particularly noticeable during the investigation period, falling by 8 % while Community consumption remained relatively stable. The market share of the imports concerned was down by almost 3 % on 1986.

The Community producers, for their part, were able to increase production and sales at a rate faster than that at which Community consumption grew, so increasing their market share. Any slight decline in their utilization of production capacity during the investigation period is the result of increases in production capacity during 1988 and the investigation period, which were out of line with trends in Community consumption.

The producers were able to increase their prices considerably in spite of undercutting. It was not possible to satisfactorily verify arguments that these increases were inadequate and these arguments seemed irrelevant in the case of two of the producers, whose prices are set by their washing machine-making parent companies.

Consequently, the Commission is unable to attribute any deterioration in financial results during the investigation period to the imports in question.

In view of the above, the Commission has to conclude that imports of electric motors originating in Romania and Czechoslovakia have not caused significant injury to the Community industry in question.

E. THREAT OF INJURY

(18) It was alleged that the Spanish market was an exceptional case owing to higher customs duties than those applicable under the Common Customs Tariff and to quantitative restrictions covering the type of motor concerned by this proceeding, and that the lack of an anti-dumping measure would cause serious injury to this country when these protective measures were abolished in 1992.

While considering this argument irrelevant since the customs duties and quantitative restrictions in question were not introduced to compensate for dumping, the Commission examined the argument in the light of Article 4 (3) of Regulation (EEC) No 2423/88, which provides that account may be taken, when determining threat of injury, of factors such as the rate of increase of the exports concerned to the Community and the export capacity of the country of origin. The Commission found that Romania had not exported to Spain in 1988 and 1989 and that Czechoslovak exports had fallen considerably during the investigation period, and also that there was nothing to indicate a probable expansion in the near future of the Czechoslovak undertaking's export capacity. On the contrary, the Czechoslovak exporter wrote saying that it had cut production and production capacity.

The Commission therefore feels that the criteria for a threat of injury to the Spanish market in particular have not been fulfilled.

F. DUMPING

(19) In view of the above conclusions concerning the lack of injury or threat of injury, the Commission does not consider it necessary to continue the investigation concerning dumped imports of motors originating in Romania and Czechoslovakia.

G. TERMINATION OF THE ANTI-DUMPING PROCEEDING

(20) The anti-dumping proceeding must therefore be terminated without the imposition of protective measures.

(21) The Anti-Dumping Committee raised no objection to this conclusion.

(22) The complainants have been informed of the grounds and essential considerations underlying the Commission's decision to terminate the proceeding,

HAS DECIDED AS FOLLOWS:

Sole Article

The anti-dumping proceeding concerning imports of certain single phase, two-speed electric motors originating in Bulgaria, Romania and Czechoslovakia, and falling within CN code 8501 40 90 is hereby terminated.

Done at Brussels, 26 July 1990.

For the Commission

Frans ANDRIESSEN

Vice-President