COMMISSION

COMMISSION DECISION

of 24 April 1998

rejecting the application submitted by Renak International GmbH (Germany) for an exemption pursuant to Commission Regulation (EC) No 88/97 from the anti-dumping duty extended to certain bicycle parts originating in the People's Republic of China

(98/299/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community [1], as amended by Regulation (EC) No 2331/96 [2],

Having regard to Council Regulation (EC) No 71/97 of 10 January 1997 extending the definitive anti-dumping duty imposed by Regulation (EEC) No 2474/93 on bicycles originating in the People's Republic of China to imports of certain bicycle parts from the People's Republic of China, and levying the extended duty on such imports registered pursuant to Regulation (EC) No 703/96 [3],

Having regard to Commission Regulation (EC) No 88/97 of 20 January 1997 on the authorisation of the exemption of imports of certain bicycle parts originating in the People's Republic of China from the extension by Council Regulation (EC) No 71/97 of the anti-dumping duty imposed by Council Regulation (EEC) No 2474/93 [4], and in particular Article 7(3) thereof,

After consulting the Advisory Committee,

Whereas:

A. PROCEDURE

(1) By Council Regulation (EC) 71/97, the definitive duty imposed on imports of bicycles originating in the People's Republic of China by Regulation (EC) No 2474/93 was extended to imports of certain bicycle parts from that country (hereinafter referred to as 'the extended anti-dumping duty').

(2) On 4 April 1997, Renak International GmbH (hereinafter: 'Renak International') asked to be exempted from the extended anti-dumping duty pursuant to Article 3 of Regulation (EC) No 88/97, and was suspended from payment of the duty as from that date.

(3) In order to ascertain whether Renak International's operations fell within the scope of Article 13(2) of Regulation (EC) No 384/96 (hereinafter referred to as 'the Basic Regulation'), thus circumventing the measures in force, the Commission requested the necessary information from the company and verified it at its premises.

(4) The investigation period therefore ran from 1 August 1996 to 31 January 1997.

B. RESULTS OF THE INVESTIGATION

1. Conditions of Article 13(2) of the Basic Regulation

(a) *Start or substantial increase of operations*

(5) Renak International was acquired by a Chinese bicycle manufacturer in 1993 and started its bicycle assembly operations in June 1995, after the original investigation of imports of bicycles originating in the People's Republic of China.

(b) *60 % of the total value of the parts constituting the assembled product*

(6) It was established that the proportion of Chinese parts used in the company's assembly operations averaged 69 % of the total value of the parts used in the assembly of bicycles.

[1] OJ L 56, 6. 3. 1996, p. 1.
[2] OJ L 317, 6. 12. 1996, p. 1.
[3] OJ L 16, 18. 1. 1997, p. 55.
[4] OJ L 17, 21. 1. 1997, p. 17.

(c) *25 % rule on the added-value to the parts brought in*

(7) It was also established that the value-added in the Community on a per-model basis to the parts brought in averaged 23 % of the manufacturing cost of a complete bicycle, and was therefore below the 25 % threshold set by point (b) of Article 13(2) of the Basic Regulation.

(d) *Undermining of the remedial effects of the duty and evidence of dumping*

(i) Undermining

(8) The Commission applied the methodology described in recitals (19) and (20) of Regulation (EC) No 71/97. A comparison was established between the sales prices of all bicycles assembled by Renak International and sold in the Community during the investigation period, and the 'non-dumped' export prices of Chinese bicycles in the original investigation.

(9) The comparison was made between identical or comparable groups of bicycles; and the prices of the assembled bicycles were adjusted in order to ensure that the comparison was made at the same level of trade. The undermining margins for those groups where undermining was found was expressed as a percentage of the total non-dumped import value (cif Community border) of Chinese bicycles, as established in the original investigation, for all groups included in the comparison.

(10) Overall, the comparison showed that the sales prices of assembled bicycles have undercut the non-dumped export prices of Chinese bicycles in the original investigation period by an average of 15 %.

(ii) Evidence of dumping

(11) The sales prices for the bicycles assembled by Renak International in the Community were compared to the normal values previously established for comparable bicycles, using the same criteria and the same reference country, namely Taiwan, as in the original investigation, in as reasonable a manner as possible. The comparable models found accounted for 86 % of the units produced by Renak International during the investigation period. They were considered representative of the total production of Renak International.

(12) In view of the fact that normal values had been established at fob Taiwan level for the exporters concerned, resale prices in the Community had to be made comparable to this level. The actual comparison was thus made between fob China and fob Taiwan.

(13) The dumping margin found was 19 %.

C. **CONCLUSION**

(14) For the reasons explained above, it was established that the assembly operations of Renak International fell within the scope of Article 13(2) of the Basic Regulation during the investigation period. Accordingly, pursuant to Article 7(3) of Regulation (EC) No 88/97, the suspension of payment of the extended anti-dumping duty is lifted for Renak International.

(15) The company was informed of the essential facts and considerations on the basis of which the Commission intended to propose the rejection of its request for exemption, and was given an opportunity to comment. The comments were considered and, where appropriate, the findings have been changed accordingly,

HAS ADOPTED THIS DECISION:

Article 1

The application of Renak International GmbH pursuant to Article 3 of Regulation (EC) No 88/97 to be exempted from the extended anti-dumping duty is hereby rejected.

Article 2

This Decision is addressed to the Member States and to Renak International GmbH, Dammsteinstraße 15, D-08468 Reichenbach.

Done at Brussels, 24 April 1998.

For the Commission

Leon BRITTAN

Vice-President