COUNCIL REGULATION (EEC) No 1457/80

of 9 June 1980

confirming protective measures on yarn of polyamide for carpets, originating in certain third countries and imported into the United Kingdom

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 925/79 of 8 May 1979 on common rules for imports from State-trading countries (1), and in particular Article 7 (6) thereof,

Having regard to Council Regulation (EEC) No 926/79 of 8 May 1979 on common rules for imports (2), and in particular Article 12 (6) thereof,

Whereas, on 8 February 1980, the United Kingdom Government informed the Commission of a danger resulting from the trends in imports of yarn of polyamide for carpets, and requested immediate intervention by the Commission ;

Whereas the information supplied by the United Kingdom Government showed that yarn of polyamide for carpets was being imported into the United Kingdom in such increased quantities and under such conditions as to cause substantial injury to United Kingdom producers of like products and that a critical situation existed in which any delay would have caused injury which would have been difficult to remedy and which called for immediate intervention in the interests of the Community ;

Whereas, at that time, the imports in question were not causing the same injury to other regions of the Community ; whereas it was consequently justifiable to limit the protective measures to imports into the United Kingdom ;

Whereas, in accordance with GATT rules, discussions were held with the main supplier country to discuss the problem ; whereas these discussions failed to produce a satisfactory solution ;

Whereas it was therefore necessary to adopt and apply protective measures consistent with the relevant international rules to imports of these products into the United Kingdom ; whereas these measures were aimed at restricting imports to a ceiling which would limit the injury and eliminate the threat of further injury ; whereas, therefore, this limit had to be set approximately at the average volume of imports over the past six months of 1979 ;

Whereas, on 15 February 1980, the Commission accordingly adopted Regulation (EEC) No 388/80 (3), which stated, in particular, that imports into the United Kingdom of yarn of polyamide for carpets would be subject to the production of an import authorization issued by the United Kingdom authorities and also that such authorization would be granted up to a maximum of 7 500 tonnes in 1980 ;

Whereas, on 12 March 1980, the Federal Republic of Germany referred the measures taken by the Commission to the Council ;

Whereas, therefore, the Council may, by a qualified majority and not later than three months after referral of the matter, confirm, amend or revoke the Commission's decision ;

Whereas, as preparation for the Council's decision, the Commission carried out an additional investigation into both the imports of the products in question and the injury caused by them to British producers ;

Whereas, in April 1980, the Commission accordingly carried out an investigation in the United Kingdom at the offices of the major importer International Express Co. Ltd (Liverpool), acting on behalf of Allied Chemical International SA (Haasrode, Belgium), and the major United Kingdom producers ICI Fibres (Harrogate) and British Enkalon Ltd (Leicester) ; whereas information has also been received from another major Community producer with substantial United Kingdom market sales ;

Whereas the results of the Commission's investigation have confirmed that total imports from third countries of yarn of polyamide for carpets, other than those which enter under an Agreement providing for free-trade arrangements on entry into the Community or under an Agreement between the Community and any third country on trade in textiles, increased from approximately 3 200 tonnes in 1976 to 5 700 tonnes

(1) OJ No L 131, 29. 5. 1979, p. 1.
(2) OJ No L 131, 29. 5. 1979, p. 15.
(3) OJ No L 45, 20. 2. 1980, p. 7.

in 1979 and to 1 800 tonnes for the first quarter of 1980, and at a time when consumption was dropping, which led to an increase in the market share of such imports from 8 % in 1976 to 19 % in 1979 ; whereas, more recently, there has been a particularly sharp and substantial increase in imports from the USA from 2 666 tonnes in 1978 to 5 012 tonnes in 1979 and to 1 694 tonnes for the first quarter of 1980, thus increasing its market share from 8·1 % in 1978 to 16·7 % in 1979 and to an estimated 25·1 % in the first quarter of 1980 ;

Whereas the resale prices of such imports have, in most cases, been lower than the prices of United Kingdom producers and other exporters to the United Kingdom market ; whereas the extent of price undercutting has varied, but has reached 30 % in some instances ;

Whereas the situation of the United Kingdom industry is serious, as the following data indicate :

— a fall in production from 27 819 tonnes in 1976 to 15 392 tonnes in 1979,

— a drop in home market sales from 22 075 tonnes in 1976 to 8 562 tonnes in 1979,

— a fall in the level of capacity utilization of more than 30 % between 1976 and 1979,

— a decrease in the market share of United Kingdom producers from approximately 50 % in 1976 to 36 % in 1979,

— price trends have, in real terms, been held down ; from January 1978 to March 1980 the selling prices of major United Kingdom producers increased in nominal terms by approximately 9 %, while during the same period the cost of raw materials alone rose by more than 35 %,

— the United Kingdom industry's financial results and employment record have shown a considerable deterioration, as the following will illustrate :

  — a fall in the operating income of the two main United Kingdom producers from an index of 100 in 1976 to minus 1 363 and minus 10 respectively in 1979,

  — a decrease in net cash flows from minus 100 in 1976 to minus 3 477 and minus 152 in 1979 respectively,

  — a drop in the labour force of one of the two major producers from 755 in 1976 to 484 in 1979, with more redundancies scheduled for 1980 ; the other producer has maintained the level of the workforce by reorganizing its production ;

Whereas, in order to determine if such increased imports have caused serious injury to the United Kingdom industry, it appeared appropriate to analyze the relationship between extra-Community imports into the United Kingdom and home market sales of United Kingdom producers, between resale prices of extra-Community importers and the prices of United Kingdom producers and between extra-Community imports and the financial results of United Kingdom producers ;

Whereas these relationships indicate that the increase in imports played a major part in the decrease in United Kingdom production, that a direct relationship exists between the low price levels of imports and the depression of United Kingdom producers' prices and that, finally, increased imports coincided with the increasingly rapid deterioration of the United Kingdom producers' financial results in 1979 ;

Whereas, for the above reasons, it may be concluded that yarn of polyamide for carpets has been imported into the United Kingdom in such increased quantities and under such conditions as to cause serious injury to domestic producers in the United Kingdom ;

Whereas, for these reasons, the protective measures adopted in Commission Regulation (EEC) No 388/80 should be confirmed,

HAS ADOPTED THIS REGULATION :

Article 1

Commission Regulation (EEC) No 388/80 is hereby confirmed.

Article 2

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities* and shall expire on 31 December 1980.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Luxembourg, 9 June 1980.

For the Council

The President

F. PANDOLFI