COMMISSION REGULATION (EEC) No 3453/81

of 2 December 1981

imposing a provisional anti-dumping duty on imports of certain cotton yarns originating in Turkey

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 Articles 11 and 16 (1) thereof,

Having regard to the Supplementary Protocol to the Agreement establishing an Association between the European Economic Community and Turkey, and in particular the second subparagraph of Article 47 (2) [2],

After hearing the opinions expressed by the Advisory Committee set up under the abovementioned Regulation (EEC) No 3017/79;

After informing the EEC — Turkey Association Council;

Whereas the Commission received a complaint lodged by Eurocoton on behalf of the great majority of Community manufacturers of cotton yarn; whereas the complaint contained evidence of the existence of dumping and subsidies in respect of like products originating in Turkey and of substantial 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* [3], the initiation of a proceeding concerning imports of certain cotton yarns originating in Turkey and commenced an investigation of the matter at Community level;

Whereas the Commission officially so advised the exporters and importers known to be concerned;

Whereas the Commission has given the parties directly concerned the opportunity to make known their views in writing and to be heard orally;

Whereas the majority of the parties concerned have taken this opportunity;

Whereas, in order to arrive at a preliminary assessment of the dumping margin and injury, the Commission carried out inspections at the premises of three export firms, namely Cukurova Sanayi Isl. AS (Tarsus), Taris Pam. Tar. Sat. Koop. Birligi Iplik Fab. (Izmir) and Trakya Iplik Sanayi AS (Istanbul); whereas these firms were chosen as being representative by agreement with the Turkish associations of exporters of the products concerned and the complainants;

Whereas, in order to establish whether the abovementioned imports were dumped, the Commission had to take into account the fact that sales of similar products by the abovementioned three firms on the Turkish domestic market did not provide a valid comparison, since the volume of these sales was so low;

Whereas, for that reason, the Commission had to base its calculations on the reconstructed value, namely the costs of material and manufacturing in the ordinary course of trade in Turkey, together with a reasonable margin for profit and overheads; whereas in this case, in the light of the financial results of the exporters visited, a reasonable profit margin was fixed at 5 %;

Whereas, however, an adjustment was made to the costs submitted to the Commission by Trakya Iplik Sanayi (AS); whereas the adjustment consisted in adding to those costs the sales and financial expenses of the subsidiary company responsible for marketing certain exports, which the exporter had not taken into account in his submission;

Whereas, in addition, following an underestimate by Cukurova Sanayi Isl. AS of its overheads, the latter have been reassessed on the basis of information supplied by the company regarding the total amount of its exports and the overheads attributable to those exports;

Whereas, on the other hand, Taris Pam. Tar. Sat. Koop. Birligi Iplik Fab. did not allow the Commission to check or supplement the information provided regarding its production costs; whereas, accordingly, the Commission had to determine the normal value in relation to the company's exports on the basis of the best information available, in this case the data obtained from the other Turkish producers investigated;

[1] OJ No L 339, 31. 12. 1979, p. 1.
[2] OJ No L 293, 29. 12. 1972, p. 4.
[3] OJ No C 196, 3. 8. 1979, p. 2.

Whereas the above preliminary examination of the facts shows the existence of dumping in respect of the imports considered in the investigation, the dumping margin varying according to the type of yarn and tending to increase month by month during the reference period; whereas the weighted average dumping margin for the same period was 18·65 % for Cukurova Sanayi Isl. AS, 16·06 % for Trakya Iplik Sanayi AS and 17·34 % for Taris Pam. Tar. Sat. Koop. Birligi Iplik Fab.;

Whereas, with regard to the injury caused to the Commission industry, the evidence available to the Commission shows that imports into the Community of the cotton yarn in question originating in Turkey are rising rapidly, after falling from 71 000 tonnes in 1978 to approximately 54 000 tonnes in 1980, and have already reached 41 000 tonnes for the first seven months of 1981;

Whereas the imports in question obtained a 6·6 % share of the Community market in 1980; whereas their share is estimated at 9·3 % for the first seven months of 1981;

Whereas according to the information gathered by the Commission the prices of imports into the Community of cotton yarn originating in Turkey considerably undercut the prices of like products produced by Community manufacturers;

Whereas the consequent impact on the Community industry, whose volume of production dropped from 613 000 tonnes in 1977 to 284 000 tonnes for the first six months of 1981, takes the form of a depression of Community prices, in real terms for many producers making it impossible to cover production costs;

Whereas most of the Community firms are consequently making considerable losses on the cotton yarn covered by the proceeding and this has put at risk the profitability of the industry as a whole and has already led to an appreciable fall in the numbers directly employed in the manufacture of cotton yarn from 92 000 in 1980 to approximately 85 000 by the end of the first half of 1981;

Whereas the Commission has considered whether there is injury caused by other factors which, individually or in combination, are also adversely affecting the Community industry; whereas the Commission has examined, in particular in this context, the conditions governing other imports, the level of demand in the Community for cotton yarn and the competition among Community producers; whereas the level of other imports increased slightly between 1979 and 1980 but this trend has been reversed in 1981; whereas, moreover, the bulk of such imports are subject to quantitative restrictions; whereas, according to the information available to the Commission, the level of Community demand for cotton yarn, after increasing in 1979, has weakened slightly since 1980, while over this period the numbers of Community producers have declined and the market share of third countries other than Turkey has remained relatively stable;

Whereas, in these circumstances, the injurious effects attributed solely to dumping by Turkey represent material injury;

Whereas, in these circumstances, to prevent injury being caused during the proceeding and during the deliberations of the Association Council, which has been informed of the proceeding, and having regard to the rising trend of the dumping and the resultant injury, the interests of the Community call for immediate intervention; whereas such immediate intervention consists in the imposition of a provisional anti-dumping duty on imports of certain cotton yarn originating in Turkey;

Whereas the imposition of this duty is without prejudice to any decision taken by the Association Council within three months, pursuant to Article 47 of the Supplementary Protocol referred to above;

Whereas, in order to determine the amount of such duty, the Commission considered the provisionally determined dumping margins and the scale of injury caused;

Whereas the Commission concluded that the duty must correspond to the lowest of the provisionally established dumping margins, namely 16 %,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on cotton yarn falling within subheading 55.05 B of the Common Customs Tariff and corresponding to NIMEXE codes 55.05-21 to 55.05-98 inclusive, originating in Turkey.

2. The provisional anti-dumping duty referred to in paragraph 1 shall be set at 16 %.

3. The duty shall be on the basis of the value declared in accordance with Commission Regulation (EEC) No 1496/80 of 11 June 1980 on the declaration of particulars relating to customs value and on documents to be furnished [1].

[1] OJ No L 154, 21. 6. 1980, p. 16.

4. The provisions in force concerning customs duties shall apply for the application of this duty.

5. The release for free circulation in the Community of the products referred to in paragraph 1 shall be subject to payment of a deposit, equivalent to the amount of the provisional duty.

Article 2

Without prejudice to Article 7 (4) (b) and (c) of Regulation (EEC) No 3017/79, the parties concerned may make known their views, and apply to be heard orally by the Commission, within a month of the entry into force of this Regulation. Subject to Articles 11, 12 and 14 of Regulation (EEC) No 3017/79 and to any decision of the Association Council pursuant to Article 47 of the Supplementary Protocol to the Agreement establishing an association between the European Economic Community and Turkey, this Regulation shall be applicable for a maximum of four months or until the adoption by the Council of definitive measures.

Article 3

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities.*

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

Done at Brussels, 2 December 1981.

For the Commission

Wilhelm HAFERKAMP

Vice-President