COMMISSION REGULATION (EC) No 2208/96

of 18 November 1996

imposing a provisional anti-dumping duty on imports of unbleached (grey) cotton fabrics originating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey

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], and in particular Article 7 thereof,

After consulting the Advisory Committee,

Whereas:

A. PROCEDURE

(1) On 21 February 1996, the Commission announced by a notice published in the *Official Journal of the European Communities* [2] the initation of an anti-dumping proceeding with regard to imports into the Community of unbleached (grey) cotton fabrics orginating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey (hereinafter referred to as the 'Notice of Initiation'), and commenced an investigation.

(2) The proceeding was initiated as a result of a complaint lodged on 8 January 1996 by the Cotton and Allied Textile Industries of the EC (Eurocoton), on behalf of the Community industry. The complaint was supported by 21 Community producers representing a major proportion of Community production of the like product. The complaint contained evidence of dumping of the said product and of material injury resulting therefrom, which was considered sufficient to justify the initiation of a proceeding.

(3) The Commission officially advised the producers/exporters and importers known to be concerned as well as their associations, the representatives of the exporting countries concerned and the complainants, about the initiation of the proceeding. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set in the Notice of Initiation.

(4) A number of producers/exporters in the countries concerned, as well as Community producers, Community users and importers made their views known in writing. All parties who so requested within the above time limit and indicated that there were particular reasons why they should be heard were granted a hearing.

(5) In view of the large number of Community producers expressly supporting the complaint, the Commission decided to make use of sampling techniques and sent questionnaires to and received detailed information from a representative sample of Community producers, as set out in recitals (8), (89) and (90).

(6) In view of the large number of producers/exporters in the exporting countries concerned, sampling was also used and the Commission sent questionnaires to and received detailed information from a representative sample of producers/exporters, as set out in recitals (8) and (14) to (25).

(7) In addition, the Commission sent questionnaires to all importers known to be concerned and received replies from six only.

(8) The Commission sought and verified all the information it deemed necessary for the purpose of a preliminary determination of dumping and injury, and carried out investigations at the premises of the following companies:

(a) *Community producers*

- F.A. Kümpers GmbH & Co., Rheine (Germany),
- Velener Textilwerk Grimmelt, Wevers & Co. GmbH, Velen (Germany),
- Tenthorey SA, Eloyes (France),
- HGP-GAT Tissages SA, Cornimont (France),
- Ets des Fils de Victor Perrin Sàrl, Thiéfosse (France),
- Filatures et Tissages de Saulxures-sur-Moselotte SA, Saulxures-sur-Moselotte (France),
- Niggeler & Küpfer SpA, Capriolo BS (Italy);

(b) *Importers*

- G. Koppermann & Co. GmbH, Baierbrunn (Germany);

(c) *Producers/exporters*

Egypt

- Misr Spinning and Weaving Co., Mehalla el-Kubra,
- Misr Fine Spinning and Weaving Co., Kafr el-Dawar,
- Misr El Amria Spinning and Weaving Co., Alexandria,

[1] OJ No L 56, 6. 3. 1996, p. 1.
[2] OJ No C 50, 21. 2. 1996, p. 3.

India

— Century Textiles & Industries Ltd, Bombay,
— Mafatlal Industries Limited, Bombay,
— The Mafatlal Fine Spinning & Manufacturing Company Ltd, Bombay,
— Coats Viyella India Ltd, Bangalore,
— Vardhman Spinning & General Mills Ltd, Ludhiana,

Indonesia

— PT Argo Pantes, Jakarta,
— PT Daya Manunggal, Jakarta,
— PT Grand Textile Industries, Jakarta,
— PT Apac Inti Corpora (previously PT Kanindo Prima perkasa), Jakarta,
— PT Eratex Djaja, Surabaya,

Pakistan

— Lucky Textile Mills, Karachi,
— Diamond Fabrics Ltd, Sheikhupura, Lahore,
— Nishat Mills Ltd, Faisalabad,
— Kohinoor Raiwind Mills Ltd, Lahore,

Turkey

— Birlik Mensucat Ticaret ve Sanayi Isletmesi AS, Kayseri ('Birlik Mensucat')
— Söktas Pamuk ve Tarim Ürünlerini Degerlendirme Ticaret ve Sanayi A.S. Söke ('Söktas').

(9) The investigation period covered the period from 1 January 1995 to 31 December 1995.

(10) One Turkish company, Söktas, brought proceedings before the Court of First Instance (Case T-75/96), seeking annulment of the initiation of the proceeding and interim relief in the form of the immediate suspension of the proceeding. In his Order of 26 August 1996, the President of the Court refused the application for interim relief.

B. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

(11) The proceeding covers flat unbleached (grey) cotton fabrics containing at least 85 % of cotton, that is to say, those fabrics composed of cotton obtained from orthogonal interlacing, on plane looms, of textile yarns, and destined primarily for use in the clothing, linen and furniture industry.

The product in question is produced in many different types or constructions. Constructions are defined by a combination of the following elements: the count (or weight) of the yarn used, the number of threads for both warp and weft and the way the yarns are interlaced.

(12) The Commission was able to establish that, since there were no differences in the basic characteristics of the different types and qualities of grey cotton fabrics, domestic and export types from the countries concerned were like products within the meaning of Article 1 (4) of Regulation (EC) No 384/96 (hereinafter referred to as 'the Basic Regulation'). This equally applies to the types sold on the domestic market in India and types exported by Chinese companies (see recitals (47) and (48)). In addition, the types exported from all countries concerned and the types produced by the Community producers are like products.

(13) The Community converters concerned requested that gauze be excluded from the scope of the proceeding on the grounds that it was no longer produced in the Community. In the absence of sufficient details on this issue, the Commission decided to leave gauze in for the purpose of provisional measures, pending further investigation on this matter.

C. EXPORTERS AND PRODUCERS IN THE COUNTRIES OF ORIGIN

1. Sampling

(a) *General*

(14) In view of the large number of exporters in the countries concerned, the Commission decided to apply sampling techniques in accordance with Article 17 of the Basic Regulation and made an announcement to that effect in point 5 of the Notice of Initiation.

(15) In order to enable the Commission to select a sample, producers/exporters and representatives acting on their behalf were requested to make themselves known within three weeks of initiation and to provide some basic information on domestic and export turnover. The authorities of the countries concerned were also contacted by the Commission.

(16) The companies which came forward and provided the requested information within the above-mentioned period have been considered as co-operating companies, apart from those referred to under (19) below.

(17) The companies which were not finally retained in the sample were informed that they would be subject to the weighted average dumping margin established for the parties in the sample.

(18) The companies selected in the sample and which fully cooperated with the investigation have been given their own dumping margin and individual duty rate.

(19) The companies which, although they came forward within the three-week period, subsequently failed to cooperate when they were selected for the sample, have been considered non-cooperating companies.

(20) Some companies were selected as reserves in the sample and were informed that, although they would have to reply to the Commission's questionnaire, their reply would not be examined unless one or more companies in the sample failed to cooperate. They were also informed that they would be given the average dumping margin of the sample and average anti-dumping duty rate, if any, unless they were selected to replace a company in the sample, in which case they would be given their own margin and duty, if any.

(21) The companies which did not come forward within the three-week period have been treated as non-cooperating companies.

(b) *China, Egypt, Indonesia, Pakistan*

(22) For China, Egypt, Indonesia and Pakistan, the selection of the sample was made in agreement with the representatives of the companies, associations and/or governments concerned.

(c) *India*

(23) Agreement on the composition of the sample could not be reached because India objected to the inclusion of its largest producer/exporter in the sample. The Commission consequently had no option but to make its own selection, and accordingly selected the six largest companies in terms of domestic and export sales volumes.

(d) *Turkey*

(24) Agreement could not be reached in the case of Turkey either, mainly because the Turkish producers/exporters contested the appropriateness of an anti-dumping proceeding in the context of the Customs Union [1]. The Commission had accordingly no option but to make its own selection, and selected the largest producers/exporters with sufficient domestic sales.

(25) Despite the fact that the five companies selected by the Commission initially indicated that they would cooperate, three of them subsequently failed to do so. Informed by the Commission that sampling had failed in the case of Turkey, the Turkish representatives stated that the two companies which were left still accounted for a high percentage of Turkish domestic and export turnover of the product concerned, and were therefore still representative. The Commission accepted this argument and based its sampling on the two remaining companies. It was subsequently decided that the three companies which failed to cooperate, namely Çukurova San Isl A.S. Tarsus, Isko Tekstil Sanayi ve Ticaret A.S. Bursa, and GAP Güneydogu Tekstil Sanayi ve Ticaret A.S., Istanbul, should be treated as non-cooperating companies.

[1] Decision No 1/95 of the EC-Turkey Association Council, OJ No L 35, 13. 2. 1996, p. 1.

2. Individual examination in the context of sampling

(26) The Commission received eleven requests for individual examination within the deadlines, only eight of which were accompanied by a reply to the questionnaire, as required by Article 17 (3) of the Basic Regulation. The Commission therefore concluded that the three companies which had not filed a complete reply were not eligble for individual examinations.

After reviewing the requests from the remaining companies, and having regard to Article 17 (3) of the Basic Regulation, the Commission decided that no individual examination should be granted, because the number of companies was so large that individual examinations would be unduly burdensome and would prevent completion of the investigation in good time. The companies were informed accordingly.

(27) Companies which had filed a complete reply to the questionnaire within 37 days from the date of transmission of the notice of initiation, or which came forward within the three weeks set for the selection of the sample, but whose request for individual examination was rejected, were given the weighted average dumping margin established for parties in the sample.

(28) Companies which requested individual examination but did not file a complete reply within 37 days and did not come forward within the three weeks allowed for selection of the sample were considered as non-cooperating companies. This only applied to one company in Turkey: Bisas Tekstil Sanayi ve Ticaret A.S, Merter (Istanbul).

D. DUMPING

1. Normal value

(a) *Market economy countries*

(i) General methodology

(29) As far as the determination of normal value for market economy countries is concerned, the Commission first established, for each producer/exporter, whether its total domestic sales of unbleached cotton fabrics were representative in comparison with its total export sales of unbleached cotton fabrics to the Community. In accordance with Article 2 (2) of the Basic Regulation, domestic sales were considered representative when the total domestic sales volume of each producing company was equal to at least 5 % of its total export sales volume to the Community.

(30) The Commission subsequently examined whether the types of grey cotton fabrics sold domestically by those companies with representative domestic sales could be considered identical or directly comparable to the types sold for export to the Community. The types of grey cotton fabric sold domestically and for export were considered to be comparable products when their constructions were identical (see recitals (11) and (12)).

(31) For each of the types sold by the producers/exporters on their domestic markets and found to be comparable to types sold for export to the Community, the Commission established whether domestic sales were sufficiently representative for the purposes of Article 2 (2) of the Basic Regulation. Domestic sales of a particular type were considered sufficiently representative when the volume of that particular type of grey cotton fabric sold domestically during the investigation period represented 5 % or more of the volume of the same type sold for export to the Community.

(32) The Commission finally examined whether the domestic sales of each type could be considered as having been made in the ordinary course of trade, by looking at the proportion of profitable sales of the type in question. In cases where the volume of grey cotton fabrics sold at a net sales price equal to or above the calculated cost of production (profitable sales) represented 80 % or more of the total sales volume, normal value was based on the actual domestic price, calculated as a weighted average of the prices of all domestic sales made during the investigation period, whether profitable or not. In cases where the volume of profitable sales of grey cotton fabrics represented less than 80 % but 10 % or more of the total sales volume, normal value was based on the actual domestic price, calculated as a weighted average of profitable sales only.

(33) In cases where the volume of profitable sales of grey cotton fabrics represented less than 10 % of the total sales volume, it was considered that this particular type was sold in insufficient quantities for the domestic price to provide an appropriate basis for normal value.

(34) When the requirements set out in recitals (29) to (32) were met, normal value was based for each type on the basis of the prices paid or payable, in the ordinary course of trade, by independent customers in the domestic market of the exporting country, as set out in Article 2 (1) of the Basic Regulation.

(35) Wherever domestic prices of a particular type sold by a producer could not be used, constructed normal value had to be used in preference to domestic prices of other producers/exporters, because of the great variety of factors to be considered when assessing a particular type produced by a particular company (origin, mix of raw cotton and type of loom used, etc.). Using the prices of another company in this case would have meant making numerous adjustments, most of which would have had to be based on estimate.

(36) Consequently, in accordance with Article 2 (3) of the Basic Regulation, normal value was constructed by adding to the manufacturing costs of the exported type a reasonable percentage for selling, general and administrative expenses (SG&A) and a reasonable margin of profit. To this end, the Commission examined whether the SG&A incurred and the profit realized by each of the producers/exporters concerned on the domestic market constituted reliable data. Actual domestic SG&A expenses were considered reliable when the domestic sales volume of the company concerned could be regarded as representative (see recital (29)). The actual domestic profit margin was considered reliable when a sufficient volume of grey cotton fabrics was sold at a profit.

(ii) Egypt

(37) Normal value could be based on the actual domestic price of comparable domestic types, as per recital (34), for a total of eight types of grey cotton fabric sold for export to the Community by two companies.

(38) For all other types sold for export to the Community by these two companies, and all types sold for export to the Community by the remaining company, normal value had to be constructed, as per recital (36).

Since only one company had sufficient profitable sales of the product concerned during the investigation period, the Commission used the profit margin of that company and applied it to the other two companies in order to construct normal value.

For the first company, the constructed normal value was based on manufacturing costs plus its own SG&A expenses and profit margin. For the remaining two companies, their own manufacturing costs and SG&A expenses plus the profit margin of the company with sufficient profitable domestic sales were used to construct normal value.

(iii) India

(39) Normal value could be based on the actual domestic price of comparable domestic types, as per recital (34), for a total of 19 types sold for export to the Community by four companies.

(40) For all other types sold for export to the Community by those four Indian companies, and all types sold for export to the Community by the fifth one, normal value had to be constructed, as per recital (36).

The actual domestic SG&A expenses were used for all companies. For three of them, their actual domestic profit margins were also used, while another one with insufficient profitable domestic sales received the profit margin of a company belonging to the same group. For the remaining company, normal value was constructed using the weighted average profit margin of the other ones.

One company requested that, in the establishment of constructed values, account be taken of the specific profit margin calculated on the basis of the use and markets of the different products. The claim was rejected as it was found appropriate, in conformity with consistent practice to establish a weighted average profit margin for all types of the product concerned sold on the domestic market during the investigation period, pursuant to Article 2 (6) of the Basic Regulation.

(iv) Indonesia

(41) Normal value could be based on the actual domestic price of comparable domestic types, as per recital (34), for a total of five types sold for export to the Community by three companies.

(42) For all other types sold for export to the Community, normal value had to be constructed, as per recital (36).

The constructed normal value was calculated by adding to the manufacturing costs of the exported types a reasonable percentage for SG&A expenses and a reasonable margin for profit. For four companies actual domestic SG&A expenses were used. For three of them, domestic SG&A expenses also included the SG&A expenses of related companies acting as distributors on the domestic market, and which were also involved to varying degrees in financing, purchasing of raw material and/or domestic or export sales. The actual domestic profit margin was used for three companies. For the remaining company, the profit margin of a company belonging to the same group was used.

(v) Pakistan

(43) It was found that only two companies in the sample had representative domestic sales of the product concerned during the investigation period. In the case of one company, sales on the domestic market were representative and profitable. However, there was only one type sold domestically which was comparable to the exported type. Sales of this type, however, could not be considered representative. The other company had representative domestic sales of the product concerned, but those sales were all loss-making and, therefore, could not be regarded as being made in the ordinary course of trade. In those circumstances, the Commission had to construct normal value in all cases.

In the case of one company, constructed normal value was determined by adding to the manufacturing cost of the exported models, the company's own domestic SG&A expenses and domestic profit margin realized on domestic sales of the product concerned, in accordance with Article 2 (6) of the Basic Regulation.

For another company, normal value was constructed by adding to the manufacturing costs of the exported models the company's own SG&A expenses and the domestic profit margin of the producer which had profitable domestic sales, in accordance with Article 2 (6) (a) of the Basic Regulation.

The other two companies in the sample did not have domestic sales. In accordance with Article 2 (6) (a) of the Basic Regulation, normal value for those companies was constructed by adding to the manufacturing costs of their exported models the weighted average of the domestic SG&A expenses determined for the two companies with domestic sales, and the domestic profit margin determined for the company which had profitable domestic sales.

(vi) Turkey

(44) In order to compensate for the substantial inflation rate in the investigation period, the Commission decided to calculate a monthly normal value for each type.

(45) Monthly normal value could be based on the actual domestic price of comparable domestic types, as per recital (34), for 20 types sold for export to the Community by one company, and 19 types sold for export to the Community by the other.

(46) In all other cases, normal value had to be constructed, as per recital (36). The constructed normal value was established for each month of the investigation period. Monthly SG&A expenses and a monthly domestic profit margin were added to the manufacturing costs of the exported types concerned.

(b) *Non-market economy country: China*

(47) Since China is considered to be a non-market economy country, the Commission determined the normal value for China on the basis of the normal value established in an analogue country, in accordance with Article 2 (7) of the Basic Regulation.

(48) As was stated in the Notice of Initiation, India was envisaged by the Commission as an appropriate market-economy third country for the purpose of establishing normal value. Parties to the investigation were invited to comment on the appropriateness of India. Since no objection was raised, the Commission decided to use India as the analogue country.

Normal value for the Chinese companies was calculated on the basis of the normal values established for the cooperating Indian companies. In this context, the Indian types used were those sold on the domestic market which were found to have the same construction as the chinese models exported to the Community. The Commission considered normal values of all Indian producers/exporters in the sample, in order to ensure a high level of representativeness.

2. Export price

(49) In all cases where exports of grey cotton fabrics were made to independent customers in the Community, the export price was established in accordance with Article 2 (8) of the Basic Regulation, i.e. on the basis of export prices actually paid or payable.

(50) However, in cases where export sales were made to a related party, the export price was constructed pursuant to Article 2 (9) of the Basic Regulation, that is to say, on the basis of the price at which the imported products were first resold to an independent buyer. In such cases, adjustments were made for all costs incurred between importation and resale and for profits accruing, in order to establish a reliable export price, at the Community frontier level.

(51) One of the Chinese exporters sold partly via a related importer based in Germany. For the transactions made through the related importer, the export prices were constructed on the basis of the price paid or payable by the first independent customer for the product concerned, less the SG&A expenses and a reasonable amount for profit, as per recital (50). The profit margin was provisionally estimated at 5 %, in the absence of reliable information regarding profits realized by independent importers in the Community.

(52) The two Indian companies which formed part of the same group sold part of their production to the Community through three related trading companies. The export prices for the products sold via the related companies were constructed, as per recital (50).

(53) The Pakistani exporters claimed that, in establishing the date of sale, the date of contract should be used rather than the date of the invoice. This was rejected on the grounds that it is the Commission's normal practice to use the date of invoice as the date of sale, unless it is demonstrated that another date more appropriately establishes the material terms of sale (Article 2 (10) (j) of the Basic Regulation). Since insufficient evidence had been submitted to substantiate the claim that the date of contract more appropriately established the material terms of sale, and since the on-the-spot investigations showed to the contrary that contracts were only a general framework while the precise conditions of each sale were set on the invoice, the Commission, in line with its normal practice, used date of invoice as date of sale.

3. Comparison

(a) *General*

(54) For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting price comparability, in accordance with Article 2 (10) of the Basic Regulation.

Adjustments were granted in all cases when a claim was made within the time limits set for that purpose, and when the party concerned could demonstrate the effect of any alleged difference on prices and price comparability.

(55) Accordingly, allowances for differences in transport, insurance, handling charges, packing costs, credit, discounts and commissions have been granted where applicable and justified.

(b) *China*

(56) On the normal value side, all allowances granted to the Indian companies were also granted in the case of China.

(c) *Egypt*

(57) All companies claimed an adjustment for credit costs in respect of normal value. The Commission rejected the claims on the ground that there was no evidence that the payment terms had been agreed at the time of sale. Moreover, the claims were incorrect in respect of the number of days and interest rates.

(d) *India*

(58) All companies claimed an adjustment for an alleged difference in the level of trade of its export and domestic sales. Four of them claimed it on the ground that they sold mainly to distributors on the Community market, and mainly to end-users on their domestic market, and that the volume of the average transaction on the domestic market was much smaller than to the Community. However, none of the four companies was able to demonstrate a consistent difference in price levels according to the alleged different levels of trade. In view of the above, no adjustment could be granted for level of trade.

(59) One company claimed an allowance for salesmen's salaries. Since there is no provision for such an allowance in the Basic Regulation, and since the company was unable to show any evidence of the impact on prices, this claim was rejected.

(e) *Indonesia*

(60) Two companies claimed an allowance for differences in physical characteristics, namely sales of lower-quality fabrics to the Community market. They also alleged having sold lower-quality fabrics on the domestic market, but were unable to show a consistent price difference between sales of normal and lower-quality fabrics on the domestic market or to the Community. Since there was no effect on price comparability, the Commission decided to reject the claims.

(61) Three companies claimed an adjustment for alleged differences in level of trade, alleging that they sold mainly to distributors in the Community and to converters on their domestic market, who further process unbleached cotton fabrics. However, none of them was able to demonstrate any consistent difference in its prices as between distributors and converters. During the investigation, one company asserted that no distinction was made between different levels of customers when deciding on prices. Consequently, in the absence of any evidence of any effect on price, the allowance claimed was not granted.

(62) Two companies claimed an allowance for the credit cost of sales on the export market, where payment from the bank was received in advance of agreed payment terms. The companies requested that the agreed payment terms be ignored and that the actual payment received from the bank be used instead. This claim was rejected on the ground that, in accordance with Article 2 (10) (g) of the Basic Regulation, an adjustment can only be given for the number of days agreed at the time of the sale, as only the expense of that number of days can be considered to be included in the price.

(f) *Pakistan*

(63) A request for an allowance for import charges, in accordance with (2) (10) (b) of the Basic Regulation, was rejected as irrelevant considering that the duty was not included in the costs of raw material used for the calculation of constructed normal value.

(g) *Turkey*

(64) Requests were made for an adjustment for exchange rate differences to take into account the steady depreciation of the Turkish currency. However, the Commission considered that the depreciation had already been accounted for by making adjustments for credit costs, calculating normal value on a monthly basis, and using monthly average exchange rates. This claim was therefore rejected.

4. Dumping margins

(a) *General methodology*

(65) Given that the Commission established that there was a pattern of export prices which differed significantly between different purchasers, regions and/or time periods, and that a comparison between a weighted average normal value and a weighted average of the export prices of all the transactions to the Community did not reflect the full degree of dumping being practised, export prices had to be compared on a transaction-by-transaction basis to weighted average normal values, in accordance with Article 2 (11) of the Basic Regulation.

(66) Individual dumping margins were calculated for the cooperating companies which were subject to an on-the-spot investigation.

(67) The dumping margins for cooperating companies which were not investigated (see recitals (17), (20) and 27)) have been based on the average of the individual dumping margins calculated for companies included in the sample, weighted on export turnover, for each of the countries concerned.

(68) Finally, with the exception of China, a residual dumping margin was calculated for the non-cooperating producers/exporters in each country on the basis of the facts available, as set out in Article 18 of the Basic Regulation. In order to avoid rewarding non-cooperation, for each of the companies included in the sample, the five highest dumped types were identified. The type which appeared most representative was then selected, provided that this did not result in a margin lower than the margin established for the sample company in question. Finally, the residual dumping margin was determined on the basis of the weighted average margin of all the types thus selected for each company.

(b) *Methodology for groups of companies*

(69) It has been the consistent practice of the Commission to consider related companies, or companies belonging to the same group, as one single entity, and to establish, therefore, a single dumping margin. Calculating individual dumping margins and establishing individual duty levels for companies belonging to the same group might encourage circumvention of anti-dumping measures (thus rendering them ineffective), by enabling these producers to channel their exports to the Community through the company with the lowest anti-dumping duty.

Therefore, a dumping margin was calculated for each company in the group which was investigated, and these dumping margins were used to calculate a single margin for the group as a whole.

(c) *China*

(70) All companies in the sample requested that individual dumping margins be calculated for them, claiming that they enjoyed full autonomy and were responsible for their profits and losses. Following established practice with respect to exports from a State trading country, individual treatment may exceptionally be applied in cases where the exporter concerned has provided undisputed evidence that it operates outside the influence of the national authorities and according to market rules. In the present proceeding, where all exporting organizations appeared to be State-owned, no evidence to this effect was submitted. In those circumstances, it was decided that individual dumping margins were not appropriate and that a single dumping margin should be established on the basis of the weighted average (according to export turnover to the Community) of the dumping margins of the sample.

(71) The comparison between normal value and export price shows the existence of dumping in respect of the three Chinese companies. The dumping margin was calculated as the average of the margins found for the three companies, weighted on the basis of export turnover. This provisional margin expressed as a percentage of the import price at the Community border is 22,6 %.

(d) *Egpyt*

(72) Due to the specific circumstances of the cotton fabrics industry in Egypt, where all cooperating companies are directly or indirectly State-owned and managed by the Government, and in view of the Commission's practice of regarding group companies as a single entity, it was decided to treat all cooperating Egyptian companies as one group and to apply the general rule set out in recital (69).

The provisional dumping margin for cooperating companies expressed as a percentage of the cif import price at the Community border is 13,3 %.

(73) For non-cooperating companies, the provisional dumping margin had to be assessed on the basis of the information available, as per recital (68). Expressed as a percentage of the cif import price at the Community border, the margin is 36,1 %.

(e) *India*

(74) The general rule regarding groups of companies was applied to calculate the dumping margin for Indian companies forming part of the same group (see recital (69)).

(75) The comparison between normal value and export price showed the existence of dumping in respect of all producers participating in the sample. The provisional dumping margins expressed as a percentage of the import price at the Community border are:

Century Textiles & Industries Limited	17,4 %,
Coats Viyella India Limited	13,0 %,
Vardhman Spinning & General Mills Limited	8,9 %,
Mafatlal Industries	13,4 %,
Mafatlal Fine Spg. & Mfg Co. Ltd	13,4 %.

(76) Cooperating companies not included in the sample were given the average dumping margin of the sample weighted on the basis of export turnover to the Community. Expressed as a percentage of the cif import price at the Community border, the margin is 15,9 %.

(77) For non-cooperating companies, the provisional dumping margin had to be assessed on the basis of the information available, as per recital (68). Expressed as a percentage of the cif import price at the Community border, the margin is 22,7 %.

(f) *Indonesia*

(78) The general rule regarding group companies was applied to calculate the dumping margin for Indonesian companies forming part of the same group (see recital (69)).

(79) The comparison between normal value and export price showed the existence of dumping in respect of all producers which fully cooperated with the Commission. The provisional dumping margins expressed as a percentage of the cif import price at the Community border are:

PT Apac Inti Corpora	9,6 %,
PT Argo Pantes	14,1 %,
PT Daya Manunggal	14,1 %,
PT Grand Textile Industries	14,1 %,
PT Eratex Djaja	10,9 %.

(80) Cooperating companies not included in the sample were given the average dumping margin for the sample, weighted on the basis of export turnover to the Community. Expressed as a percentage of the cif import price at the Community border, the margin is 13,1 %.

(81) For non-cooperating companies, a dumping margin was determined on the basis of the facts available, as per recital (68). Expressed as a percentage of the cif import price at the Community border, the margin is 18,3 %.

(g) *Pakistan*

(82) The general rule regarding group companies was applied to calculate the dumping margin for Pakistani companies forming part of the same group (see recital (69)).

(83) The comparison between normal value and export price showed the existence of dumping in respect of all the companies in the sample. The provisional dumping margins expressed as a percentage of the cif import price at the Community border are:

Diamond Fabrics Ltd	22,3 %,
Amer Fabrics Ltd	22,3 %,
Kohinoor Raiwind Mills Ltd	30,3 %,
Kohinoor Weaving Mills Ltd	30,3 %,
Lucky Textile Mills	30,6 %,
Nishat Mills Ltd	22,8 %,
Nishat Fabrics Ltd	22,8 %.

(84) Cooperating companies not in the sample were given the average dumping margin of the sample, weighted on the basis of export turnover to the Community. Expressed as a percentage of the cif import price at the Community border, the margin is 27,8 %.

(85) For non-cooperating companies, the provisional dumping margin had to be assessed on the basis of the information available, as per rectial (68). Expressed as a percentage of the cif import price at the Community border, the margin is 32,5 %.

(h) *Turkey*

(86) The comparison between normal value and export price showed the existence of dumping in respect of the two companies. The provisional dumping margins expressed as a percentage of the cif import price at the Community border are:

Birlik Mensucat	13,8 %,
Söktas	17,5 % .

(87) Cooperating companies not in the sample were given the average dumping margin of the sample weighted on the basis of export turnover to the Community. Expressed as a percentage of the cif import price at the Community border, the margin is 15,3 %.

(88) For non-cooperating companies, the provisional dumping margin had to be assessed on the basis of the information available, as per recital (68). Expressed as a percentage of the cif import price at the Community border, the margin is 25,2 %.

E. COMMUNITY INDUSTRY

1. Sampling

(89) In view of the large number of producers supporting the complaint (hereinafter called 'Community industry' (see recital (2)), the fact that they were mainly small and medium-sized enterprises, and the time limits set out in Article 6 (9) of the Basic Regulation, the Commission decided to investigate injury on the basis of a representative selection of Community producers, in accordance with Article 17 of the Basic Regulation. The sample was selected, in consultation with the complainant, according to the geographical location and the size of the companies in terms of production and sales volumes, in order to ensure that a representative volume of production of the Community industry could be investigated within the time available.

No other interested party expressed the wish to be consulted on the selection of the sample within the time limits laid down in point 7 (b) of the Notice of Initiation.

(90) The companies included in the sample covered about 30 % of Community production of the product concerned in the investigation period.

All the companies included in the sample co-operated fully with the Commission during the investigation.

(91) Representatives from one of the exporting companies asked the Commission, in the light of Article 4 (1) of the Basic Regulation, to exclude from the Community industry two of the companies in sample of Community producers, on the grounds that they were also importers of the product concerned. However, in the course of its investigation, the Commission found that volumes imported by the two companies were in one case negligible, and in the other represented less than 5 % of the company's own sales and the companies concerned had retained the core of their business operation in the Community. Following the consistent practice of the Commission, the request for exclusion of those companies was therefore rejected.

F. INJURY

1. Preliminary remarks

(92) For the purpose of examining injury in the present proceeding, the Commission analysed data relating to the period 1992 to 1995. All necessary data for that purpose were collected from Community producers and importers and from exporters in the countries concerned, as well as from other sources of information at the Commission's disposal. The geographical scope of the investigation over this period was the current Community of fifteen Member States.

2. Community consumption

(93) In calculating total apparent consumption on the Community market, the Commission added the production of Community producers (based on statistics provided by the national producers' associations) to the total imports into the Community (Eurostat statistics), subtracting the exports from the Community (Eurostat statistics).

(94) On this basis, it was found that the apparent consumption rose by 12,9 % between 1992 and 1994, from 260 104 tonnes in 1992 and 259 201 tonnes in 1993, to 293 582 tonnes in 1994. Between 1994 and 1995, there was a drop of 9 % to 266 699 tonnes. Over the whole 1992 to 1995 period, Community apparent consumption grew by 2,5 %.

3. Cumulative assessment of the effects of the dumped imports

(95) The Commission examined whether imports of unbleached cotton fabrics originating in the countries concerned should be assessed cumulatively, according to Article 3 (4) of the Basic Regulation.

(96) Egyptian exporting producers argued that their imports should not be cumulated with imports from the other countries concerned by the proceeding, on the grounds that imports into the Community from Egypt had decreased between 1994 and 1995, and that the prices charged by Egyptian exporting producers were higher than those of exporters in the other countries subject to the investigation. Indonesian exporters also argued against cumulation, as the prices of their exports were significantly higher than those of the other countries concerned.

(97) The Commission found that, while imports from Egypt did indeed fall in volume terms from 19 094 tonnes in 1994 to 11 957 tonnes in 1995, they rose by almost one-third over the period 1992 to 1995 as a whole. The share of the Community market represented by these imports in 1995, at 4,48 %, could not be considered negligible, while their prices were not found to be to any great extend higher than those of the other countries concerned, and were found to be substantially lower than those of the Community industry.

Imports from Indonesia, having fallen in 1993, rose later to regain their 1992 level of around 11 000 tonnes by 1995. Prices were indeed above the average for the other countries concerned but were still lower than those of the Community industry. The Indonesian exporters were nevertheless able to regain their 1992 share of just over 4 % by 1995, a level which cannot be regarded as negligible.

(98) The Commission concluded that, for all exporting countries concerned by this anti-dumping proceeding, the dumping margins established were not negligible, that the import volumes concerned were significant, and that the grey cotton fabrics imported from all the countries constituted one like product being marketed in the Community under similar competitive conditions. This conclusion was reached taking particular account of the fact that there was no marked distinction in the pricing behaviour in the Community of the producers in the countries concerned.

In these circumstances, and in accordance with the standard practice of the Commission, it was considered that there were sufficient grounds to cumulate the imports from all the countries concerned.

4. Volume and market share of the dumped imports

(99) The aggregate volume of dumped imports into the Community of the product concerned originating in the countries subject to investigation increased by 12,5 % between 1992 and 1994 from 111 497 tonnes in 1992, to 118 498 tonnes in 1993, to 125 448 tonnes in 1994. The volume decreased in 1995 to reach 111 788 tonnes, in line with the development of Community demand, as explained in recital (94) above.

(100) The development of import volumes, assessed in relation to Community consumption, led to a substantial combined share of the Community market held by the countries concerned of 42,9 % in 1992, 45,7 % in 1993, 42,7 % in 1994, and 41,9 % in the investigation period.

5. Prices of the dumped imports

(101) The Commission examined whether the exporting producers' sales in the Community were at prices that undercut those prices of the Community producers during the investigation period.

(102) Considering the wide spectrum of possible fabric constructions, the Commission considered that the degree of interchangeability between the individual constructions within the product concerned suggested that it would be reasonable to establish price comparison on the Community market between the prices of the dumped imports and the prices of Community industry on an overall basis.

The Commission consequently decided to assess price undercutting on the basis of a comparison between the weighted average Community producers' selling prices and the weighted average export price of all transactions by each producer/exporter for the product concerned taken as a whole.

(103) Exporting producers in India and some importers requested that, in its price comparisons, the Commission take into account the differences in physical characteristics between the products manufactured by the Community producers and the imported products. In that respect, it was argued that the imported goods were of a lower quality than Community production, as they were produced with obsolete machinery, with a higher occurrence of defects. Moreover, the imported goods were allegedly sold in much shorter lengths than Community production and with a different packing, leading to additional costs for the processors of the fabric. This was alleged to have a considerable and negative, effect on the market value of the imported products.

In the course of the investigation, no evidence was found which indicated that the imported goods were of a lower quality compared to the Community producers' products. Neither were any differences found in the delivered length of the product and in its packing or between the exporters and Community producers investigated. No account, therefore, has been taken of these alleged differences in the Commission's comparison of prices.

(104) The results of the comparison showed margins of price undercutting for all the producers investigated in the exporting countries concerned, with weighted average margins ranging up to:

China	17,5 %,
Egypt	20,0 %,
India	34,5 %,
Indonesia	25,7 %,
Pakistan	24,7 %,
Turkey	30,4 %.

6. Situation of the Community industry

(a) *Data relating to the Community industry as a whole*

(i) Sales and market share of the total Community industry

(105) Total sales by the Community producers fell by 11,8 % over the period, from 79 940 tonnes in 1992, to 70 217 in 1993, to 70 963 in 1994, and to 70 507 in the investigation period. Matching this decline, the corresponding market share went from 30,7 % in 1992, to 27,1 % in 1993, 24,2 % in 1994, and 26,4 % in the investigation period, a decline of 14 % in relative terms over the period.

(ii) Plant closures and reduction of employment

(106) It was established during the investigation that between 1992 and 1995, for Austria, France, Germany, Italy, Spain and the United Kingdom, 88 plants manufacturing the product concerned had been closed. This led to 8 625 job losses in the Member States concerned.

(b) *Data relating to the sampled Community producers*

(i) Production

(107) The production of the product concerned decreased by 9,7 % from 28 153 tonnes in 1992 to 25 431 tonnes in 1995, having peaked at 30 826 tonnes in 1993 and then dropped to 28 973 in 1994.

(ii) Capacity

(108) Maximum production capacity, measured as machine hours per year, dropped by 11,9 % between 1992 and 1995, going from about 13,6 million machine hours in 1992 to 13,1 million in 1993, and around 12 million in 1994 and 1995. The hours actually worked also dropped by 11,8 % which suggested that the companies had maintained a stable rate of capacity utilization of about 85 % over the period. This stability was achieved by the considerable efforts to rationalize production by reducing the working hours and modernizing the machinery. For example, it was found that more than 40 % of machinery was less than seven years old.

(iii) Stocks

(109) The analysis of the development of stocks of all sampled Community producers over the period 1992 to 1995 was complicated by the fact that one of the producers changed its sales policy during this period, and adopted a policy of sales-on-order only.

However, with respect to the six remaining companies in the sample, end-of-year stocks increased by 7 % between 1992 and 1995, with a considerable rise of 33,1 % between 1994 and the investigation period.

(iv) Volume of sales

(110) The volume of sales of the product concerned on the Community market increased from 23 228 to 25 798 tonnes (11 %) between 1992 and 1993, dropping subsequently to 24 283 tonnes in 1994 and to 19 345 tonnes in 1995, with a 17 % decrease over the period.

(v) Turnover

(111) Total revenue declined by 5 %, from ECU 92,9 million in 1992 to ECU 88,2 million by 1995.

(vi) Price and cost developments

(112) The Commission analysed the development of unit prices of the product concerned over the period 1992 to 1995.

In order to avoid any distortion to the calculation of the average prices being caused by changes in the product mix, the Commission made an analysis of unit price developments on the basis of a constant product mix. For this purpose five basic reference constructions were chosen. They consistently represented at least 24 % of the total sales of the Community producers sampled throughout the period 1992 to 1995. It was established on this basis that the average sales prices for the Community producers expressed in index form decreased from 100 to 93 in 1993, then recovering to 98 in 1994 and to 107 in 1995.

(113) These price movements have to be interpreted in the light of the development of manufacturing costs over the same period. Between 1992 and 1995, Community producers faced increases in the manufacturing costs of the like product, in particular a sharp rise in the price of raw cotton, the principal element in the production of the product concerned, which alone accounts for about one third of total manufacturing costs. Cotton prices on the world market rose by 38 % between 1992 and 1994, and by a further 15 % between 1994 and 1995. Over the period 1992 to 1995 as a whole, the price of raw cotton rose 59 %.

It is concluded on the basis of the comparison of the price and cost trends described above, that the fall in prices between 1992 and 1993 displayed the characteristics of a price depression, and that even the rise in prices in subsequent years failed, by a large margin, to match the increase in manufacturing costs. This is confirmed by the price developments established on the basis of a constant product mix. The trend in prices over the whole period can thus be said to have been characterized by significant price suppression.

(vii) Profitability

(114) The development of prices and costs led to deteriorating profitability, which as a percentage of turnover fell from a profit of 2,04 % in 1992 to 1,66 % in 1993, 1,53 % in 1994 and to a loss of −0,51 % in 1995.

(viii) Employment

(115) The number of employees in the sampled companies fell from 1 597 to 1 360 over the period, a drop of 15 %.

7. Conclusions on injury

(116) The situation of the Community industry has deteriorated steadily between 1992 and 1995, in particular in respect of production, sales, employment and profitability.

In spite of its efforts to rationalize operations, as shown by the reduction of employees and working hours and by the modernisation of machinery, the Community industry's overall profitability deteriorated constantly over the period. In index terms, it went from 100 in 1992, to 81 in 1993, 75 in 1994 and −25 in 1995. This resulted from the fact that its prices, through increasing, could not match the increase in manufacturing costs.

In view of the above, the Commission considered that the Community industry is suffering material injury.

G. CAUSATION

1. Introduction

(117) The Commission examined the volume and prices of the dumped products from the exporting countries concerned and their consequent impact on the situation of the Community industry. In this examination the Commission also ensured that injury caused by other factors was not attributed to the dumped imports.

This examination had to take into account the existence of quotas and voluntary export restraints, both of which might have limited the potential for growth in sales on the Community market by the countries concerned and other third countries. In this context, it appears particularly important to note that the countries subject to this investigation have in general fully utilised their quota allocations at prices which significantly undercut those of the Community industry.

2. Effect of the dumped imports from the countries concerned

(118) The investigation of the Community producers showed as the main injury indicator the unsatisfactory development of sales prices and the consequent deterioration of profitability over the period 1992 to 1995. It has also been established that at the same time the dumped imports were sold in the Community at prices which significantly undercut those of the Community producers.

Furthermore, the Commission found that, although the market share of the dumped imports fell slightly from 42,9 % to 41,9 % over the period examined, it remained at a consistently high level throughout, the stability of the market share of the countries concerned being explained by the existence of import quotas.

(119) In order to appreciate the significance of the above findings, it should be noted that the grey cotton market is characterised by a very high degree of product substitutability, transparency and price sensitivity. Furthermore, though the volume of trade in grey cotton fabrics is governed by the quota system in place, imports from the countries concerned nevertheless account for over 40 % of the Community market. Therefore, given the importance on the Community market of those goods which have been sold at prices which significantly undercut those of the Community producers, the Commission concludes that they were the major cause of the material injury suffered by the Community industry.

3. Effects of other factors

(a) *Imports from third countries*

(120) It was alleged by certain exporters that imports from other third countries not included in this proceeding were the cause of any injury suffered by the Community producers.

(121) Imports from third countries indeed rose in volume terms from 75 511 tonnes in 1992 to 94 415 tonnes in 1995, having peaked at 106 111 tonnes in 1994; the market share of these imports increased from 26,4 % in 1992 to 31,6 % in 1995. The most important increases in market shares among the exporting third countries were on the part of Russia and the United Arab Emirates. Other third countries in general had market shares of less than 2 %; that is, significantly smaller than the countries subject to this investigation.

As to the prices of imports from third countries, the only information available is Eurostat statistics on unit import values which suggest that the prices charged by almost all third countries, with the exception of Russia and the United Arab Emirates, would appear to have been higher than those of the countries subject to investigation.

(122) With regard to Russia, the market share increased from 1,3 % in 1992 to 3,1 % in 1995. The Eurostat unit import value in 1995 was ECU 2,33/kg.

(123) As for the United Arab Emirates, the market share of its imports rose from 0,2 % in 1992, to 2,4 % in 1995. The Eurostat unit import value in 1995 was ECU 3,24/kg.

In the light of information available, it cannot be excluded that imports from Russia and the United Arab Emirates may also be causing injury. The Commission, however, has no indication that those imports are entering the Community at dumped prices.

(b) *Increase in raw cotton prices*

(124) Average raw cotton prices rose world wide throughout the period from ECU 1,17 per kilo in 1992 to ECU 1,86 per kilo in 1995, a rise of 59 %. Over the same period, the Community market was experiencing strong downward price pressures

caused by the price undercutting by the dumped imports from the countries concerned. As a result, the Community industry, despite a 7 % price rise between 1992 and 1995, was unable to offset this rise in manufacturing costs.

The Commission has concluded that it was not the rise in the raw cotton price in isolation that caused the material injury suffered by the Community industry, but the price suppression brought about by the price undercutting of the dumped imports from the countries concerned, which prevented the Community industry from reacting fully to the rising cotton prices.

4. Conclusion on causation

(125) The price depression and subsequent price suppression caused by the dumped imports led to a situation in which the Community producers were unable to reflect fully in their sales prices even the rise in raw material costs, still less any increases in other input prices.

At the same time, the very low levels of import prices from the dumping countries exerted strong downward pressure on prices of the Community industry. This resulted in the falling profitability, output, production capacity, market share, and employment suffered by the Community producers.

Consequently, it was considered that, even if it cannot be ruled out that other factors such as imports from third countries may have contributed to the unsatisfactory financial performance of the Community industry, the injury suffered by the Community industry by reason of the dumped imports from the countries concerned, due to their significant market shares and the substantial margins of price undercutting found, is nevertheless material.

H. COMMUNITY INTEREST

1. General

(126) Pursuant to Article 21 (1) of the Basic Regulation, the Commission examined, on the basis of all the evidence submitted, the aspects pertinent to the assessment of Community interest. In such an examination, special attention must be paid to the need to remove the trade-distorting effects of injurious dumping in order to restore effective competition on the Community market. The need to remove the injurious effects of the dumping is balanced by the requirement to assess, in cases where dumping, injury and causation are found to exist, whether the adoption of measures would clearly be contrary to the interest of the Community.

2. Consequences for the Community industry

(127) As regards the Community industry, it is considered highly probable that, without measures to correct the effects of dumped imports, the Community industry will suffer further price depression and suppression, with grave consequences to its financial situation. Should the current trend of negative profitability continue, production in the Community will, within a short period of time, and despite the efforts made by Community producers to improve efficiency, no longer be viable and will cease or be relocated outside the Community, with consequent negative effects on employment. This view is reinforced by the events described in recital (106).

3. Impact on users and suppliers

(128) Representations have been made by importers and users of the dumped products, to the effect that the imposition of measures would have effects, allegedly sometimes serious, on downstream industries and would exert upward pressure on their cost situation. Downstream industries would be subject to rising raw material costs and would face pressures from imports from the countries subject to this anti-dumping proceeding as anti-dumping measures might result in exporters' moving their production downstream.

It should be noted, however, that only a very small number of Community importers and users made themselves known and provided information within the time limits set in the Notice of Initiation. This information could consequently not be considered representative within the meaning of Article 21 of the Basic Regulation. Moreover, the submissions received did not provide sufficient information or evidence to enable the Commission to evaluate fully the impact of duties on the downstream industries.

Nevertheless, it is clear from those submissions received from downstream industries that grey cotton fabrics undergo a number of transformations, making an assessment of the possible effects of the measures particularly difficult. Grey cloth is first bleached, then printed or dyed, and thereafter it is cut and sewn. Each additional stage in the production chain adds significant value and increases product differentiation. The information

available to the Commission suggests that, given the proportion of input costs represented by unbleached cotton fabrics and the variety of uses, a clear conclusion on the effect of the proposed duties on the downstream industries cannot be reached. In any event it appears that, given the variety of sources of supply available to textile processors and the resulting competitive environment in the market of the product concerned in the Community, their situation, overall, will not be substantially affected.

The claim was also made that the imposition of provisional anti-dumping measures would bring about an increase in imports of finished textiles in the longer term. However, it should be noted that the nature of the markets for finished fabrics and final goods differs from that of unbleached fabrics. In particular, the high quality of output of made-up and finished textiles from Community converters and their ability to adapt quickly to changing tastes and fashions gives them a competitive advantage over their competitors outside the European Community which would not be changed by anti-dumping duties on unbleached cotton fabrics.

(129) On the other hand, it would appear to be clearly in the interest of certain Community upstream industries, in particular yarn producers, to preserve the Community weaving industry, which is an indispensable part of the European textiles sector. The existence of this industry is clearly threatened by unfair trading practices, which have caused it to lose more than 4 percentage points of its market share, so that it now only represents 24 % of the Community market.

4. Conclusion

(130) At the provisional stage, the Commission finds therefore that the introduction of anti-dumping measures is not against the Community interest, as they will remove market distortions, restore a competitive regime of fair pricing practices and prevent further injury to the Community industry during the investigation.

I. PROVISIONAL DUTY

(131) On the basis of the conclusions on dumping, injury, causation and Community interest set out above, the Commission considered the form and the level of the anti-dumping measures to be taken.

Given the wide variety of constructions from the countries concerned, the Commission is of the opinion that an *ad valorem* anti-dumping duty is the most appropriate form of measure.

(132) For the purpose of establishing the level of the provisional duty, account has been taken of the dumping margins found and of the amount of duty necessary to eliminate the injury sustained by the Community industry.

(133) Since the injury consists principally of price suppression, loss of market share and, in particular, lack of profitability or losses, the removal of injury requires that the industry should be put in a position where prices can be increased to profitable levels. In order to achieve this, the prices of the imports concerned originating in the countries currently under investigation should be increased accordingly.

For calculating the necessary price increase, the Commission considered that the actual prices of these imports should be compared with a selling price which would more accurately reflect the costs of production of Community producers plus a reasonable profit.

Given the high level of investment required, it was considered that a profit margin of at least 8 % on turnover was the minimum necessary to ensure the viability of the Community industry.

The average weighted selling prices charged during the investigation period by the Community industry were increased in order to achieve the overall minimum amount of profit required. The resultant prices thus established were compared with the prices of the dumped imports used to calculate undercutting as outlined above.

(134) The differences between these two prices, expressed on a weighted average basis and as a percentage of the free-at-the-Community-frontier price, were:

China	34,7 %,
Egypt	35,9 %,
India	2,7 % to 71,4 %,
Indonesia	11,2 % to 50,1 %,
Pakistan	17,0 % to 48,1 %,
Turkey	42,5 % to 52,7 %.

(135) Where the margins of dumping found, in respect of a particular exporting producer, were below the corresponding increases in export prices necessary to remove the injury, as calculated above, the provisional duties imposed are to be limited to the dumping margin established. This was the case for all but six companies, for whom the level consequently set was that required to remove injury.

(136) The anti-dumping duty proposed for companies which cooperated but were not included in the sample is equivalent to the average dumping margin for the sample, weighted on the basis of export turnover to the Community, which was lower than the average margin necessary to remove injury in all cases.

(137) The anti-dumping duty for non-cooperating companies is based on the dumping margin calculated for those companies as per recital (68) above, which was in all cases lower than the residual margin necessary to remove injury.

(138) In view of the deadlines applicable to this proceeding, the provisional anti-dumping duties are to be imposed for a period not exceeding six months.

J. FINAL PROVISIONS

(139) In accordance with Article 47 (1) of the Additional Protocol to the EC-Turkey Association Council, the Commission made an application to the EC-Turkey Association Council on 8 August 1996 because its investigation had led to the conclusion that dumping was being practised by the Turkish exporters of the product concerned. In the absence of any decision by the Association Council within the three-month period from the making of this application provided for by Article 47 (2) (a) of the Additional Protocol, the Commission is now proposing to apply provisional anti-dumping measures on imports of the product concerned originating in Turkey, in accordance with the above Article and Article 7 of the Basic Regulation.

(140) In the interest of sound administration, a period should be fixed in which the parties concerned may make their views known in writing and request a hearing. Furthermore, it should be stated that all findings made for the purpose of this Regulation are provisional and may have to be reconsidered for the purpose of any definitive duty which the Commission may propose,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of unbleached (grey) cotton fabrics, falling within CN codes 5208 11 to 5208 19 and 5209 11 to 5209 19 and originating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey.

2. The rate of the provisional anti-dumping duty applicable to the net, free-at-Community-frontier price, before duty, shall be as follows for products originating in:

Country	Rate of duty	Taric additional code
The People's Republic of China	22,6 %	8900
Egypt	36,1 %	8900
India	22,7 %	8900
Indonesia	18,3 %	8900
Pakistan	32,5 %	8900
Turkey	25,2 %	8900

The above rates shall not apply to the producers/exporters listed in the Annex, which shall be subject to the following anti-dumping duty rates:

Country	Rate of duty	Taric additional code
Egypt	13,3 %	8908
India	15,9 %	8909
Indonesia	13,1 %	8910
Pakistan	27,9 %	8911
Turkey	15,3 %	8912

The companies listed below shall be subject to the following anti-dumping duty rates:

Country	Manufacturer	Rate of duty	Taric additional code
India	Century Textiles & Industries Ltd	17,4 %	8913
	Coats Viyella India Ltd	13,0 %	8914
	Vardhman Spinning & General Mills Ltd	2,7 %	8915
	Mafatlal Industries	13,4 %	8916
	Mafatlal Fine Spinning & Manufacturing Co., Ltd	13,4 %	8917

Country	Manufacturer	Rate of duty	Taric additional code
Indonesia	PT Apac Inti Corpora/P.T. Kanindo Prima per Kasa	9,6 %	8918
	PT Argo Pantes	11,2 %	8919
	PT Daya Manunggal	11,2 %	8920
	PT Grand Textile Industries	11,2 %	8921
	PT Eratex Djaja	10,9 %	8922

Country	Manufacturer	Rate of duty	Taric additional code
Pakistan	Diamond Fabrics Ltd	22,3 %	8923
	Amer Fabrics Ltd	22,3 %	8924
	Kohinoor Raiwind Mills Ltd	30,3 %	8925
	Kohinoor Weaving Mills Ltd	30,3 %	8926
	Lucky Textile Mills	30,6 %	8927
	Nishat Mills Ltd	17,0 %	8928
	Nishat Fabrics Ltd	17,0 %	8929

Country	Manufacturer	Rate of duty	Taric additional code
Turkey	Birlik Mensucat Ticaret ve Sanayi Isletmesi A.S.	13,8 %	8930
	Söktas Pamuk ve Tarim Ürünlerini Degerlendirme Ticaret ve Sanayi A.S.	17,5 %	8931

3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

4. The release for free circulation in the Community of the product referred to in paragraph 1 shall be subject to the provision of a security, equivalent to the amount of the provisional duty.

Article 2

Pursuant to Article 20 (1) of Regulation (EC) No 384/96, the Parties concerned may make their views known in writing and apply to be heard orally by the Commission within 15 days of the date of entry into force of this Regulation.

Pursuant to Article 21 (4) of Regulation (EC) No 384/96, the parties concerned may comment on the application of this Regulation within one month of the date of its entry into force.

Article 3

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

Subject to Articles 7, 9, 10 and 14 of Regulation (EC) No 384/96, this Regulation shall apply for a period of six months unless the Council adopts definitive measures before the expiry of that period.

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

Done at Brussels, 18 November 1996.

For the Commission

Leon BRITTAN

Vice-President

ANNEX

EGYPT

Misr Spinning and Weaving Co., Mehalla el-Kubra
Misr Fine Spinning and Weaving Co., Kafr el-Dawar
Misr El Amria Spinning and Weaving Co., Alexandrie
El Siouf Spinning & Weaving Co., Siouf, Alexandria
El-Nasr Wool & Selected Textiles Co., Alexandria
Damietta Spinning & Weaving Co., Damietta
Port Said Spinning & Weaving Co., Port Said
Unirab Spinning & Weaving Co., Siouf, Alexandria
National Spinning & Weaving Co., Alexandria
Misr/Helwan Spinning & Weaving Co., Cairo
Delta Spinning & Weaving Co., Tanta
Orient Linen and Cotton Co., Ras El Soda, Alexandria
El Sharkia Spinning & Weaving Co., Zagazig
Moselay Weaving Mill, Cairo

INDIA

A.S.P.G. Subbiah Nadar & Sons, Dhalavaipuram
All India Handloom Fabrics Marketing Co-operative Society Ltd, Madras
Alpha Mills Pvt Ltd, Karur
Amex Exports, Karur
Anglo French Textiles, Pondicherry
Arcot Textile Mill Ltd, Madurai
Arun Fabrics, Tirupur
Arun Textiles, Rajapalayam
Ashima Fabrics, Bombay
Atlas Export Enterprises, Karur
Ayyappan Textiles Ltd, Madurai
B.K.S. Mills, Tirupur
B.N. Sardar & Sons, Calcutta
Bharat Vijay Mills, Kalol
Bhiwani Denim & Apparels Ltd, Faridabad
Bonanza Overseas Pvt. Ltd, Bombay
Chhaganlal Kasturchand & Co. Ltd, Bombay
Emperor Trading Co., Tirupur
Esskay International, Bombay
Forbes Gokak Ltd, Bombay
Garden Weaves Pvt. Ltd, Tirupur
GDJD Exports, Madras
Govindji Trikamdas & Co., Bombay
I A Intercontinental, Madras
Ideal Expo Fabrics, Salem
Inter Globe Services, Bombay
Indra Exports, Jalandhar
Kanoria Chemicals & Industries Ltd, Ahmedabad
Karamal Garment Exports, Madras
Keshavlal Talakchand, Bombay
Kishandas Kikani, Bombay
Kothari Industrial Corporation Ltd, Madras
Loyal Textile Mills Ltd, Kovilpatti
M.S. Mathivanan, Komarapalayam
M.U.A. Arumugaperumal & Sons, Chatrapatti
Maharashta State Textile Corporation Ltd, Bombay
Naatchiar Textile Exporters, Chatrapatti
Navnitlal & Company, Bombay
Niyati Overseas, Madras
Nowrosjee Wadia & Sons Ltd, Bombay
Parag Trading Corporation, Bombay
Patodia Syntex Ltd, Bombay
Piramal Sons Ltd, Bombay
Pradeep Investments Pvt. Ltd, Bombay
Prathishta Weaving & Knitting Company Ltd, Coimbatore
Preemier Textile, Tirupur
Preeti Impex, Tiruchengodu
Premier Enterprises
Premier Mills Ltd, Coimbatore
Premier Textile Exporters, Chatrapatti
R.D. Traders, Bombay
Rajnarayan Hosiery Exports Pvt Ltd, Coimbatore
Rama Qualitex Ltd, Bangalore
Ramkumar Mills Ltd, Bangalore
Rawsitasa Exports, New Delhi
Rega Textiles, Komarapalayam
Ruchi Fabrics Ltd, Indore
S. Nikhil, Bombay
Sadhaka Exports
Sajjan Textiles Mills Ltd, Bombay
Sajjan Udyog Export Ltd, Bombay
Senthil Textiles, Tirupur
Shanker Kapda Niryat Pvt. Ltd, Bombay
Sheela Apparel Exports Pvt. Ltd, Bombay
Sheth Exports, Bombay
Sheth Investments & Trading Company Ltd, Bombay
Singhania Exports, Bombay
Sitalakshmi Mills Ltd, Madurai
Sivakkumar Mills, Palladam
Sree Rangsan Textiles Pvt. Ltd, Komarapalayam
Sri Adhilakshmi Warping & Sizing Mills, Erode
Sri Balaji Fabric, Tirupur
Sri Dhavamani Textiles, Erode
Sri Rajasekar Textiles, Chatrapatti
Sri Rani Lakshmi Gng. Spg. & Wvg. Mills P. Ltd, Madurai
Sri Saravanaa Exports Company, Tamil Nadu
Srinivasa Textiles, Chatrapatti
Standard Industries Ltd, Bombay
Sudha Mills (India) Pvt. Ltd, Bombay
Tamarai Mills Ltd, Coimbatore
Texcot Exports Pvt. Ltd, Bombay
The Bombay Dyeing & Manufacturing Co. Ltd, Bombay
The Hindoostan Spinning & Weaving Mills Ltd, Bombay
The Lakshmi Mills Company Ltd, Coimbatore
The Morarjee Gokuldas Spinning & Weaving Company Ltd, Bombay
The Ruby Mills Ltd, Bombay
Thiagarajar Mills Ltd, Madurai
Trident Textile Mills Ltd, Madras
Vadivel Sizing & Weaving Mills Pvt. Ltd, Tirupur
Varadhalakshmi Mills Ltd, Madurai
Virudhunagar Textile Mills Ltd, Madurai
World-Tex Limited, Chaziabad
Yarn Syndicate Ltd, Calcutta

INDONESIA

P.T Tyfountex Indonesia, Solo
P.T. Sandratex, Jakarta
P.T. Batik Keris, Jakarta
P.T. Danliris, Jakarta
P.T. Catur Jantra, Jakarta
P.T. Panca Bintang, Jakarta
P.T. Gabungan Koperasi Batik Indonesia, Jakarta
P.T. Primatexco, Jakarta
P.T. Bina Nusantara Prima, Bandung
P.T. Batam Textile, Jakarta
P.T. Tata Adi Pratama, Bandung
P.T. Pacific Express, Denpasar
P.T. Bintang Agung, Jakarta
P.T. Adetex, Bandung
P.T. Maha Mujur Textile, Bandung
P.T. Five Star Industries, Bandung
P.T. Bandung Djaja Textile Mills, Bandung

PAKISTAN

Abdur Rahman Corporation Ltd, Karachi
Adamjee Enterprise
ACME Mills (Pvt) Ltd, Karachi
Ajaz Enterprise
Akhtar Textile Industries
Al-Aziz Hosiery International, Faisalabad
Al-Karam Textile Mills, Karachi
Al-Shahid Weaving Industries
Al-Rehmat Traders (Pvt) Ltd, Faisalabad
Anjum Textile Mills (Pvt) Ltd, Faisalabad
Arshad Corporation (Pvt) Ltd, Faisalabad
Arzoo Textile Mills Ltd, Faisalabad
Asjad Textile (Pvt) Ltd
Associated Knitwear (Pvt) Ltd, Karachi
Ayaz Textile Mills Ltd, Lahore
Aziz Sons
Be Be Jan Pakistan (Pvt) Ltd, Faisalabad
Bismillah Fabrics (Pvt) Ltd
Bismillah Textiles (Pvt) Ltd
Chawala Enterprises
Chenas Fabrics & Processing
Colony Sarhad Textile Mills Ltd, Karachi
Cotton Arts (Pvt) Ltd
Dawood Textile Printing Indu
Decent Industries, Faisalabad
Decent Textiles, Faisalabad
Elahi Enterprises Limited, Lahore
Elahi Spinning & Weaving Mills Ltd, Lahore
En Em Industries Ltd
Excel Textile Mills, Karachi
Fabrics International
Fabtex Corporation, Karachi
Faizan Shehzad (Pvt) Ltd
Falcon Textile Corporation
Fazal Abdullah Exports (Pvt) Ltd, Faisalabad
Fine Fabrics (Pvt) Ltd
First Textile Ltd
Ghazi Fabrics International Ltd, Lahore
Glode Managements (Pvt) Ltd
Gohar Enterprises
Gul Ahmed Textile Mills Ltd, Karachi
Gulistan Weaving Mills Ltd, Karachi
Gulshan Weaving Mills Ltd, Karachi
H.A. Industries (Pvt) Ltd, Faisalabad
H.K. M. Exports (Pvt) Ltd
Haji Khuda Bux Amir Umer
Hajra Textiles, Karachi
Husein Ind., Karachi
ICC Textiles Ltd, Lahore
Image Fabrics (Pvt) Ltd, Faisalabad
Imran Textiles
Ishan Yousuf Textile (Pvt) Ltd
Ishaq Textile Mills Ltd, Faisalabad
J.K. Brothers Pakistan (Pvt) Ltd, Faisalabad
J.K. Sons (Pvt) Ltd, Karachi
Jetex Industries (Pvt) Ltd, Karachi
Kam International, Karachi
Kausar Textile Industries (Pvt) Ltd
Latif Hansel (Pvt) Ltd
Linox International (Pvt) Ltd
Lucky Impex, Karachi
Lucky Tex., Karachi
M.A.S. Textiles (Pvt) Ltd
M.F.M.Y. Industries Ltd, Karachi
M.K. Sons (Pvt) Ltd, Faisalabad
M.N. Textiles (Pvt) Ltd, Karachi
Mabro Tex Industries
Mahmood Textile Mills Ltd, Multan
Majeeda Textiles (Pvt) Ltd, Faisalabad
Master Textile Mills Ltd, Lahore
Megatex Limited, Karachi
Mian Textile Industries Ltd, Lahore
Modern Textile Mills, Karachi
Mohammad Farooq Textile Mills Ltd, Karachi
Mohib Exports Ltd, Lahore
Mohib Fabric Industries Ltd, Lahore
Mohib Textile Mills Ltd, Lahore
Mukati Corporation
Mutual Trading Corporation, Karachi
Nakshbandi Industries Ltd, Karachi
Nash Garments (Pvt) Ltd, Karachi
Naveed Industries (Pvt) Ltd, Karachi
Naveena Industries (Pvt) Ltd, Karachi
Nisar Textiles Corporation
Nishatex Enterprises
Nu-Tex (Pvt) Ltd
Oberoi Textile Mills, Lahore
Orient Textile Pakistan (Pvt) Ltd
Parsons Industries (Pvt) Ltd, Karachi
Prosperity Weaving Mills Ltd, Lahore
Regency Textiles Ltd, Lahore
Reliance Weaving Mills Ltd, Multan
Reliance Exports Ltd, Multan

Rizwan Enterprises
Roomi Enterprises (Pvt) Ltd, Multan
S.S. Textiles
Saaqis Fabrics
Saba Textiles (Pvt) Ltd, Karachi
Sadaqat Textile Mills (Pvt) Ltd, Faisalabad
Sadiq Sons Textiles (Pvt) Ltd
Sakina Textile Industries (Pvt) Ltd, Karachi
Samin Textiles Ltd, Lahore
Saya Weaving Mills (Pvt) Ltd, Karachi
Service Fabrics Ltd, Lahore
Shahzad Siddique (Pvt) Ltd, Faisalabad
Shams Textile Mills Ltd, Karachi
Shahraj Fabrics (Pvt) Ltd, Lahore
Sharif Textile Industries (Pvt) Ltd, Faisalabad
Sitara Textile Industries
Sleep & Style, Karachi
Sumira Fabrics (Pvt) Ltd, Faisalabad
Suraj Cotton Mills Ltd, Karachi
Syncotex Agencies, Karachi
Taha Textile (Pvt) Ltd, Karachi
Tanveer Weaving (Pvt) Ltd, Lahore
Tariq Enterprises
Tex Arts, Faisalabad
The Cresent Textile Mills Limited, Faisalabad/Karachi
United Textile Printing Industries (Pvt) Ltd, Faisalabad
Worldover Enterprises (Pvt) Ltd, Faisalabad
Xebec Textiles, Faisalabad
Yakoob Trading Co., Karachi
Yousaf Weaving Mills Ltd, Lahore
Yunus Brothers, Karachi
Zahidjec Fabrics (Pvt) Ltd, Faisalabad
Zahoor Industries (Pvt) Ltd, Faisalabad
Zamzam Weaving & Processing Mills, Faisalabad
Zaur Textile Mills, Karachi
Zebtex Corporation

TURKEY

Bossa Ticaret ve Sanayi Isletmeleri TAS, Adana
Exsa Export Sanayi Mamulleri Satis ve Arastirma AS, Adana
Teksmobili Tekstil Sanayi ve Ticaret AS, Istanbul
Kipas — Kahramanmaras Iplik Pamuk Ticaret ve Sanayi AS, Kahramanmaras
Kipas Textile Industries Inc., Kahramanmaras
Burdur Mensucat Sanayi ve Ticaret AS, Ulus/Ankara
Ataç Anteks Dokuma Fabrikasi Hikmet Ataman ve Ortaklari Ticaret ve San. AS, Yeniköy/Antalya