COMMISSION REGULATION (EC) No 1833/98

of 25 August 1998

imposing a provisional anti-dumping duty on imports of bicycles originating in Taiwan

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 Union [1], as amended by Regulation (EC) No 905/98 [2], and in particular Article 7 thereof,

After consulting the Advisory Committee,

Whereas:

A. PROCEDURE

(1) On 26 November 1997, the Commission announced by a notice published in the *Official Journal of the European Communities* [3] the initiation of an anti-dumping proceeding with regard to imports into the Community of bicycles originating in Taiwan and commenced an investigation.

(2) The proceeding was initiated as a result of a complaint lodged in October 1997 by the European Bicycle Manufacturers' Association (EBMA) on behalf of producers representing a major proportion of the Community production of bicycles. 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 exporting producers and importers known to be concerned as well as their associations, the representatives of Taiwan and the complainant Community producers about the initiation of the proceeding.

(4) Interested parties were given the opportunity to make their views known in writing and to request a hearing. A number of exporting producers in Taiwan, as well as complainant Community producers, importers, traders and consumer organisations made their views known in writing. All parties who so requested 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 complainant Community producers, as set out in recitals 46 to 47.

(6) In view of the large number of exporting producers in Taiwan, sampling was also used with regard to them and the Commission sent questionnaires to and received detailed information from a representative sample of exporting producers, as set out in recitals 21 to 25.

(7) The Commission also sent questionnaires to importers known to be concerned.

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

(a) *Community producers*

— Cycleturope International SA., Romilly sur Seine,
— Derby Cycle Werke GmbH, Cloppernberg,
— Kynast AG, Quakenbrück,
— Tunturypyora OY, Turku,
— Bianchi FIV SPA, Treviglio,
— Batavus BV, Heerenveen,
— Monarch Crescent AB, Varberg,
— BH SA/BIALSA SA, Vitoria,
— Raleigh Industries Ltd, Nottingham;

(b) *Exporting producers in Taiwan*

— Fritz Jou Manufacturing Co., Ltd, Taichung,
— Giant Manufacturing Co., Ltd, Taichung,
— Merida Industry Co., Ltd, Yuanlin,
— Ming Cycle Industrial Co., Ltd, Taichung,
— Overlord Industries Corp., Tainan;

(c) *Related importers in the Community*

— Giant Europe B.V, Lelystad,
— Giant Deutschland GmbH, Düsseldorf,
— Giant Holland B.V, Lelystad,
— Merida-Fahrrad-Vertriebs GmbH, Engelskirchen.

[1] OJ L 56, 6. 3. 1996, p. 1.
[2] OJ L 128, 30. 4. 1998, p. 18.
[3] OJ C 360, 26. 11. 1997, p. 5.

(9) The investigation of dumping covered the period from 1 November 1996 to 31 October 1997 (hereinafter referred to as 'the investigation period'). The examination of injury covered the period from 1 January 1994 up to the end of the investigation period.

B. PREVIOUS PROCEEDINGS

(10) In October 1991, an anti-dumping investigation was already initiated against imports of bicycles originating in Taiwan and the People's Republic of China which resulted in the imposition of a definitive anti-dumping duty of 30,6 % against imports from China [1]. As the dumping margin for imports of bicycles originating in Taiwan was found to be *de minimis,* the proceeding concerning these imports was terminated [2].

(11) In April 1996, the Commission initiated an investigation into the circumvention of the anti-dumping duty imposed on imports of bicycles originating in China, as a result of which in January 1997 the Council extended the definitive anti-dumping duty imposed on Chinese bicycles to imports of certain bicycle parts from China [3].

(12) In February 1994, another anti-dumping investigation had been initiated against imports of bicycles originating in Indonesia, Malaysia and Thailand which resulted in the imposition of definitive anti-dumping duties of up to 29,1 % for Indonesia, 39,4 % for Malaysia and 39,2 % for Thailand [4].

C. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

1. Product under consideration

(13) The present proceeding, as the previous proceedings mentioned above, covers all types of bicycles and other cycles (including delivery cycles) not motorised, with or without ball bearings (hereinafter referred to as 'bicycles'). The investigation has shown that several hundred models of bicycles produced in Taiwan were sold in both the Taiwanese and the Community markets. Their number depends on the specific features that producers combine in assembling their bicycles. Despite variations stemming from such combinations, it should be noted that all different models of bicycles available on both markets were found to have the same basic physical and technical characteristics and uses.

(14) For the purpose of the analysis carried out in the present investigation, the above defined bicycles were classified in four basic categories, mainly according to their use:

(A) all terrain bicycles or ATB, sometimes also called mountain bicycles or MTB;

(B) trekking, city, hybrid and touring bicycles;

(C) junior action and children's bicycles;

(D) other bicycles (including racing bicycles and all other cycles).

(15) It should be noted that there are no clear dividing lines between the various categories above as they overlap. In a number of cases, one bicycle type can be classified in two or more categories. In other cases, the addition of one or more features could change the classification of a bicycle from one category to another. In addition, consumers will regularly use a bicycle classified in a particular category for a variety of different purposes. They were, therefore, regarded as forming one single product for the purpose of this proceeding.

2. Like product

(16) Due to the high number of models, it is rare that identical models can be found when comparing bicycles produced in Taiwan and exported to the Community, with those produced and sold in Taiwan and with those produced by the Community industry and sold on the Community market. Even though these bicycles are rarely identical, they share the same basic technical and physical characteristics. In any event the investigation has shown that any differences in the product concerned cannot lead to the conclusion that the product produced and sold by the Community industry in the Community market or the product produced by the exporting producers and sold on their domestic market cannot be considered as a like product to the product concerned.

(17) Comments made by Taiwanese exporting producers were rather contradictory as to whether their exports to the Community and bicycles produced and sold by the Community industry were like products.

Some stated that the bicycles they export to the Community were of lower quality than those produced by the Community industry.

Whereas the investigation has confirmed that some bicycles imported from Taiwan are not in the high quality range, it has also revealed that some Community producers were also producing and selling bicycles of the same range.

[1] OJ L 228, 9. 9. 1993, p. 1.
[2] OJ L 227, 8. 9. 1993, p. 21.
[3] OJ L 16, 18. 1. 1997, p. 55.
[4] OJ L 91, 12. 4. 1996, p. 1.

(18) By contrast, other exporting producers in Taiwan claimed that their bicycles were not interchangeable and therefore not comparable with Community produced ones because of the advanced technology used in their production. As an example it was mentioned that aluminium frame bicycles were hardly ever produced by Community producers, aluminium being considered a high-tech material. Therefore, they claimed that their product is not a like product to the one of the Community industry.

The investigation has shown that Community producers do produce aluminium bicycle frames although in the last few years aluminium frames have been mainly imported from Asian countries such as China because the import price of these frames is lower than the respective cost of production in the Community. Nevertheless, bicycles with aluminium frames are produced by the Community industry.

(19) On the basis of the above information, and in the absence of evidence which would demonstrate that Taiwanese bicycles are not interchangeable and comparable with Community produced ones, the Commission considers the above claims to be unfounded. It is therefore concluded that bicycles produced in Taiwan and sold on its domestic market and bicycles produced and sold by the Community industry on the Community market, and bicycles exported to the Community from Taiwan are like products, in accordance with Article 1(4) of Regulation (EC) No 384/96 (hereinafter referred to as the 'Basic Regulation').

D. SAMPLING OF EXPORTING PRODUCERS IN TAIWAN

1. General

(20) In view of the large number of exporting producers in Taiwan, the Commission decided to apply sampling techniques in accordance with Article 17 of the Basic Regulation.

In order to enable the Commission to select a sample, exporting producers were, pursuant to Article 17(2) of the Basic Regulation, requested to make themselves known within three weeks of the initiation of the proceeding and to provide basic information on their export and domestic sales, the stages of production performed and the names and activities of all related companies in the bicycle sector. The authorities of Taiwan were in this context also contacted by the Commission.

2. Pre-selection of the sample

(21) 37 companies in Taiwan came forward and provided the requested information within the time period set. However, only 31 of them were exporting producers, the rest being traders. Those companies, which sold for export own produced bicycles to the Community during the investigation period and expressed a wish to participate in the sample, were considered as cooperating and were taken into account in the selection of the sample. They represented around 85 % of total import volume from Taiwan into the Community.

(22) The cooperating companies which were not finally retained in the sample, were informed that any anti-dumping duty on their exports would be calculated in accordance with the provisions of Article 9(6) of the Basic Regulation.

(23) Companies which did not make themselves known within the time period set were considered as non cooperating companies.

3. Selection of the sample

(24) The choice of the sample was made in agreement with the exporting producers and their association concerned. The Taiwanese authorities were kept informed. The five companies selected in the sample and which fully cooperated with the investigation were attributed their own dumping margin and individual duty rate.

(25) The Commission also selected a reserve company which, though having to reply to the questionnaire, would only be investigated in the event that companies in the main sample would subsequently refuse to cooperate. This company was also informed that any anti-dumping duty on its exports would be calculated in accordance with the provisions of Article 9(6) of the Basic Regulation, unless it was selected to replace a company in the original sample in which case it would have its own dumping margin and individual duty rate.

4. Individual examination of companies not selected in the sample

(26) The Commission received from two companies not selected in the sample requests for individual examination. However, both requests were not

accompanied by a reply to the questionnaire within the deadline set for this purpose, as required by Article 17(3) of the Basic Regulation. Therefore, the requests were rejected and the companies in question were informed accordingly.

E. DUMPING

1. Normal value

(a) *Global representativeness*

(27) In accordance with Article 2(2) of the Basic Regulation, the Commission first examined whether the domestic sales of bicycles by each exporting producer were representative, i.e. whether the total volume of such sales was greater than or equal to 5 % of the total volume of the corresponding export sales to the Community.

This assessment revealed that three exporting producers had representative sales of bicycles on the domestic market during the investigation period. Two exporting producers had minor domestic sales which were less than 5 % of the corresponding export sales to the Community. For these two exporting producers normal value was constructed in accordance with Article 2(3) of the Basic Regulation.

(b) *Product type comparability*

(28) As in previous anti-dumping proceedings concerning bicycles, the Commission found that the comparison of domestic and export models of bicycles was extremely difficult due to the existence of a considerable variety of combinations of features. Under these conditions and in order to avoid numerous adjustments, most of which would have had to be based on estimations, it was provisionally decided to establish normal value for the three exporting producers with representative domestic sales on the basis of constructed values in accordance with Article 2(3) of the Basic Regulation. The use of constructed value, relying on production costs of the exported models, takes account of all combinations of features mentioned above.

(c) *Normal value based on constructed value*

(29) The constructed value was determined by adding to the manufacturing cost of the exported models of each exporting producer, a reasonable amount for selling, general and administrative expenses (hereinafter referred to as 'SG & A') and a reasonable amount for profit.

(30) The Commission subsequently examined whether the domestic sales of each of the three exporting producers with representative domestic sales could be considered as being made in the ordinary course of trade pursuant to Article 2(4) of the Basic Regulation.

It was found that all three exporting producers in question had sold during the investigation period more than 20 % but less than 90 % of their sales in the domestic market at a loss, i.e. at prices below manufacturing cost plus SG & A. Therefore, it was considered that in establishing constructed normal value the weighted average profit released by each of the three exporting producers on their profitable domestic sales only should be used.

(31) For the three exporting producers with representative domestic sales the amount for SG & A and profit used were those respectively incurred and realised by these companies. For the two exporting producers without representative domestic sales, the weighted average of the actual amounts for SG & A and profit determined for the three exporting producers with representative domestic sales were used in accordance with Article 2(6)(a) of the Basic Regulation.

2. Export price

(32) In general, sales of bicycles made by the exporting producers selected in the sample on the Community market were made to independent customers. Consequently the export price was established by reference to the prices actually paid or payable in accordance with Article 2(8) of the Basic Regulation.

(33) Two exporting producers sold significant volumes of bicycles in the Community market through related importers located in different Member States. For these transactions the export price was constructed on the basis of the price at which the imported products were first resold to an independent buyer in accordance with Article 2(9) of the Basic Regulation. In constructing the export price, the Commission took account of all costs, including duties and taxes, incurred between importation and resale to the first independent buyer and of profits normally accruing, so that a reliable export price could be established at the Community frontier level. The profits used were established on the basis of information obtained from co-operating unrelated importers.

3. **Comparison**

(34) For the purpose of ensuring a fair comparison between normal value and export price, due allowances in the form of adjustments were made where applicable and justified for differences affecting price comparability in accordance with Article 2(10) of the Basic Regulation.

Adjustments were made for differences in discounts, rebates, transport, handling, loading and ancillary costs, ocean freight, ocean freight, ocean insurance, credit, after-sales costs, commissions and, as described in detail below, for differences in levels of trade.

(35) Four exporting producers requested an adjustment to normal value for differences in levels of trade including differences arising in OEM (original equipment manufacturer) sales.

The investigation has shown that exporting producers confused export sales to OEM customers with sales of non-branded products to distributors and that the requested adjustment referred to sales of non-branded versus branded products rather than to OEM sales versus sales through other channels.

(36) The Commission first examined whether such an adjustment could be granted under Article 2(10)(d)(i) of the Basic Regulation. Only two of the exporting producers who requested such an adjustment had representative domestic sales.

One company, with representative domestic sales which requested a level of trade adjustment, had domestic sales of branded products made to distributors and retailers and exports of branded and non-branded products made to distributors. The company based its request on an overall difference in prices between domestic sales to distributors and to retailers. However, the company failed to show any consistent and distinct difference in functions and prices of the seller for the different levels of trade in the domestic market as required under Article 2(10)(d)(i) of the Basic Regulation. Therefore, the adjustment for differences in levels of trade, as requested, was not considered justified as far as it was based on the ground that export sales were made to distributors while domestic sales were made to both distributors and retailers, without consistent and distinct difference in functions and prices.

(37) The other company with representative domestic sales claimed that the relevant levels of trade were absent in the domestic market.

This company had only sold branded products in the domestic market mainly to retailers and had made exports of branded and non-branded products to distributors. The company quantified the alleged differences in levels of trade by claiming an adjustment corresponding to the expenses incurred in the domestic market for advertising, sales promotion, warehousing and sales/marketing personnel salaries. It should be noted that adjustments claimed on the basis of the abovementioned expenses are not by themselves sufficient to justify differences in functions related to the particular levels of trade. Therefore, no adjustment could be made on this basis.

(38) The investigation showed however, that one exporting producer, who had not requested a level of trade adjustment, sold only non-branded products both to distributors in the domestic market and to distributors in the export market. The existence of the same level of trade in the domestic market for non-branded products, as in the export market, allowed the Commission to quantify an adjustment for level of trade pursuant to Article 2(10)(d)(i) of the Basic Regulation. The amount of the adjustment was based on the difference between the gross margin realised by the company with domestic sales of non-branded products to distributors and the gross margins realised by the other companies with representative domestic sales of branded products. For the companies without representative domestic sales, the amount of the adjustment was based on the average adjustment granted to the companies with representative domestic sales. This was because in the construction of normal value for the companies without representative domestic sales, the SG & A and the profits of the companies with representative domestic sales were used.

4. **Dumping margins**

(a) *Methodology*

(39) The weighted average constructed normal value by model, as determined in recitals 29 to 31 above, was compared on an ex-factory basis with the weighted average export price by model, as determined in recitals 32 and 33 above.

(b) *Dumping margins for companies in the sample*

(40) The comparison, as described in recitals 34 to 39 above, showed the existence of dumping in respect of all companies which fully cooperated in the

investigation. The dumping margins thus established vary and, therefore, the Commission calculated a weighted average dumping margin for each exporting producer. The provisional dumping margins expressed as a percentage of the cif import price at the Community frontier duty unpaid are the following:

— Fritz Jou Manufacturing Co. Ltd	10,2 %
— Giant Manufacturing Co. Ltd	2,4 %
— Merida Industry Co. Ltd	2,5 %
— Ming Cycle Industrial Co. Ltd	2,5 %
— Overlord Industries Corp.	18,2 %.

(c) *Dumping margin for cooperating companies not in the sample*

(41) Cooperating companies not selected in the sample (see recitals 22, 25 and 26 above) were attributed the average dumping margin of the companies in the sample, weighted on the basis of their export volume to the Community. Expressed as a percentage of the cif import price at the Community frontier duty unpaid, this provisional dumping margin is 5,4 %.

(d) *Dumping margin for non-cooperating companies*

(42) For non-cooperating companies a dumping margin was determined on the basis of the facts available in accordance with Article 18 of the Basic Regulation. Since the level of cooperationg was high (see recital 21 above), it is considered appropriate to set the dumping margin for non-cooperating companies at the level of the highest dumping margin established for a company in the sample. Indeed, it would constitute a bonus for non-cooperation and encourage circumvention to assume that the dumping margin attributable to non-cooperating export producers is lower than that found for a cooperating export producer.

This provisional dumping margin expressed as a percentage of the cif import price at the Community frontier duty unpaid, is therefore 18,2 %.

F. COMMUNITY INDUSTRY

1. Representativeness

(43) Before the initiation of the investigation and in order to confirm the necessary support for the complaint, the Commission requested all known producers in the Community to submit basic information as to their respective production volume and to clarify their position with regard to the complaing lodged. Community producers representing around 60 % of the total Community production expressly supported this complaint.

(44) By virtue of Article 4(1) of the Basic Regulation, the Commission investigated whether or not producers supporting the complaint, who themselves imported some of the allegedly dumped bicycles from Taiwan, should be excluded from the determination of Community production.

It was found that those imports were relatively small in relation to the total production in the Community of the said producers and that their core interests were thus considered to be in the Community. It was established that the limited imports made by the said producers were a defensive reaction against low priced imports from Taiwan and not made because these producers were not able to produce the types of bicycles imported. On this basis, it was decided that such producers should not be exluded in determining the Community production. Data relating to these imports were disregarded when the injury factors pertinent to the situation of the Community industry were established.

(45) It follows that in accordance with Articles 4(1) and 5(4) of the Basic Regulation the Community producers supporting the complaint constitute the Community industry as their collective output represents a major proportion of total Community production (hereinafter referred to as the 'Community industry').

2. Sampling and selection of the sample

(46) In view of the large number of Community producers expressly supporting the complaint, the investigation into the situation of the Community industry as such was, by using sampling, limited to a reasonable number of parties belonging to this industry. In accordance with the provisions of Article 17 of the Basic Regulation, the Commission selected a sample of Community producers (hereinafter referred to as 'the sample') covering a representative variety of company sizes, integration of production and product mix, as well as a large volume of production. For the selection, account was also taken of the importance of imports of Taiwanese bicycles in the various Member States with the aim of covering as large a part as possible of the whole Community territory.

Such sample, selected from a significantly larger group of complaining companies, is therefore considered to be representative of the Community industry.

(47) Questionnaires were sent to 12 Community producers of which 10 were originally intended to be part of the sample and two were considered as reserves.

Due to the bad situation in the bicycle business in the Community, one of the selected producers had to close down and another, who was close to bankruptcy, was obliged to completely reorganize its activities in January 1997 and was thus not in a position to complete the Commission questionnaire. One relatively small producer who was also in the process of internal restructuring did not have sufficient staff to allow them to cooperate with the Commission.

As the remaining nine companies, including those initially selected as reserves, were considered to constitute still a representative sample of the Community industry (around 40 % of its total volume of operations in eight Member States), it was not considered necessary to include any other companies in the sample.

G. INJURY

(48) The injury situation of the Community industry has been assessed on the basis of two categories of information.

The first category of information relates to global injury indicators such as consumption, imports as well as Community industry's sales, market share, production, capacity, capacity utilisation and employment. These data were collected from the Member States, the national bicycle associations, the complaining Community producers and from the Community wide databases (Comext and Eurostat). As far as data stemming from the complaining companies are concerned, they were cross-checked, as far as possible, at the level of the national bicycle associations and Member States.

The second category of information relates to certain performance-related injury indicators, i.e. profitability, prices and their evolution, price undercutting and price underselling. They were collected at the level of individual Community producers in the sample.

1. Consumption in the Community

(49) For the purpose of the present investigation, total consumption in the Community was established on the basis of the total sales made by complainant and non-complainant Community producers and assemblers of bicycles in the Community market and total imports of bicycles into the Community.

From 1994 to the investigation period consumption in the Community decreased by 16 % in terms of volume and by 11 % in terms of value.

2. Imports of dumped bicycles from Taiwan

(a) *Volume, value and relative market share of Taiwanese imports*

(50) On the basis of the statistics available, between 1994 and the investigation period, the volume of imports of bicycles originating in Taiwan increased by 25 % and their value increased by 1 %. This indicates a negative average trend in the import price. The main increases in volume occurred in 1996 (+286 000 units) and during the investigation period (+261 000 units). The increase in Taiwanese imports fully covers the slight improvement in consumption between 1996 and the investigation period as well as the decreases in imports from China (−63 000 units), after the imposition of anti-dumping measures at the end of 1993, and in imports from Malaysia, Indonesia and Thailand (−496 000 units), after measures were imposed at the end of 1995.

(51) Analysis of the data collected at the level of the sampled Taiwanese exporters showed that 60 % of imports are MTB (category A), 13 % are city, trekking or hybrid bicycles (category B), 23 % are children's bicycles (category C) and 4 % are all other types of bicycles (category D).

(52) During the whole period under analysis, market share increased by 50 % in terms of volume and by 14 % in terms of value, i.e. from 11,7 % to 17,5 % and from 10,8 % to 12,3 % respectively. The evolution of Taiwanese imports indicates that their market share in terms of volume is linked to the degree of decrease in their average prices indicated below. Indeed, in 1995, when import prices decreased by 8 %, the market share of the imports in terms of volume increased by 6 %. In 1996, when import prices decreased by 9 %, as compared to 1995, the market share increased by 30 %. During the investigation period, when import prices decreased by another 2 %, as compared to 1996, the market share of the imports increased by 14 %.

(b) *Average import price of bicycles from Taiwan*

(53) On the basis of Eurostat information available, the development of the average import price for all Taiwanese imports from 1994 to the investigation period indicates a significant decrease of 19 % at the end of the investigation period. This import price decrease has been confirmed by the detailed analysis of the sampled Taiwanese companies' sales prices over this time period.

Based on the replies to the Commission's questionnaire received from the sampled Taiwanese exporting producers, from 1995 up to the investigation period the average sales prices for bicycles sold to independent customers decreased by 13 % confirming the negative trend in import prices during the whole period under examination.

(c) *Price undercutting*

(54) The investigation has shown that sales of Taiwanese bicycles in the Community market were made:

— either directly to unrelated customers (distributors, wholesalers, department stores, etc.), or

— indirectly via related sales companies which subsequently sold to the same kind of customers including retailers.

Sales were made both of branded and non-branded products. In the latter case, American or European brand names were given to bicycles made in Taiwan.

The investigation has shown that similar types of sales to similar types of customers were also made by the sampled Community producers, namely distributors, wholesalers, department stores and retailers.

(55) As far as the product under investigation itself is concerned, detailed specifications were requested in the questionnaires sent to both sampled Community producers and sampled Taiwanese exporters. On the basis of such information, the Commission was in a position to identify the similar or comparable models produced and sold by both Community and Taiwanese producers in the Community market and thus carried out the price comparison exercice on a model by model basis.

The information collected during the investigation confirmed that when the main features of a bicycle are of a similar aspect and/or of comparable quality, the possible variations in the other minor features are not such as to substantially differentiate between one bicycle and another. The main features are considered to be the frame and fork, the gearing system, namely including the front and rear derailleur, the freewheel and the number of sprockets, and the braking system.

(56) On this basis, around 100 different models representing around 600 000 units sold in the Community market, namely over 60 % of the sales made by the sampled Taiwanese exporters, could be directly compared with Community produced bicycles. In order to evaluate any possible price undercutting, prices of comparable bicycles were compared under similar sales conditions. Any differences in sales conditions or levels of trade having a direct impact on price comparison were considered and where necessary Taiwanese exporters' sales prices were adjusted accordingly, based on the evidence available.

(57) The price comparison showed that for the investigation period price undercutting margins, expressed as a percentage of the relative Community industry's sales price, range from 11,6 % to 28,7 % depending on the sampled Taiwanese exporter and were found to be 15 % on average.

3. **Situation of the Community industry**

(a) *Production*

(58) From 1994 up to the investigation period, Community industry production decreased by 20 %. That poor performance indicates that this industry was facing difficulties during the period under examination. The investigation has revealed that the decrease in production was the result of several bankruptcies and company closures in the Community due to the prevailing difficult situation in the market. Several Community producers, in order to survive, switched from the complete cycle of production into assembling or sub-assembling operations, importing the main bicycles parts (frame, fork, handle bars etc.) from countries such as Taiwan, China, India.

(59) Analysis of the production figures showed that in 1994 production of category A bicycles, i.e. MTBs, was the main production segment and accounted for 45,8 % of total Community production. During the investigation period a switch occurred. Production in category B (trekking, city, hybrid bicycles) increased and became the most important segment of production of the Community industry. Between 1994 up to the investigation period, the loss in production mainly occurred in category A where the decrease was over 1,5 million units. Production in children's bicycles also decreased but the share in the mix of production did not change much.

(b) *Capacity and capacity utilisation of the Community industry*

(60) As far as production is concerned, the bicycle activity in Europe can be considered as a seasonal activity. Basically, in most of the Member States the season starts in March and finishes in September each year. Bicycle collections for the next season are presented in September to the business professionals (dealers, agents, retailers etc.). This implies that production is very intensive during certain months of the year (January to March), capacity utilisation peaks at around 85 %, and in other months (June, July and December) capacity is below 40 %. Even though the shifts are extended and temporary personnel may be employed, the Community producers' require a high capacity as it should be sufficient enough to meet the demand during the peak months. This explains, to a certain extent, why the average rate of capacity utilisation is rather low.

(61) From 1994 to the investigation period, due to the same reasons as those responsible for the decrease in production as well as the restructuring undertaken by certain Community producers, the Community industry's capacity was significantly reduced by 18 %.

(62) Nowadays there are three major groups in the Community market holding around 28 % of the whole Community-wide market share ([1]). However, contrary to the allegation made by some Taiwanese exporters and some importers, this does not constitute a risk of a monopolistic situation being created in the Community market. Indeed, there is a large number of independent producers.

(63) Despite the cut in capacity of 18 %, the capacity utilisation rate was 58 % in 1994 and decreased by 3 % during the entire period under examination indicating a reduced level of activity by the Community industry. Taking into account the actual situation of the bicycle business in Europe, it is considered that a rate of utilisation of around 70 % would be necessary in this type of industry to produce positive effects in costs and profitability.

(c) *Stocks*

(64) In 1994, the volume in stocks represented between six to nine weeks' delivery whereas it only represented four to seven weeks during the investigation period. Several factors such as the restructuring of the production activities operated by certain Community producers and the necessity to change the marketing strategy for meeting the requirements of the market while limiting the risks in production, can explain this trend. On the other hand, the fact that the bicycle business is a seasonal activity in the Community implies that a certain level of stocks should always be kept available in order to meet the expected or unexpected requirements of the market. The investigation has shown that the need for stock has changed over the last few years. The bicycle market has become more fashion-driven and customers do not order large quantities in advance. This mainly explains why stocks could decrease.

(d) *Sales in the Community market*

(65) From 1994 to the investigation period, sales volume made by the Community industry in the Community market to unrelated customers decreased by 22 % (around 1,4 million units). As in production, the decreases occurred in category A (MTB) and C (children's bicycles). MTBs sold to independent customers decreased from 3,5 million units in 1994 to 2,1 million during the investigation period. 1,9 million children's bicycles were sold in 1994, but only 1,5 million during the investigation period.

(66) Sales value decreased by 14 %, namely less than the decrease in sales volume, indicating that average sales prices developed positively. However, from 1996 to the investigation period, both the volume and value of sales decreased by 2 %.

(e) *Average sales price and price evolution*

(67) Between 1994 and the investigation period, the development in sales prices was positive. The increase in average sales prices also reflects a change in the product mix (see recital 60 above). Being faced with extensive competition from dumped imports from Taiwan, especially in the low and medium segments of the MTB market, the Community industry concentrated on higher range products and on certain categories of bicycles.

(68) Indeed, price analyses carried out in specific Member States and separately for each category of bicycle have shown that the trend in sales price was less favourable in Member States such as the United Kingdom, France and Germany, where most imports came from Taiwan.

(69) In addition, the price evolution on a category-per-category basis for homogeneous models has shown that average prices decreased from 5 to 15 % in category A depending on the Member State, whereas prices developed more favourably for the categories where imports from Taiwan were more limited (categories B and D).

([1]) These groups are Cycleurope, Derby and Atag.

(f) *Profitability*

(70) The average return on sales made by the sampled Community producers for the product concerned has been negative from 1995 up to the investigation period. From a minor positive result in 1994, profitability has become negative despite the efforts made by the sampled Community producers to restructure and reduce costs. In this respect, production capacity was reduced and people had to be laid off. The investigation has shown that even though average sales prices increased sales volume dropped considerably (− 22 %) between 1994 and the investigation period.

(g) *Market share*

(71) The trend in market share shows that the Community industry continually lost shares of the market, in particular to the benefit of Taiwanese imports. Between 1994 and the investigation period, the Community industry lost 7 % of the share of the market measured in volume and 4 % of the market measured in value. In terms of volume the above decrease in market share represents a loss of over 450 000 units in sales. In 1995, the market share increased by 4 % but then continued to decrease until the end of the investigation period. In terms of value the evolution of the market share followed the same trend as in terms of volume.

(h) *Investments*

(72) Direct investments were mainly made in machinery with the aim of increasing efficiency and automation in the production process. The investigation has shown that investments in the bicycle business were very limited (around 2 % of the net turnover made with unrelated customers in the Community). Consumption has been decreasing and the actual capacity of the Community producers taken alone is large enough to cover 80 % of the total Community consumption during the investigation period. There is therefore no need to invest in order to increase production capacity given the situation in the market.

(i) *Employment*

(73) The number of personnel employed decreased by 15 %. Over 2 400 people were laid off during the whole period under examination.

4. **Conclusion on injury**

(74) The imposition of anti-dumping duties on dumped imported bicycles orginating in China, Malaysia, Thailand and Indonesia allowed a substantial decrease in these dumped imports into the Community and restored fair trade conditions in the market. This should have led to a recovery in the situation of the Community industry in 1994 and 1996.

(75) Despite these positive effects on the Community market, from 1994 to the investigation period, the main injury indicators related to the Community industry, namely production, capacity and capacity utilisation, sales in terms of volume and value, market share, profitability, employment and investments decreased.

Production decreased by 20 % and capacity utilisation by 3 % despite reduced production capacity (− 18 %). Sales volume decreased by 22 % and sales value by 14 %. During that period of time 4 % of the value and 7 % of the volume of the market were lost. Profitability remained negative despite restructuring efforts, the level of investment decreased by 11 % and employment was reduced by 15 %.

(76) The analysis within the period under examination indicated that despite a positive development in consumption between 1996 and the investigation period and despite anti-dumping duties imposed on Malaysia, Indonesia and Thailand, the Community industry's production decreased by 3 % and sales volume by 2 %. As a result the additional losses in market share both in volume (− 3 %) and value terms (− 2 %) prevented any improvement of the situation in that industry. Profitability remained negative and financial losses added to those already made in the past.

(77) In view of the negative developments of the above injury indicators during the whole period under examination, it is considered that this industry has suffered material injury within the meaning of Article 3 of the Basic Regulation.

H. CAUSATION

1. Introduction

(78) In order to reach its conclusions on the cause of the injury suffered by the Community industry, the Commission examined the impact of other known factors and their consequences on the situation in that industry. Such analysis ensures that any injury caused by these latter factors is not attributed to the dumped imports.

Other known factors such as the development of consumption, the other imports of bicycles into the Community, competition from other Community producers in the market and the export performances of the Community industry, are analysed below.

2. **Dumped imports from Taiwan**

(79) Available information has shown that imports of Taiwanese bicycles into the Community, throughout the period, were very high. In 1994 over 2 million units, namely over 39 % of total imports, were imported from Taiwan. At the end of the investigation period, after the considerable drop in imports from other countries, Taiwan became the major importer, covering 55 % of all imports into the Community. In actual terms, from 1994 up to the end of the investigation period, imports of bicycles from Taiwan increased by 25 % in terms of volume and by 1 % in terms of value. The average sales prices of Taiwanese bicycles in the Community market decreased on average by 19 %. As a consequence of the above, during that period of time the market share held by Taiwanese exporters increased by 50 % in terms of volume and by 14 % in terms of value.

(80) At the same time, as indicated above, an overall worsening of the situation of the Community was found with major decreases in production (− 20 %), sales volume (− 22 %), sales value (− 14 %), resulting in a negative profitability since 1995.

(81) In order to further show the causal link between the increasing volume of low-priced, dumped Taiwanese imports and the deterioration of the situation of the Community industry, an analysis within the various categories of bicycles has been made. This analysis has shown that the major loss in the Community industry's production volume occurred in the mountain bicycle segment (category A). This segment constitutes about 60 % of total imports from Taiwan. From 1994 to the investigation period, the investigation has shown that the Community industry had to cut its mountain bicycle production by 38 %, representing a loss in sales of 1,4 million units largely covered by Taiwanese imports.

(82) In addition, it was also established that bicycles imported from Taiwan and those produced in the Community are like products, offered through similar sales channels in the Community market. Furthermore, the market is transparent and the low prices offered for Taiwanese bicycles are well known to all bicycle professionals in the Community market. From 1994 to the investigation period, it was found that prices charged by Taiwanese exporters in the Community market had decreased by 19 %. In these circumstances the mere presence of the high volume of dumped low-priced bicycles imported from Taiwan must have had a significant impact on that market.

(83) The analysis of the Community industry's price evolution also showed that average sales prices of mountain bicycles decreased by 12 % in those Community Member States where imports of Taiwanese bicycles were concentrated, namely the United Kingdom, France and Germany. On the other hand, price evolution in categories B and D, where imports from Taiwan were limited to 13 % and 4 % respectively, were less negative. Despite the above finding on the reduction of prices by the Community industry, imports from Taiwan were still found to significantly undercut sales prices of the Community industry. As shown in recital 57, undercutting margins were calculated at a level ranging from 11,6 % to 28,7 %.

3. **Impact of other factors**

(a) *Development of consumption*

(84) From 1994 to the investigation period, consumption in the Community market decreased by 16 % in volume terms and by 11 % in value terms indicating a downturn in the bicycle business. An analysis of the development of the volume of consumption indicates that the main decrease (− 17 %) occurred between 1994 and 1996 and that the trend became positive between 1996 and the investigation period (+ 1 %).

(85) During the time period, Community industry's sales volume decreased by 20 % and sales value by 12 %, namely more than the actual decrease in consumption, which was translated into a loss of market share. Overall, although sales prices developed positively, sales prices of mountain bicycles (MTBs), which is the main type of bicycles imported from Taiwan, decreased significantly in the Member States where Taiwanese imports are mainly present.

(86) From 1996 up to the investigation period, the volume of imports from Taiwan increased again by 12 %, but relative value increased only by 7 %. Sales prices further decreased by 2 % and the market share increased by 14 % in terms of volume and 9 % in terms of value. The above performances were thus reached when the volume of consumption increased only slightly.

(b) *Imports of bicycles from countries other than Taiwan*

(87) Total imports of bicycles into the Community from countries other than Taiwan decreased by 32 % in terms of volume and by 20 % in terms of value. The number of bicycles imported into the Community decreased by over 1 million units. The fact that the decrease in volume is higher than that in value indicates that the trend in average sales prices was largely positive during the period under examination.

(88) The main decrease in these imports took place in the years 1995 and 1996 following the negative development in consumption. The share lost by these countries is however higher than the decrease in consumption. Import volumes and value recovered somewhat between 1996 and the investigation period following the positive trend in consumption at that particular period of time.

(89) During the period under examination, imports from countries subject to anti-dumping duties (China, Indonesia, Malaysia and Thailand) significantly decreased and imports from China practically disappeared.

(90) After the major decrease in dumped imports from China, Malaysia, Indonesia, and Thailand during the period under examination, Poland, the Czech Republic, India and the USA became the major exporters of bicycles to the Community. Imports from these countries cover around 25 % of all the other imports into the Community or 70 % of imports when excluding those from Taiwan. The fact that imports from these countries increased by 77 000 units during the whole period under examination, whereas imports from Taiwan increased by over 545 000 units indicates that the impact of the volume of these imports was very limited as compared to the impact of Taiwan. Moreover, an analysis of the development in the indicative import price of these imports reveals that they did not add weight to the pressure exerted on prices in the Community, the information available showing an average price increase.

(c) *Other producers in the Community*

(91) In 1996, other producers in the Community represented around 40 % of total Community production. Even though they did not expressly support the complaint, none of them expressly opposed it.

(92) From 1994 to the investigation period, these non-complaining producers lost 16 % of production, 14 % of sales volume and 6 % of sales value. Although their market share increased by 2 % in terms of volume and 5 % in terms of value during that period, they did however incur net losses in sales volume (– 695 000 units) and in production (– 837 000 units). This demonstrates that they were also suffering injury and were facing difficulties similar to those of the Community industry.

(93) Some exporters and importers of dumped Taiwanese bicycles claimed that injury in the Community is to a substantial extent caused by the behaviour of non-participating Italian producers present in the major Community Member States. It was stated that these producers' prices were very low and that they were undercutting prices in the Community market.

(94) Again, the Commission was not provided with conclusive evidence that the behaviour of some producers in the Community might have been such as to injure the rest of the industry. It was therefore not possible to assess the impact of any such alleged behaviour on the Community industry. Furthermore, the available information indicates that between 1994 and 1996, production in Italy decreased by over 1,6 million units. This decrease represents over 60 % of the total loss in production incurred by all the producers in the Community during the whole period under examination.

(95) Rather than causing injury to the Community industry, it appears that Italian producers not supporting the complaint themselves have suffered injury during the period under examination. The allegation made by the above parties is therefore rejected.

(d) *Export activity and other activities of the Community industry*

(96) Exports to third countries have always represented a minor activity for the Community industry. From 1994 up to the investigation period, they represented around 2 % of total sales with a minor decrease toward the end of this period. The general downturn in the bicycle business, combined with the fact that the main European exporting companies are more and more supplying the export markets with local production can explain to a certain extent the drop in exports from the Community industry. The minor decrease in export sales, however, can certainly not justify or explain the material injury suffered by the Community industry. In any event the negative development of the injury indicators sales, sales

prices, market share and profitability cannot be explained by any change in the export activity of the Community industry, as these indicators were all established for the activity of the Community industry in the Community alone.

(97) Operators in the Community market claimed that the other business activities of some complainant Community producers, have been extremely difficult over the last few years, one particular company having lost 50 % of its export business. This resulted in high losses and therefore in injury, which cannot be attributed to Taiwanese exports.

(98) As far as this claim is concerned, it should first be recalled that there are only a limited number of Community producers having a substantial activity other than producing and selling bicycles. Two of them are included in the sample of Community producers. The above situation concerns only one Community producer in particular.

(99) In an anti-dumping investigation, the Commission exclusively analyses injury indicators referring to the activity related to the product concerned in the Community. As a result, the possible impact of items generated by another activity, not related or linked to the product concerned, are systematically excluded from the findings of the investigation. It follows that the findings leading to the conclusion that the Community industry was suffering material injury relate only to the bicycle activity and that therefore the above claim is irrelevant.

4. **Conclusion on causation**

(100) It cannot be excluded that factors other than dumped imports from Taiwan, in particular the decrease in consumption, contributed to the difficult state of the Community industry. However, the substantial increase in import volume from Taiwan, the increase in market share, the considerable degree of price decreases and price undercutting by these imports had material negative consequences on the situation of the Community industry at a time when a positive development could be expected after the imposition of anti-dumping measures on imports from China as well as Indonesia, Malaysia and Thailand. It was therefore concluded that these imports, taken in isolation, have caused material injury to the Community industry and injury caused by other factors was not such as to break this causal link.

I. COMMUNITY INTEREST

1. **Preliminary remarks**

(101) The purpose of anti-dumping measures is to remedy dumped imports having an injurious effect on a Community industry. This should result in the re-establishment of a situation of effective competition on the Community market.

Having reached a positive conclusion on dumping, injury and the cause of this injury, the Commission examined whether any compelling reasons existed which would have led to the conclusion that it is not in the Community interest to impose measures in this particular case. For this purpose, and pursuant to Article 21(1) of the Basic Regulation, the impact of possible measures on all parties involved in the proceeding and also the consequences of taking or not taking measures were considered on the basis of the evidence available at the provisional stage.

(102) It should also be recalled that in the anti-dumping proceedings concerning imports of bicycles originating in China, and in Malaysia, Indonesia and Thailand, under similar conditions, it was considered to be in the interest of the Community to impose anti-dumping measures.

2. **Interest of the Community industry and related activity**

(103) In general, the interest of an industry is that effective competitive conditions are restored and that prices reflecting fair trading conditions are quoted in the market. Since 1988, Community bicycle manufacturers, mostly made up of small and medium-sized enterprises, are facing competition from dumped imports. This has led to a serious degree of vulnerability in the industry, as a result of which rationalisation and restructuring efforts are still going on today demonstrating the industry's adaptability, competitiveness and viability.

(104) With anti-dumping measures in force and an expected positive development in consumption, employment, which decreased by over 2 400 people during the whole period under exmination, would also be preserved. With an average anti-dumping duty of 6,5 % imposed on bicycles imported from Taiwan, the Community industry could complete its restructuring and recover financially, thus benefiting from the re-establishing of effective competition in the market.

(105) In view of the material injury suffered over the last few years, it is highly probable that, in the absence of any measures to correct the negative effects of dumped imports from Taiwan, its precarious financial situation will deteriorate further. This may ultimately lead to further company bankruptcies or closures in the market and therefore jeopardise thousands of other jobs all over the Community. The above negative consequences for the bicycle industry would be amplified due to repercussions in the European parts industry and other activities linked to the bicycle business.

3. **Interest of importers in the Community**

(106) On the basis of the information received from the administrations in Member States, a considerable number of importers are importing bicycles into the Community but it has not been possible to identify how many were directly concerned by this proceeding.

(107) In order to evaluate the impact on importers of taking measures or not taking measures, the Commission sent questionnaires to the known importers in the Community. A sample of importers may be selected after the publication of the provisional findings and on-the-spot investigations may take place in order to verify the information submitted.

(108) Some importers not known to the Commission made themselves known within the time limit, requested a questionnaire and submitted a reply. Certain importers also submitted written comments on the proceeding. Out of the 64 importers who replied to the Commission's questionnaire or submitted information to the Commission only six replies were considered to be meaningful in order to assess the impact of anti-dumping measures on their activities.

(109) They commented on the dynamic effect of the innovation stemming from Taiwanese exporting producers on the Community market and on the negative effects of anti-dumping measures on their business in general, on employment and on the final choice of consumers.

(110) The imposition of anti-dumping measures will not put importers of Taiwanese bicycles in a disadvantageous position as compared to other importers of bicycles in the Community. It will simply correct the distorting effects of injurious dumping and restore fair trade competition conditions among all the operators in the Community.

(111) On the basis of the meaningful information made available by some importers, it is considered that an average anti-dumping duty of 6,5 % on bicycles imported from Taiwan may cause an increase of around 3,3 % in the overall cost of sales of the importers. This extra cost, or at least part of this cost, could be charged to the subsequent purchasers, namely wholesalers or retailers already enjoying relatively high profit margins on the resale price of Taiwanese bicycles in the Community. The Commission therefore considers that the level of the measures proposed is not such as to prevent importers from importing Taiwanese bicycles so that these bicycles will always be present in the Community market.

(112) Based on the foregoing, it is considered that any negative effects on importers of taking measures against imports from Taiwan cannot outweigh the positive effects of taking measures for the other operators in the Community.

4. **Interest of consumers**

(113) The Commission received comments from consumers' associations in the Community indicating these associations' concerns that sales prices of Taiwanese bicycles may increase as a result of the imposition of anti-dumping measures. A claim was also made as to the need for consumers to preserve a wide choice when buying a bicycle.

(114) As has already been mentioned above, the level of the measures proposed is not such as to foreclose the Community market to Taiwanese bicycles and the consumer's choice will always be preserved. In addition, as far as a possible sales price increase is concerned, it should be mentioned that Taiwanese bicycles are not imported directly by consumers. Bicycles pass through one or more levels of trade before they are offered to the public. The import price on which anti-dumping duties will be levied represents on average 40 % of the total resale price of the bicycle. Considering an average anti-dumping duty of 6,5 % on imports of bicycles from Taiwan, the direct impact, if any, of the duties on the resale price to the consumer is already limited to 2,6 %.

(115) However, it should be borne in mind that with effective trade conditions restored in the Community market, competition will continue to have beneficial effects for the consumer as far as the price level is concerned. Moreover, given the high number of competitors in the market, it is

considered that price increases, if any, should not be automatic. They should depend on competition and consumer behaviour. It is considered likely that importers, wholesalers, retailers and other operators selling Taiwanese bicycles may also decide, if justified, to decrease their relative profit margins so that no price increase will occur in the resale price of Taiwanese bicycles to consumers.

5. **Consequences on competition in the Community market**

(116) Some parties claimed that anti-dumping measures may encourage the creation of a monopolistic situation, in the Community market as big groups such as Derby, Cycleurope and Atag, increased in size by purchasing smaller companies.

(117) There is a high number of producers in exporting countries such as USA, Turkey, Poland, the Czech Republic, India and Taiwan exporting to the Community and there is a large number of operators and a large number of producers in the Community. Therefore, there is no risk of creating a monopolistic situation in the bicycle market.

(118) Moreover, the level of the measures proposed is not such as, from an economic point of view, to foreclose the Community market to the Taiwanese exporting producers and therefore it will ensure the continued presence of their products in the market. Measures, therefore, ensure that effective competition conditions for all the operators in the market be restored and that this would stimulate the presence of competitive forces in the market.

6. **Conclusion on the Community interest**

(119) Having examined the various interests involved in the present proceeding, no compelling reasons were found to exist not to impose anti-dumping measures. On the contrary, the imposition of anti-dumping measures is necessary to prevent further aggravation of the injury already suffered by the Community industry and to preserve employment in the business.

(120) The Commission also considers that the imposition of provisional measures in the present case will re-establish effective competition conditions for all operators in the Community. Consumers' choice will not be unduly affected and they will continue to enjoy the presence of a high number of competitors in the market preventing any unjustified increase in the resale prices.

J. **PROVISIONAL DUTY**

(121) In order to prevent further injury being caused by the dumped imports concerned before the end of the investigation, provisional anti-dumping measures should be adopted. These measures should take the form of a provisional anti-dumping duty. Given the wide variety of bicycles exported from Taiwan, an *ad valorem* duty was considered the most appropriate form of measure.

For the purpose of establishing the level of the provisional duty, account was taken of the level of dumping found and the amount of duty necessary to eliminate the injury suffered by the Community industry.

(122) It was considered that the amount of duty necessary to remove the effects of injurious dumping should allow the Community industry to cover its costs of production and obtain a reasonable profit on sales. In this respect it was found that a profit margin of 8 % on turnover could be considered to be an appropriate basis, regard being given to the need for long-term investments allowing a continuous product development, etc. It was also considered that the Community industry could reasonably expect such a rate of return in the absence of injurious dumping.

(123) Accordingly, injury margins were determined on a model-by-model basis as the difference between the cost of production of the Community industry, increased by the abovementioned profit margin on the one hand, and the actual net sales price of the comparable imported models used for the undercutting calculation on the other hand. This difference was then expressed as a percentage of the cif import price at the Community frontier customs duty unpaid.

(124) Since for all exporting producers in the sample the dumping margin has been found to be lower than the injury margin, the provisional duty to be imposed should correspond to the dumping margin established, in conformity with Article 7(2) of the Basis Regulation.

(125) The provisional anti-dumping duty for companies which cooperated in the investigation but were not included in the sample equals the average dumping margin for the sample, weighted on the basis of export volume to the Community. This was lower than the amount of duty necessary to eliminate the injury in all cases. The provisional anti-dumping duty for non-cooperating companies is based on the dumping margin calculated for those companies as explained in recital 42 because the amount of duty necessary to eliminate the injury exceeded in all cases the dumping margin established.

K. FINAL PROVISIONS

(126) In the interest of sound administration, a period should be fixed in which the parties concerned should make known their views 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 importers of bicycles and other cycles (including delivery tricycles), not motorised, with or without ball bearings, falling within CN codes 8712 00 10, 8712 00 30 and 8712 00 80, originating in Taiwan.

2. The rate of the provisional anti-dumping duty applicable to the net, free-at-Community-frontier price, before duty, shall, subject to paragraphs 3 and 4, be 18,2 % (TARIC additional code 8900).

3. Products manufactured and sold for export by the exporting producers listed in the Annex shall be subject to a provisional anti-dumping duty rate of 5,4 % (TARIC additional code 8548).

4. Products manufactured and sold for export by the companies listed below shall be subject to the following provisional anti-dumping duty rates.

Manufacturer	Rate of duty	TARIC additional code
Fritz Jou Manufacturing Co., Ltd	10,2 %	8698
Giant Manufacturing Co., Ltd	2,4 %	8699
Merida Industry Co., Ltd	2,5 %	8700
Ming Cycle Industrial Co., Ltd	2,5 %	8701
Overlord Industries Corp.	18,2 %	8702

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

6. 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 of its publication in the *Official Journal of the European Communities*.

Article 1 of this Regulation shall apply for a period of six months.

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

Done at Brussels, 25 August 1998.

For the Commission
Leon BRITTAN
Vice-President

ANNEX

Acetrikes Industrial Co., Ltd, Changhua
Asahi Enterprises Corporation, Taipei
Century Manufacturing Co., Ltd, Taichung
Dahon Inc., Taipei
Dodsun Bicycle & Machinery Manufacturers, Tao Yuan
Fairly Bike Manufacturing Co., Ltd, Taipei
Formosan I Shin Enterprise Ltd, Tainan
Golden Cycle Corp., Taipei
Ideal Bike Corporation, Taichung
Kenstone Metal Co., Ltd, Taichung
Liyang Industrial Co., Ltd, Taipei
MT Racing Inc., Taichung
Pretty Wheel Industrial Co., Ltd, Taichung
Rockman Taiwan Bicycle Mfg. Inc., Taichung
San Ground Co., Ltd, Taichung
Sanfa Bicycle Industrial Co., Ltd, Taichung
Sheng Fa Industries Co., Ltd, Taipei
Southern Cross International Co., Ltd, Nantou
Speedstar Industries Co., Ltd, Kaohsiung
Taioku Manufacturing Co., Ltd, Nantou
Taiwan Hodaka Industrial Co., Ltd, Taipei
United Engineering Corp., Taoyuan
Wai I Industry Co., Ltd, Chia-Yi
Wheeler Industrial Co., Ltd, Taichung
Willing Industry Co., Ltd, Taichung
Yuh Jiun Industrial Co., Ltd, Tainan.