COMMISSION REGULATION (EC) No 967/2000

of 8 May 2000

imposing a provisional anti-dumping duty on imports of hairbrushes originating in the People's Republic of China, the Republic of Korea, Taiwan and Thailand, and terminating the proceeding concerning imports of hairbrushes originating in Hong Kong

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community [1], as last amended by Regulation (EC) No 905/98 [2], and in particular Articles 7 and 9 thereof,

After consulting the Advisory Committee,

Whereas:

A. GENERAL INFORMATION

(1) On 13 August 1999 the Commission announced, by a notice (hereinafter referred to as 'notice of initiation') published in the *Official Journal of the European Communities* [3], the initiation of an anti-dumping proceeding with regard to imports of hairbrushes originating in the People's Republic of China (hereinafter referred to as 'China'), Hong Kong, the Republic of Korea (hereinafter referred to as 'Korea'), Taiwan and Thailand.

(2) The proceeding was initiated following a complaint lodged in June 1999 by the FEIBP (Fédération Européenne des Industries de la Brosserie et de la Pinceauterie) on behalf of Community producers representing more than 70 % of the Community production of hairbrushes. The complaint contained evidence of dumping of the said product and of material injury resulting therefrom, which was considered sufficient, after consultation, to justify the initiation of a proceeding.

(3) The Commission officially advised the complainant Community producers, exporting producers and importers, suppliers and users known to be concerned, as well as associations concerned and representatives of the exporting countries, of 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) In order to allow exporting producers from China to submit a claim for market economy status or individual treatment if they so wished, the Commission sent market economy status and individual treatment claim forms to the Chinese exporting producers known to be concerned. Claims for market economy status were received from three exporting producers and claims for individual treatment from seven exporting producers.

(5) The representatives of Hong Kong made their views known in writing, requested a hearing within the above time limit and were granted the opportunity to be heard. An unrelated importer who so requested within the time limit was also granted the opportunity to be heard.

(6) The Commission sent questionnaires to all parties known to be concerned. Replies were received from 11 Community producers, 11 exporting producers in the countries concerned and 10 importers in the Community.

(7) The Commission sought and verified all the information it deemed necessary for the purposes of a provisional determination of dumping, injury and Community interest and carried out investigations at the premises of the following companies:

(a) *Community producers*

France

Lardenois SA, Hermes

Société générale de brosserie, Mouy

Société Medicis, Selestat

Germany

Braun & Wettberg GmbH, Beerfelden

J. B. Keller Söhne Bürstenfabrik, Todtnau

Italy

Ippa, Padua

Ponzini SpA, Milan

Spain

Cepilleria Bamar, SA, Segorbe

DOLS Industrial de Peluquería, Barcelona

Industrias Fushima, SL, Santander

United Kingdom

Mason Pearson Bros. Ltd, London

[1] OJ L 56, 6.3.1996, p. 1.
[2] OJ L 128, 30.4.1998, p. 18.
[3] OJ C 231, 13.8.1999, p. 2.

(b) *Exporting producers*

Taiwan

Tong Fong Brush Factory Co. Ltd, Taipei

China

Kai Fat Brush Factory Ltd, Hong Kong (1)

Lee Chung Kee Plastic Brush Factory Ltd, Hong Kong (1)

Long Sure Industries Ltd, Hong Kong (1)

Lung Tain (Brothers) Company Ltd, Hong Kong (1)

National Brushes & Plastic Manufactory Ltd, Hong Kong (1)

Ningbo Kai Fat Brush Co. Ltd, Ningbo

Yang Hau (Xiamen) Home Product Ltd, Xiamen

In the framework of the dumping investigation with regard to imports from China a verification visit was also carried out in Argentina. This country was originally envisaged as a possible analogue country for the determination of normal value for imports originating in China.

Hong Kong

No genuine Hong Kong producers cooperated.

Korea

Kumduk Brush Co., Inc., Seoul

Kyung Sung Plastic & Brushes Co., Seoul

Seodoo Industrial, Co., Seoul

Thailand

Ly Long Brush Co., Nakornprathom

(c) *Unrelated importers in the Community*

France

Babyliss SA, Montrouge

Cork International SA, Thiais

Dollfus Mieg et Cie (DMC), Loos

FDG International, Orly

Italy

Paglieri, SpA, Alessandria

Spain

Centros Comerciales Continente SA, Madrid

Centros Comerciales Pryca SA, Barcelona

United Kingdom

Albyn of Stonehaven, Stonehaven

Cork International, Nottingham.

(1) Companies established under Hong Kong law with a production facility in mainland China.

(8) The investigation of dumping and injury covered the period from 1 July 1998 to 30 June 1999 (hereinafter referred to as 'the investigation period' or 'IP'). With respect to the trends relevant for the injury assessment, the Commission analysed data covering the period from 1 January 1996 to 30 June 1999.

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. Product concerned

(9) The product concerned is hairbrushes, currently classifiable within CN code 9603 29 30. Hairbrushes may be mounted either by mechanical or manual process onto backs made of synthetic, wood or other materials, be filled with natural, mixed or plastic tufts, or inserted pins or pins cast with the body of the brush. Their shapes can be pneumatic, cylindrical, rectangular/oval, twisted in wire or skeleton. In spite of these differences and although hairbrushes may be designed for various types of hair, their purpose and use is always the brushing, styling or untangling of human hair. Therefore, given that their basic physical and technical characteristics and uses are the same, they are considered to form one single product for the purpose of this proceeding.

2. Like product

(10) The Commission found that the basic physical and technical characteristics and uses of hairbrushes imported from the countries concerned are similar to the product produced and sold by the Community industry in the Community. It was also found that the hairbrushes produced and sold on the domestic market of Korea, which was chosen as analogue country for China, were similar to the hairbrushes produced and exported to the Community from China. It was therefore concluded that the hairbrushes produced in the countries concerned and exported to the Community, the hairbrushes produced and sold on the Korean domestic market, and those produced and sold by the Community industry on the Community market, are a like product within the meaning of Article 1(4) of Regulation (EC) No 384/96 (hereinafter 'the basic Regulation').

C. FINDINGS WITH REGARD TO HONG KONG

(11) The investigation revealed that the volume of exports of the product concerned to the Community originating in this country were below *de minimis* level. Indeed, once the imports statistics were revised by the customs authorities of one of the Member States, exports from Hong Kong amounted to about 600 000 pieces only, which represent 0,6 % of total imports and 0,5 % of the

Community market. On this basis, it has been decided that the present investigation should be terminated with respect to this country. The Community industry has been informed about this course of action and has not submitted any information that would indicate that such termination was not justified.

(12) However, given that some of the exporting producers in China are legally based in Hong Kong and that actual manufacturing activities in Hong Kong are not very important, the Commission will advise the national customs authorities in the Community to monitor the development of imports of hairbrushes originating in Hong Kong. Furthermore, the Commission will also inform Hong Kong authorities of the fact that a non-justified increase of the volume of imports originating in this country could lead the Commission services to initiate a new investigation of these practices.

D. **DUMPING**

1. **China**

1.1. ***Normal value***

Market economy treatment

(13) Pursuant to Article 2(7)(b) of the basic Regulation, normal value in the case of imports from China shall be determined on the basis of the price or constructed value of those producers which can show that they meet the criteria laid down in Article 2(7)(c), i.e. that they operate under market economy conditions. Producers requesting market economy treatment were required to complete a specific claim form detailing all the information requirements concerning the companies' ownership, management control and determination of commercial and business policies.

(14) Three companies applied for market economy treatment. On the basis of their replies to the claim form, it was found that two of them were not operating under market economy conditions. Indeed, it was found that they were not allowed to sell on the domestic market. It was therefore concluded that these companies did not meet the criteria set out in the first indent of Article 2(7)(c) of the basic Regulation and could not, therefore, be granted market economy treatment.

(15) The third company was found to be related to one of the above two companies which already failed the market economy test. As companies belonging to the same group should be treated in the same way, market economy treatment could not be granted to this company.

(16) The companies concerned were informed of the conclusions and given the opportunity to submit comments. No comments were received.

Analogue country

(17) In accordance with Article 2(7) of the basic Regulation, in order to establish normal value for the Chinese companies an analogue market economy country had to be selected for the establishment of normal value. For this purpose, the complainant Community industry had suggested Argentina. In the notice of initiation the Commission indicated that Argentina was envisaged as an analogue country. Within the time limit specified in the notice of initiation, no objections were received with regard to this proposal.

(18) The producer in Argentina, mentioned in the complaint, was contacted by the Commission and agreed to cooperate. However, in the course of the verification visit conducted at the Argentine producer's premises, the level of prices paid on the Argentine market or the costs of production could not be properly verified. Moreover, domestic sales in Argentina appeared to be not representative of the Chinese exports.

(19) Consequently, the Commission sought other possibilities. As Korea was the only market economy country involved in the proceeding which had sales on the domestic market, the Commission examined whether Korea constituted an appropriate choice. It was found that the Korean domestic market was reasonably representative in terms of the product models sold and level of competition. Therefore, in accordance with Article 2(7) of the basic Regulation, the Commission considered that Korea constituted the most reasonable choice of analogue country in this case.

(20) As a result and as explained in more detail in recitals 26 to 29, normal value was established on the basis of the domestic prices or the constructed normal value of the cooperating Korean producer. Provisionally, the normal value was based on the 20 most basic products of the four best-selling models (pneumatic, round, oval/rectangular and web).

1.2. ***Export price***

(21) All seven Chinese exporting producers claimed individual treatment, i.e. the determination of an individual dumping margin on the basis of the individual export prices of the companies.

(22) The Commission verified whether these companies enjoyed in fact and in law a sufficient degree of independence from the Chinese State with regard to their export prices.

(23) The companies concerned were able to demonstrate to the Commission that they were sufficiently independent of the Chinese authorities. In particular, it was noted that all companies were either wholly or majority foreign owned. They could also demonstrate to the satisfaction of the Commission the lack of interference by the State with regard to the export sales. In addition, no restrictions on the repatriation of capital and profit were found, currency conversions were carried out at the normal exchange rate and no risk of circumvention was perceived. Consequently, it was decided to grant individual treatment to all of these companies.

(24) The investigation showed that all export sales of the product concerned were made to unrelated customers in the Community, or to independent traders in China for re-export to the Community. The export prices were therefore calculated in accordance with Article 2(8) of the basic Regulation, i.e. on the basis of the prices actually paid or payable by these independent customers.

1.3. ***Comparison***

(25) For the purposes of a fair comparison due allowance, in the form of adjustments, was made for differences claimed under Article 2(10) of the basic Regulation and demonstrated to affect price comparability. On this basis, adjustments were made with regard to rebates, transport, insurance, handling, loading and ancillary costs, credit and commissions.

1.4. ***Dumping margin***

Sampling

(26) In the notice of initiation it was announced that sampling could be used in view of the apparent size and complexity of the proceeding. Eight companies came forward and a sample of five companies was selected. Since a significant part of the selection, consisting of two companies with significant export volumes, did not cooperate, it was considered that the sample had failed. Therefore, the Commission had to find an alternative approach.

(27) In view of the combination of, on the one hand, the considerable number of different models of hairbrushes exported from China and, on the other hand, the fact that as many as seven companies requested and were granted individual treatment the Commission has, for the purpose of provisional measures, established the margin of dumping for all companies on the basis of an alternative method of sampling.

(28) This was done on the basis of a sample which included the export transactions of the four best-selling models (pneumatic, round, oval/rectangular and web) sold by the two largest exporters, i.e. Yang Hau and Kai Fat, representing about 75 % of the total exports concerned by the seven companies. Also, for the purpose of establishing normal value, the Commission used provisionally the prices charged on the Korean domestic market for comparable product types. Provisionally, the normal value was based on the 20 most basic products of the four best-selling models (pneumatic, round, oval/rectangular and web). These were at the low end of the market and represented more than 80 % of the total Korean domestic sales.

(29) On this basis the weighted average margin of dumping amounts to 48,2 %. This margin applies provisionally to all cooperating companies which were granted individual treatment (i.e. those listed in recital 7 above). Parties concerned are hereby invited to comment on the selection of the sample immediately after the imposition of provisional measures within the time limit specified in Article 2 of this Regulation.

Dumping margin for non-cooperating exporters

(30) The comparison of Eurostat figures with the data on the volume of exports to the Community supplied by the seven cooperating Chinese exporting producers showed that the level of cooperation was extremely low (25,9 %) and was considered insufficient. It was therefore decided provisionally to establish the dumping margin on the basis of a comparison of the weighted average Korean normal value (EUR 0,97) with the Eurostat export price (EUR 0,42), i.e. EUR 0,55 per unit.

2. **Korea**

2.1. ***Normal value***

(31) In order to establish normal value the Commission first determined, for each of the cooperating exporting producers, whether the total volume of the domestic sales of the product concerned was representative in accordance with Article 2(2) of the basic Regulation, i.e. whether these sales represented 5 % or more of the sales volume of the product concerned exported to the Community. Only one Korean producer, out of three, met this requirement.

(32) The Commission then examined for this exporting producer whether total domestic sales of each product model constituted 5 % or more of the sales volume of the same model exported to the Community.

(33) For those product models meeting the 5 % test, it was established whether sufficient sales had been made in the ordinary course of trade in accordance with Article 2(4) of the basic Regulation.

(34) Where, per product model, the volume of domestic sales above unit cost represented at least 80 % of sales and where the weighted average price was equal to or higher than the weighted average cost, normal value was established on the basis of the weighted average prices actually paid for all domestic sales. Otherwise, normal value was established on the basis of the weighted average prices actually paid for the remaining profitable domestic sales, provided that the volume of profitable transactions was not lower than 10 % of sales.

(35) For those product models where the volume of domestic sales was lower than 5 % of the volume exported to the Community, or where the volume of profitable domestic sales was less than 10 %, domestic sales of those product models were considered insufficient within the meaning of Article 2(4) of the basic Regulation. For such models, normal value was constructed on the basis of the costs of manufacturing incurred by the exporting producer concerned for the exported product model in question plus a reasonable amount for sales, general and administrative expenses (hereinafter 'SG & A') and profits in accordance with Article 2(3) and (6) of the basic Regulation. On the same basis, normal value was constructed for the two exporting producers which did not have, within the meaning of Article 2(2) of the basic Regulation, any representative domestic sales at all.

(36) For each exporting producer, the SG & A were based on the representative domestic sales of the only Korean exporting producer with domestic sales, and the profit margin on the representative domestic sales made in the ordinary course of trade by the same producer.

2.2. ***Export price***

(37) Export sales to the Community were made directly to independent importers and export prices were established on the basis of the prices actually paid or payable by these importers in accordance with Article 2(8) of the basic Regulation.

2.3. ***Comparison***

(38) For the purposes of a fair comparison due allowance, in the form of adjustments, was made for differences claimed under Article 2(10) of the basic Regulation and demonstrated to affect price comparability. On this basis, adjustments were made with regard to rebates, transport, insurance, handling, loading and ancillary costs, credit and commissions, where justified.

2.4. ***Dumping margin***

General method

(39) In accordance with Article 2(10) and (11) of the basic Regulation and in the absence of a significantly differing pattern of export prices, the dumping margins were established on the basis of a comparison between the weighted average Korean normal value per product model and the weighted average export price at ex-factory level for the same product model and at the same level of trade.

Individual dumping margin

Kumduk Brush Co., Inc.:	19,5 %
Kyung Sung Plastic & Brushes Co.:	5,0 %
Seodoo Industrial, Co.:	12,9 %.

Residual

(40) The comparison of Eurostat figures with the data on the volume of exports to the Community supplied by the three cooperating Korean exporting producers showed that the level of cooperation was 66,4 % and this was considered insufficient. The duty was therefore set at the level of the average of the 50 most dumped models found in that country. As a result the dumping margin was set at 42,6 %.

3. **Taiwan**

3.1. ***Normal value***

(41) The only cooperating exporting producer in Taiwan did not have any domestic sales. Therefore the normal value was constructed on the basis of the costs of manufacturing incurred by the exporting producer concerned for the exported product model in question plus a reasonable amount for SG & A and profits in accordance with Article 2(3) and (6) of the basic Regulation. In the absence of other cooperating exporting producers in Taiwan, or data concerning the general category of product in the company concerned and in the country of origin, it was provisionally decided that the SG & A should be based on the representative domestic sales of the Korean producer with domestic sales, and the profit margin on the representative domestic sales made in the ordinary course of trade by the same Korean producer. This method was considered reasonable in accordance with Article 2(6)(c) of the basic Regulation.

3.2. ***Export price***

(42) Export sales to the Community were made directly to independent importers and export prices were established on the basis of the prices actually paid or payable by these importers in accordance with Article 2(8) of the basic Regulation.

3.3. ***Comparison***

(43) For the purposes of a fair comparison due allowance, in the form of adjustments, was made for differences claimed under Article 2(10) of the basic Regulation and demonstrated to affect price comparability. On this basis, adjustments were made with regard to rebates, transport, insurance, handling, loading and ancillary costs, credit and commissions.

(44) The exporting producer in Taiwan requested an adjustment for differences in the level of trade. They claimed that some of their export sales were OEM sales. This adjustment could not be granted since the exporting producer was not able to provide evidence that these sales were effectively OEM sales.

3.4. ***Dumping margin***

General method

(45) The same methodology as described in recital 39 was used.

Individual dumping margin

Tong Fong Brush Factory Co. Ltd: 3,1 %

Residual

(46) The comparison of Eurostat figures with the data on the volume of exports to the Community supplied by the sole cooperating Taiwanese exporting producer showed that the level of cooperation was 45,5 %, which was considered insufficient. Therefore the methodology used to calculate the residual anti-dumping margin in recital 40 for Korea was also applied in the case of Taiwan. The residual margin is 11,9 %.

4. **Thailand**

(47) Only one Thai exporting producer made itself known, Ly Long Brush. The company was informed of the missing data and given an opportunity to provide further information. However, this company still did not provide essential information such as export sales data and cost of sales and was therefore considered as non-cooperating. The company was informed of the reason for finally rejecting the information and about the consequences of non-cooperation.

(48) Pursuant to Article 18(1) of the basic Regulation normal value and export price were determined on the basis of facts available given in the complaint. In this respect the adjustment for level of trade contained in the complaint was duly adjusted and then was applied to the normal value. Pursuant to Article 18(5) of the basic Regulation the information included in the complaint were checked by reference with official import statistics and were in line with information obtained from other interested parties during the investigation.

(49) As a result the dumping margin was set at 48,4 %.

E. **COMMUNITY INDUSTRY**

1. **The complainant**

(50) The complaint has been lodged on behalf of producers representing a major proportion, in this case more than 70 %, of the total Community production of hairbrushes.

2. **Sampling**

2.1. ***Procedure***

(51) In view of the large number of Community producers supporting the complaint, and in conformity with Article 17(1) of the basic Regulation, the Commission announced in the notice of initiation of the proceeding its intention to select a sample of Community producers based on the largest representative volume of production and sales of the Community industry which could be reasonably investigated within the time available. For these purposes, the Commission requested the complainant to provide information concerning production, sales and employment for the product concerned for its individual members supporting the complaint during the year 1998.

(52) On the basis of this information the Commission selected 13 companies, operating in five Member States, to which questionnaires were addressed.

2.2. ***Selection criteria***

(53) In the selection, the following criteria were considered:

— location of company with the selection focusing on the main producing Member States,

— company size and production structure with the selection aiming at obtaining a variation among the companies selected.

2.3. ***Sampled Community producers***

(54) Apart from the 11 Community producers listed above under 7(a), two other Community producers were selected in the sample. In the course of the investigation, these two companies, i.e. Coronet-Werke Heinrich Schlerf GmbH and Acca Kappa, were excluded from the sample as they were unable to provide the requested data, although expressly supporting the proceeding. Furthermore, the information provided by Industrias Fushima could not be fully taken into consideration at the provisional stage of the investigation, since it could not be aggregated to the information obtained from the other Community producers which were selected in the sample and provided the requested data. On-the-spot verification visits were carried out in the premises of nine out of the 11 companies mentioned under 7(a) selected in the sample and having completed the questionnaire. These 11 companies account for the largest representative volume of production and sales of the Community industry which could be reasonably investigated within the time available.

3. **Definition of the Community production**

(55) Within the Community, the product concerned is manufactured by:

— producers on behalf of which the complaint was lodged and which were selected in the abovementioned sample ('the sampled Community producers'),

— producers on behalf of which the complaint was lodged and which were not included in the sample, and

— other Community producers which are not complainants. None of these producers opposed the proceeding ('the other Community producers').

(56) The Commission has assessed whether all the above companies could be considered as Community producers within the meaning of Article 4(1)(a) of the basic Regulation, since some of them also import hairbrushes from the exporting countries concerned.

(57) Given that sufficiently detailed information was not available for the totality of the above companies, this analysis has been carried out at the level of the sampled Community producers.

(58) In this respect, the investigation has shown that some of the sampled Community producers import hairbrushes from the exporting countries concerned. These imports are explained by the need for the sampled Community producers to complete their product range, as well as by the necessity to defend themselves against low-priced, dumped imports in order to maintain their market share. Furthermore, this import activity does not affect the primary interest of these companies which is in their own production of hairbrushes and not in importing. Indeed, these imports do not represent any significant part of the sales of the sampled Community producers concerned.

(59) It is thus considered that the sampled Community producers form part of the Community production of hairbrushes within the meaning of Article 4(1)(a) of the basic Regulation.

(60) The investigation did not bring to light any elements which would lead to a different conclusion as concerns the rest of the abovementioned companies which manufacture hairbrushes in the Community. Therefore, it is considered that all the companies mentioned in recital 55 are Community producers within the meaning of Article 4(1)(a) of the basic Regulation.

4. **Definition of the Community industry**

(61) The complaining Community producers (i.e. both the sampled and non-sampled but supporting Community producers as described above) fulfil the requirements of representativeness within the meaning of Article 5(4) of the basic Regulation, since they account for more than 70 % of the total Community production of hairbrushes and are therefore deemed to constitute the Community industry within the meaning of Article 4(1) of the same Regulation.

F. **INJURY**

1. **Preliminary remarks**

(62) On the basis of the findings regarding Hong Kong set out above, imports of hairbrushes originating in Hong Kong are no longer considered as imports concerned. Therefore, only imports originating in the other countries concerned were taken into account for the purposes of the injury and causality assessment set out below.

(63) In view of the fact that sampling had been used with regard to the Community industry, the injury has been assessed both on the basis of information collected at the level of the entire Community industry and on the basis of information collected at the level of the sampled Community producers.

(64) The Community industry is characterised by a high number of operators, in many cases small and medium-sized companies, and by the fact that companies can easily stop or reduce manufacturing activities since the machinery can be sold or relatively easily used for other products. Indeed, during the period analysed for the injury assessment, i.e. January 1996 to June 1999, a number of companies stopped or significantly reduced their manufacturing activities for hairbrushes.

(65) Furthermore, this also had the effect that the Community industry, during the investigation period, consisted of those companies which were strong enough to survive the competition from dumped imports and which to a certain extent benefited from the demise of those other which had not. In some cases, the activity, machinery and/or employees of the companies that had stopped or reduced their activities were absorbed by companies which have been selected in the above sample. In 1998 and during the investigation period, two Member States in particular, i.e. France and Germany, were affected by these developments. Consequently, the assessment of injury has to be seen in the light of the fact that the surviving complaining companies of the Community industry may have benefited, possibly only temporarily, from the disappearance of other companies.

2. **Community consumption**

(66) Between 1996 and the investigation period, the apparent Community consumption increased by 33 %, from around 81 million units to around 107 million units. In more detail, it significantly increased between 1996 and 1997, i.e. from around 81 million units to around 102 million units, remained stable between 1997 and 1998 and increased again between 1998 and the investigation period from around 102 million to around 107 million units.

3. **Imports concerned**

3.1. ***Cumulative assessment***

(67) The Commission has examined the situation, taking account of the conditions of Article 3(4) of the basic Regulation.

(68) On this basis, it has been provisionally established that as regards imports originating in China, Korea, Taiwan and Thailand, the dumping margins found are more than *de minimis*, the volumes of imports are not negligible and that a cumulative assessment appears appropriate in view of the conditions of competition both between the imports and between the imports and the like Community product. Moreover, import prices have all undercut the sales prices of the Community industry, while using the same or similar channels of trade. For these reasons, it is provisionally concluded that imports originating in the aforementioned countries concerned should be assessed cumulatively.

3.2. ***Volume and market share***

(69) The volume of imports from the four countries concerned increased by 46 %, i.e. from around 57 million units in 1996 to around 84 million units in the investigation period. Imports increased significantly between 1996 and 1997, i.e. by 34 %, remained stable between 1997 and 1998 and increased by a further 8 % between 1998 and the investigation period.

(70) The share of the Community market held by imports from the countries concerned significantly increased between 1996 and 1997 from around 71 % to around 75 %, and has continued to increase since then, accounting for around 78 % during the investigation period.

3.3. ***Prices***

Price evolution

(71) Average import price of the imports concerned, as provided by Eurostat, decreased from EUR 0,51 per unit in 1996 to EUR 0,46 per unit during the investigation period, i.e. by 10 %. A similar decreasing trend is found when analysing individually the average import prices of each country concerned.

Price undercutting

(72) The Commission also examined whether the exporting producers in the countries concerned were undercutting the sales prices of the sampled Community producers during the investigation period.

(73) To this effect, a comparison between the exported hairbrushes and those manufactured in the Community by the sampled Community producers was made. The exporting producers' prices have been duly adjusted to a cif Community frontier and duty paid level, whereas the sampled Community producers' prices have been adjusted to an ex-works level. Within each of the categories of hairbrushes as determined in the investigation, the weighted average prices of the sampled Community producers have been compared to the weighted average export prices of each exporting producer concerned.

(74) The undercutting margins for each of countries concerned, expressed as a percentage of the sampled Community producers' prices, exceed 45 %.

4. **Situation of the Community industry**

4.1. ***Data relating to the Community industry as a whole***

Preliminary remark

(75) Where recourse is made to sampling within the Community industry, it is the Commission's practice to establish certain injury indicators such as production, capacity, stocks, sales, market share and employment for the Community industry as a whole and to establish those injury indicators relating to the performances of individual companies, i.e. prices, costs of production, profits, on the basis of information found for the sampled Community producers.

(76) Given the structure and size of the companies which constitute the Community industry, in view of the difficulties to collect information on stocks at the level of the Community industry as a whole it was possible to establish this economic indicator at the level of the sampled Community producers only. Given that these producers account for a representative volume of sales and production of the total Community industry, the findings established for them can, in any event, be considered to be representative for the Community industry as a whole.

(77) The investigation carried out for the sampled Community producers has shown that their production, capacity, sales, market share and employment data are properly reflected in the information collected at the level of the Community industry.

Production

(78) Between 1996 and the investigation period, production decreased from around 20 million units to around 19 million units, i.e. by around 3 %. The most significant decrease in production took place between 1997 and 1998. Even though production increased again between 1998 and the investigation period, it did not regain the level of 1996.

Production capacity

(79) Maximum production capacity, as measured in units which could be manufactured per year by the Community industry, increased from 72 million units in 1996 to 77 million units during the investigation period, i.e. an increase of 7,5 %. This increase was not the result of investments in new production runs, but reflects the results of the rationalisation of the production and modernisation of the machinery mentioned above.

(80) Capacity utilisation decreased from around 28 % in 1996 to around 25 % in the investigation period. The level of utilisation of the capacity in relation to the product concerned remains low, since the Community industry has changed its product mix in favour of products other than hairbrushes where competition by imported products is less pronounced.

Sales volume and market share

(81) While Community consumption rose by around 33 % between 1996 and the investigation period, the sales volume of the Community industry decreased by around 28 %, from around 18 million units in 1996 to around 13 million units during the investigation period. It decreased significantly between 1996 and 1998, i.e. by 31 %, and has slightly increased between 1998 and the investigation period, remaining however at a very low level when compared with 1996.

(82) The corresponding share of the Community market decreased from around 22 % in 1996 to around 12 % during the investigation period. It decreased sharply between 1996 and 1998, i.e. by 45 % and has steadily decreased since then.

Employment

(83) Between 1996 and the investigation period, there were several closures of Community producers as well as a reduction of the labour force linked to the production of hairbrushes. They led to an overall decrease of the workforce for hairbrushes in the Community from 790 employees in 1996 to 770 employees during the investigation period.

(84) This trend reflected the fact that certain companies which manufactured mostly hairbrushes in the past have tried to adapt their product range in favour of other products not concerned by the current proceeding. These other products, such as toothbrushes, bath brushes, shaving brushes, cosmetic brushes, belong also to the toiletry sector and competition of imports is less pronounced with respect to them.

4.2. ***Data relating to the sampled Community producers***

Stocks

(85) Stocks of the sampled Community producers significantly decreased between 1996 and 1998, i.e. by 15 %, and increased again between 1998 and the investigation period to a level slightly exceeding that of 1996. In overall terms, stocks of the sampled Community producers remained relatively stable between 1996 and the investigation period. It is to be outlined that the stock level in the investigation period, i.e. around 1,5 million units represents roughly only the monthly sales volume of the Community industry and this in a business where stocks are necessary in order to reply promptly to the demand.

Prices

(86) The analysis of the development of prices of the sampled Community producers shows that in overall terms they have remained relatively stable between 1996 and the investigation period. The average sales price was EUR 1,60 per unit in 1996 and decreased to EUR 1,59 per unit during the investigation period.

(87) As a result of the increase of the low-priced imports originating in the countries concerned as from 1996, the majority of the sampled Community producers maintained their prices whilst other sampled Community producers reduced them. Furthermore, also as a reaction to that increase, the sampled Community producers stopped the production and sales of certain lower end models in favour of higher end models in market niches where prices were higher and direct competition from the dumped imports was less pronounced. This strategy had a direct impact on the profitability of the sampled Community producers which rose to slightly above break-even after 1997. In spite of this strategy, prices slightly decreased, even though it might have been expected that prices could increase.

Investments

(88) Between 1996 and the investigation period, the sampled Community producers increased their investments from around EUR 132 000 to around EUR 334 000. The most significant increase was between 1996 and 1998, reflecting the fact that certain sampled Community producers absorbed the activities and machinery of other companies which stopped manufacturing hairbrushes in the Community.

Profitability

(89) Between 1996 and the investigation period the profitability of the sampled Community producers rose from around – 0,2 % in 1996 to around 0,49 % during the investigation period. The fact that these producers managed to reach a profitability of slightly above break-even should be seen in the light of their abovementioned decision to stop production and sales of certain lower end models, in favour of certain market niches where prices were higher and direct competition from the dumped imports was less pronounced. However, this strategy has not prevented a reduction in sales volume and market share which started to have negative effects on the financial results during the investigation period. Given the economies of scale which exist in this industry, this strategy however can only be used to a certain extent and the Community industry needs a critical mass of production of standard products enabling it to maintain a sufficient sales volume in the long term in order to cover its fixed costs and to reach a certain level of profits.

(90) Moreover, as mentioned above, the sampled Community producers are amongst those companies which were strong enough to survive the competition from dumped imports and which to a certain extent benefited from the demise of those others which had not. Therefore, they may have benefited from the disappearance of other companies, meaning that their relatively positive development as regards profitability could have been overestimated.

5. **Conclusions on injury**

(91) The examination of the abovementioned factors shows that between 1996 and the investigation period, the dumped imports increased significantly in terms of volume and market share, reaching around 78 % of the Community market during the investigation period and that sales prices of the Community industry were substantially undercut by those of the imports concerned, with price undercutting margins exceeding 45 % in all cases.

(92) Furthermore, between 1996, in particular since 1997, and the investigation period, the situation of the Community industry deteriorated. Indeed, during this period, it suffered a decrease in production, capacity utilisation, sales volume, market share and employment.

(93) Although investments of the sampled Community producers increased, and their profitability situation slightly improved to around break-even, the investigation has shown that the slight improvement in terms of financial results is principally attributable to the decision of these sampled Community producers, faced to the low priced imports, to discontinue production and sales of certain lower end models, in favour of higher end models in market niches where prices were higher and direct competition from the dumped imports was less pronounced. Therefore, it is considered that the sales prices of the sampled Community producers would have significantly decreased in case they had kept on manufacturing all product models and, consequently, their profitability situation would have deteriorated.

(94) Apart from the fact that such strategy as mentioned above is not viable in the medium and long term, even this strategy did not allow the Community industry to maintain or regain market share, the evolution of both sales volume and market share still being negative in a context of significant expansion of the Community market for hairbrushes.

(95) It is therefore concluded that the Community industry has suffered material injury.

G. **CAUSATION**

1. **Introduction**

(96) According to Article 3(6) and (7) of the basic Regulation, the Commission examined whether imports of hairbrushes originating in the countries concerned have caused injury to the Community industry to a degree that enables it to be classified as material. Known factors other than the dumped imports, which could at the same time have injured the Community industry, were also examined to ensure that possible injury caused by these other factors was not attributed to the dumped imports.

2. **Effect of the dumped imports from the countries concerned**

(97) In examining the effects of the dumped imports, it was found that, between 1996 and the investigation period, the significant increase in the imports of hairbrushes originating in the countries concerned, by around 46 %, and their high share of the Community market, of around 78 % during the investigation period, coincided with a deterioration of the situation of the Community industry, whose share of the Community market decreased from around 22 % to around 12 %, i.e. by 10 percentage points.

(98) Sales prices of the Community industry have been significantly undercut by those of the dumped imports which, given their strong market position, led the price evolution. Indeed, there is considerable competition on the market for hairbrushes and, on the demand side, there is an important presence of wholesalers, supermarket chains and big stores which have a significant purchasing power. Thus, the evolution of the sampled Community producers' prices shows that they slightly decreased between 1996 and the investigation period, whilst the decision of the Community industry, when

facing dumped imports, to stop production and sales of certain lower end models, in favour of higher end models where prices were higher and direct competition from the dumped imports was less pronounced, should have enabled it to increase its sales prices. This situation leads to the conclusion that the Community industry has suffered price suppression.

(99) At the same time, the Community industry was not able to benefit from the significant growth of the Community market, and in a context of market expansion by 33 % between 1996 and the investigation period, its sales volume decreased by 28 %, leading to a loss of market share of 10 percentage points during the investigation period.

(100) It is therefore considered that the pressure exerted by the imports concerned in the form of price undercutting as well as their strong position on the market in terms of sales volume and market share caused a price suppression for the Community producers and a significant loss in terms of sales volume, leading to a loss of market share.

3. **Effects of other factors**

(101) In accordance with Article 3(7) of the basic Regulation, the Commission examined whether factors other than the dumped imports from the country concerned might have contributed to the injury suffered by the Community industry. In particular the behaviour of other Community producers, imports from third countries, developments in technology and the export performance and productivity of the Community industry were analysed.

Other Community producers

(102) As regards production and sales of the other Community producers, they have decreased in terms of volume between 1996 and the investigation period. The same trend was found as concerns their market share during the same period of time.

Imports from other third countries

(103) During the investigation period, only imports originating in one of the third countries had a share of the Community market greater than 2 %, i.e. Norway. Nevertheless, even if these imports were above 2 % during the investigation period, it has been found that no significant production for hairbrushes exists in Norway. Therefore, it is highly likely that imports from this country actually originate in one of the countries concerned by the current proceeding, more in particular in China, given the overall strong market position of this country.

(104) As to average prices of imports from Norway, they do not seem to be reliable, since these prices differ significantly, in particular in 1998 and during the investigation period, from the average prices of hairbrushes originating in any of the countries concerned or in any of the other third countries.

(105) As regards imports originating in Hong Kong, it was found during the investigation that exports of hairbrushes to the Community originating in this country were below *de minimis* level during the investigation period.

(106) Finally, the market share of imports originating in third countries other than Norway and Hong Kong has steadily decreased between 1996 and the investigation period, i.e. from 3 % to 2,23 %, and their average prices during the same period have remained at levels which were higher than those of the imports originating in the countries concerned.

Competitiveness and export performance of the Community industry

(107) In relation to the competitiveness and productivity of the Community industry, it has been established that the Community industry has tried to maintain its production and sales levels between 1996 and the investigation period. It has stopped production and sales of certain product models, in favour of some others in order to maintain a certain level of sales and competitiveness.

(108) Between 1996 and the investigation period, the Community industry has furthermore maintained a stable level of sales in export markets where it was likewise in direct competition with the exporting producers concerned, such as in the US and Japanese market, where demand exists for high quality products manufactured by the Community industry.

4. **Conclusions on causation**

(109) The negative situation of the Community industry coincided with an increase in the imports from the countries concerned and a substantial price undercutting by these imports.

(110) Given the particularly strong position of the imports concerned, no other factors have been identified which could have contributed to the injury suffered by the Community industry. In particular, as concerns the other Community producers, given that their production, sales volume and market share have decreased between 1996 and the investigation period, they did not contribute to the injury suffered by the Community industry. As to imports from other third countries, in view of their market share during the investigation period which was very low in relation to that of the imports concerned, and also in view of their average prices which seemed to be higher than those of the imports concerned during the investigation period, it must be ruled out that these imports have caused injury to the Community industry.

(111) It is therefore provisionally concluded that the material injury suffered by the Community industry has been caused by imports of hairbrushes originating in the four countries concerned.

H. **COMMUNITY INTEREST**

(112) In order to assess the Community interest, the Commission carried out an investigation into the likely effects of the imposition/non-imposition of anti-dumping measures on the economic operators concerned. Specific questionnaires were sent to a number of interested parties which were deemed to be directly concerned by the product subject to the investigation, namely suppliers of raw materials for hairbrushes, unrelated importers and traders dealing with the product concerned. The Bureau européen des unions de consommateurs, i.e. the European consumers association (hereinafter referred to as 'BEUC') was likewise invited to comment.

1. **The Community industry**

Structure of the Community industry

(113) The Community industry is mainly composed of small and medium-sized companies. The production process is highly automated and capital intensive. Substantial economies of scales are achieved when manufacturing large volumes of the same model.

(114) Hairbrushes are a consumer product with a large variety of models. Although some models of hairbrushes have been manufactured for many years, this product is also subject to fashion changes and to demand for limited quantities only, in niche areas of the market, such as specialised products for hairdressers and luxury products.

(115) The last years have seen a significant restructuring of the Community industry, due to the fact that some companies decided to stop completely or to reduce manufacturing of hairbrushes. Some companies were taken over, whereas some others replaced their own production with imports, mainly from the countries concerned.

Viability of the Community industry

(116) In spite of the finding of material injury, the Community industry appears to be viable and competitive. This provisional assessment is based on an appreciation of the following elements:

Restructuring: it is important to note that the Community industry has rationalised its production and modernised its machinery as it was found for the sampled Community producers, thus it has even increased its production capacity by rendering the existing plants more efficient.

Degree of development of new products: Community producers have developed new models of hairbrushes in order to remain in the business by offering new products where competition from third countries is initially very low.

Export performance: exports of the product concerned by the Community industry have remained relatively stable at around 7 million units between 1996 and the investigation period.

Possible effects of taking measures

(117) It can be expected that, firstly, the Community industry will increase its share of the Community market as a consequence of the imposition of anti-dumping measures. This is fully supported by the existence of a significant production capacity. Secondly, as it can be expected that the utilisation of the capacity will increase, this will lead to an increase in production, which in turn will allow the Community producers to reduce unit costs. Concerning prices, it can be expected that prices will moderately increase, although not in parallel to any anti-dumping duty. In conclusion it is expected that the increase in production and sales, on the one hand, and the decrease in unit costs, on the other hand, will allow Community producers to regain profitability.

Possible effects of not taking measures

(118) If measures are not taken, it is expected that the downward trend observed for the period between 1996 and the investigation period will continue. In this respect, a further erosion of the economic situation of the Community industry, and more in particular of its sales volume and market position would endanger this activity with the likely result of company closures and job losses. Information provided by the sampled Community producers indicate that the economic situation over the past years has been sustained with an effort to become competitive again and to regain market share. Should the present situation continue in the future, it is expected that the companies would not be able to remain present in the sector.

(119) As the workforce for hairbrushes is being reduced, the skilled staff is no longer replaced and the expertise linked to the manufacturing of this product would disappear. Furthermore, the pressure on the market to manufacture lower-priced products leads to the use of low-cost raw materials, i.e. at the expense of the quality. This situation is particularly prejudicial for the Community industry which has enjoyed a worldwide reputation in this sector for many years and has therefore continued to use raw materials of high quality although trying to offer its products at competitive prices.

2. **Suppliers of raw material for hairbrushes**

(120) Community interest questionnaires were sent to more than 20 suppliers of raw materials for hairbrushes, i.e. bristles, wood, plastic, synthetic fibres, etc., which mainly sell to the Community industry but also to some of the exporting producers. Only one supplier cooperated in the investigation.

(121) The investigation has shown that there are two different kinds of suppliers of raw materials for hairbrushes. There are, on the one hand, large companies for which the delivery of raw material for hairbrushes does not represent a significant portion of their total activity which consider that they are not concerned by the current proceeding. On the other hand, there are small and medium-sized companies which claimed not to have the resources to reply to the questionnaire.

(122) The effect of any anti-dumping duties on these suppliers of raw materials will be different. For the first category of suppliers, any anti-dumping measures on hairbrushes will most likely not have any impact as reflected by the lack of cooperation in the investigation. Nevertheless, should anti-dumping measures be imposed, a positive impact of the measures may be expected for those suppliers belonging to the group of small and medium-sized companies for which hairbrushes do represent an important part of their activity.

3. **Unrelated importers and traders in the Community**

(123) As regards the unrelated importers and traders of hairbrushes in the Community, more than 30 questionnaires were sent to these companies. Limited cooperation was obtained from unrelated importers of the product concerned in the Community. Indeed, only nine replies were received, some of them being incomplete.

(124) For these companies, no employment or any significant investment were directly related to the product concerned. Indeed, as regards the unrelated importers, the investigation has shown that none of these importers deals exclusively with the product concerned but also with a number of other products. As to traders, most of these companies are big stores, supermarket chains, etc., for which the product concerned represents a minimum part of their activity only.

(125) Furthermore, in view of the substantial number of sources of supply on this market, any price increase due to any anti-dumping measures is likely to be moderate and thus carried over to the customers of the importers and traders. Furthermore, the cost increases for some of the importers, which import hairbrushes from exporting producers with low dumping margins, will be relatively small so that these importers and traders will not face a significant threat to their business.

(126) The above justifies the provisional conclusion that anti-dumping measures, if any, will most likely not have a decisive impact on the unrelated importers, and this especially since they do not deal exclusively with the product concerned but with a wide range of products.

4. **Consumers**

(127) BEUC did not cooperate and did not submit any comments, although expressly invited to do so. Nevertheless, in order to evaluate the possible impact of anti-dumping duties on consumers, the following factors have been taken into account.

(128) On the assumption that exporting producers subject to high anti-dumping duties would discontinue their exports to the Community market because their products are not of such quality and performance that they can compete with the products of the Community industry and those of the other exporting producers at fair prices, they could be replaced by exports from the countries concerned subject to lower duties. In this respect it should be noted that the average anti-dumping duty for the remaining known exporting producers would be moderate. In addition, experience shows that in a case like the present where the trade has high mark-ups, the amount of the duties paid will not be passed over mechanically to the consumers. Furthermore, the consumer purchases may shift to products manufactured by the Community industry.

(129) Given the level of the duty rates proposed for a number of the exporting producers concerned, the high number of competing producers in the Community, and the existence of imports from other third countries, it is also unlikely that the measures would lead to an overall price increase for hairbrushes in the Community.

5. **Competition and trade distorting effects**

(130) With respect to the effects of possible measures on competition in the Community, it appears likely that a number of the exporting producers concerned will continue to sell their models albeit at non-injurious prices, as they have a strong market position. Therefore, there will be still a considerable number of competitors on the market, and, as stated above, in view of the large number of producers in the Community and imports from other third countries, as well as the transparency of the market, users will continue to have the choice of different suppliers of the product concerned at reasonable prices.

(131) On the basis of the above, it is therefore concluded that competition will most likely remain strong after the imposition of anti-dumping measures. There will be an important number of actors in the market which will be able to satisfy the demand, offering a wide range of product models. Thus, the imposition of any anti-dumping duties is unlikely to significantly limit the choice of the consumer or weaken competition.

6. **Conclusion on Community interest**

(132) Given the above reasons, it is considered that there are no compelling reasons against the imposition of anti-dumping duties.

I. **PROPOSED MEASURES**

1. **Injury elimination level**

(133) In view of the conclusions reached a with regard to dumping, injury, causation and Community interest, provisional measures should be taken in order to prevent further injury being caused to the Community industry by the dumped imports.

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

(135) In order to establish the level of the duty adequate to remove the injury caused by dumping, it is first necessary to consider a reasonable minimum pre-tax profit required by the Community producers in order to remain competitive. It has been found that a profit margin of 5 % constitutes an appropriate minimum, taking into account the need for long-term investments. This level of profits is also the one that the Community industry could reasonably be expected to make in the absence of injurious dumping.

(136) The necessary price increase was then determined on the basis of a comparison of the weighted average import price, as established for the undercutting determinations above, with the non-injurious price of the different models sold by the Community industry on the Community market. The non-injurious price has been obtained by deducting from the sales price of the Community industry its average actual profit and by adding the abovementioned profit margin of 5 %. Any difference resulting from this comparison was then expressed as a percentage of the total cif import value, and these differences were in all cases above the dumping margins found.

2. **Proposed provisional anti-dumping duty**

(137) As explained above, in all cases the injury elimination levels were higher than the dumping margins found. In conformity with Article 7(2) of the basic Regulation, the provisional duty imposed should correspond to the lower margin, i.e. the dumping margin.

(138) With respect to the non-cooperating exporting producers in China, in order to ensure the efficiency of the measures, given the extremely low degree of cooperation, it is considered appropriate to impose an anti-dumping duty in the form of a specific amount per unit amounting to EUR 0,55 per unit.

(139) The individual company anti-dumping duty rates specified in this Regulation were established on the basis of the findings of the present investigation. Therefore, they reflect the situation found during that investigation with respect to these companies. These duty rates (as opposed to the country-wide duty applicable to 'all other companies') are thus exclusively applicable to imports of products originating in the country concerned and produced by the companies and thus by the specific legal entities mentioned. Imported products produced by any other company not specifically mentioned in the operative part of this Regulation with its name and address, including entities related to those specifically mentioned, cannot benefit from these rates and shall be subject to the duty rate applicable to 'all other companies'.

(140) Any claim requesting the application of these individual company anti-dumping duty rates (e.g. following a change in the name of the entity or following the setting up of new production or sales entities) should be addressed to the Commission [1] forthwith with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with e.g. that name change or that change in the production and sales entities. The Commission, if appropriate, will, after consultation of the Advisory Committee, amend the Regulation accordingly by updating the list of companies benefiting from individual duty rates.

J. **FINAL PROVISION**

(141) In the interests of sound administration, a period should be fixed within which the interested parties may make their views known in writing and request a hearing. Furthermore, it should be stated that the findings made for the purposes of this Regulation are provisional and may have to be reconsidered for the purposes of any definitive measures,

[1] European Commission
Trade Directorate-General
Directorate C
DM 24 — 8/38
Rue de la Loi/Wetstraat 200
B-1049 Brussels.

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of hairbrushes currently classifiable within CN code 9603 29 30 originating in the People's Republic of China, the Republic of Korea, Taiwan and Thailand.

Country/company	Rate of anti-dumping duty	TARIC additional code
China		
Kai Fat Brush Factory Ltd	48,2 %	A134
Lee Chung Kee Plastic Brush Factory Ltd	48,2 %	A135
Long Sure Industries Ltd	48,2 %	A136
Lung Tain (Brothers) Company Ltd	48,2 %	A137
National Brushes & Plastic Manufactory Ltd	48,2 %	A138
Ningbo Kai Fat Brush Co. Ltd	48,2 %	A139
Yang Hau (Xiamen) Home Product Ltd	48,2 %	A140
All other companies	EUR 0,55 per unit	8900
Korea		
Kumduk Brush Co., Inc.	19,5 %	A141
Kyung Sung Plastic & Brushes Co.	5,0 %	A142
Seodoo Industrial Co.	12,9 %	A143
All other companies	42,6 %	8900
Taiwan		
Tong Fong Brush Factory Co. Ltd	3,1 %	A144
All other companies	11,9 %	8900
Thailand		
All companies	48,4 %	

2. The proceeding concerning imports of hairbrushes originating in Hong Kong shall be terminated.

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

Without prejudice to Article 20 of Regulation (EC) No 384/96, the interested parties may make known their views in writing and apply to be heard orally by the Commission within one month 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*.

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, 8 May 2000.

For the Commission

Pascal LAMY

Member of the Commission