

Proposal for a Council Regulation confirming the definitive anti-dumping duty imposed on imports of cotton-type bed linen originating in India by Regulation (EC) No 2398/97, as amended and suspended by Council Regulation (EC) No 1644/2001

(2002/C 203 E/07)

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(Submitted by the Commission on 9 April 2002)

THE COUNCIL OF THE EUROPEAN UNION,

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⁾ ('the basic Regulation'),

Having regard to the proposal made by the Commission after consultation of the Advisory Committee,

Whereas:

A. EXISTING MEASURES

- (1) The Council, by Regulation (EC) No 2398/97 of 28 November 1997 ⁽²⁾ imposed a definitive anti-dumping duty on imports of cotton-type bed linen originating in Egypt, India and Pakistan ('definitive Regulation'). The definitive Regulation was preceded by Commission Regulation (EC) No 1069/97 ⁽³⁾ imposing a provisional anti-dumping duty on imports of bed linen originating in Egypt, India and Pakistan ('provisional Regulation').

On 12 March 2001, the Dispute Settlement Body of the World Trade Organisation ('WTO') adopted an Appellate Body report and a panel report as modified by the Appellate Body report on the case 'European Communities — anti-dumping duties on imports of cotton-type bed linen from India' ('Reports') ⁽⁴⁾.

It is recalled that following the adoption of these Reports, the definitive Regulation was amended by Council Regu-

lation (EC) No 1644/2001 ⁽⁵⁾, imposing a definitive anti-dumping duty on imports of bed linen originating in Egypt, India and Pakistan and suspending its application with regard to imports originating in India. The definitive Regulation was last amended by Council Regulation (EC) No 160/2002 ⁽⁶⁾, which suspended the application of the anti-dumping duty with regard to imports originating in Egypt and terminated the proceeding with regard to Pakistan. In accordance with Article 1(2) of Council Regulation (EC) No 160/2002, the anti-dumping duty on imports of bed linen originating in Egypt subsequently expired on 28 February 2002 since no review request was received by the Commission within the deadlines foreseen in that Regulation.

B. RE-ASSESSMENT OF FINDINGS

1. Preliminary remark

- (2) Further to a duly documented request submitted by the Committee of the Cotton and allied textile Industries of the European Communities (EUROCOTON), the complainant in the original investigation, the Commission initiated a review concerning dumping only, in accordance with Article 11(3) of the basic Regulation. The notice of initiation was published on 13 February 2002 ⁽⁷⁾ and the application of the anti-dumping duty remains suspended pending the outcome of the review investigation pursuant to Article 2(2) of Regulation (EC) No 1644/2001.
- (3) In view of the fact that the proceeding has been terminated with regard to imports originating in Pakistan and that measures concerning imports originating in Egypt expired on 28 February 2002, it is now considered appropriate to re-assess the findings. The re-assessment is limited to the determination of injury and causal link to the extent that this determination was previously based on an examination of the joint impact of imports from India, Egypt and Pakistan.
- (4) It is recalled that the investigation of dumping covered the period from 1 July 1995 to 30 June 1996 ('IP'). The investigation relating to the parameters relevant in the context of injury covered the period from 1 January 1992 up to the end of the IP (30 June 1996). This period will be referred to as 'the period considered'.

⁽¹⁾ OJ L 56, 6.3.1996, p. 1. Regulation as last amended by Regulation (EC) No 2238/2000 (OJ L 257, 11.10.2000, p. 2).

⁽²⁾ OJ L 332, 4.12.1997 p. 1.

⁽³⁾ OJ L 156, 13.6.1997, p. 11.

⁽⁴⁾ Document WT/DS141/9 of 22 March 2001.

⁽⁵⁾ OJ L 219, 14.8.2001, p. 1.

⁽⁶⁾ OJ L 26, 30.1.2002, p. 1.

⁽⁷⁾ OJ C 39, 13.2.2002, p. 17.

2. Injury

2.1. Volume, market share and prices of the imports from India

- (5) The table shows how imports from India, taken in isolation, developed during the period considered.

| Imports (tonnes) | 1992 | 1993 | 1994 | 1995 | IP |
|------------------|--------|--------|--------|--------|--------|
| India (Volume) | 11 845 | 12 424 | 13 113 | 17 998 | 18 428 |
| Index | 100 | 105 | 111 | 152 | 156 |
| Market share | 5,9 % | 6,4 % | 6,8 % | 9,5 % | 9,9 % |
| ECU/Kg | 5,53 | 6,05 | 6,57 | 5,10 | 4,94 |
| Eurostat | | | | | |
| Index | 100 | | | | |
| Index 1993-IP | | 106 | 119 | 92 | 89 |
| Index 1994-IP | | 100 | 109 | 84 | 82 |
| | | | 100 | 78 | 75 |

- (6) Imports from India taken in isolation increased from 11 845 tonnes in 1992 to 18 428 tonnes during the IP, i.e. an increase of 56 % or of 6 583 tonnes during the period considered.
- (7) If the imports from exporters found not to have dumped are excluded, the increase in volume of dumped imports from India remains significant. In the case of such exclusion, the dumped imports rose from 10 232 tonnes in 1992 to 15 816 tonnes during IP, namely an increase of 55 % or 5 584 tonnes. Their market share had increased by 66 % during the period considered and still represented 8,5 % of the Community market during the IP.
- (8) It is worth noting that imports from India grew most in the period from 1994 to the IP (+ 5 315 tonnes and + 3,1 percentage points market share growth; 5 058 tonnes and + 2,9 percentage points market share growth if the imports from Indian exporters found not to have dumped are excluded). This development of dumped imports coincided with a fall in consumption by 4 % or by 7 849 tonnes on the Community market.
- (9) Furthermore, the above table shows that prices of Indian bed linen had significantly decreased during the period considered. For instance, average prices decreased by 18 % in the period from 1993 to the IP and by 25 % between 1994 and the IP. The trends in sales prices are not significantly different if the imports from the Indian exporters found not to have dumped are excluded.

- (10) During the IP, the level of undercutting of the dumped imports originating in India ranged from 13,8 % to 40,8 %, expressed as percentages of the adjusted average prices of the Community industry. Undercutting also remains significant if imports from the exporters found not to have dumped are excluded (see recital (24) of Regulation (EC) No 1644/2001). The weighted average undercutting margin is around 19 %.

2.2. Situation of the Community industry

- (11) It is recalled that the situation of the Community industry was analysed in recitals (81) to (91) of the provisional Regulation as well as recitals (40) and (41) of the definitive Regulation. As shown in recitals (25) to (47) of Regulation (EC) No 1644/2001 all factors listed in Article 3(5) of the basic Regulation were analysed.

2.2.1. Growth

- (12) The growth of the Community industry was particularly negative between 1994 and the IP in terms of sales volume (- 1 173 tonnes). The growth in market share was very limited in the same period (+ 0,2 percentage points) and was even negative between 1995 and the IP. At the same time, the growth of market share of low-priced imports from India remained always positive and was significant. Between 1994 and the IP, Indian imports increased by 40,5 % or 5 315 tonnes (47 % or 5 058 tonnes if imports from the Indian exporting producers found not to have dumped are excluded) and the growth in market share was as high as 3,1 percentage points (2,9 percentage points) during the same period.

2.2.2. Factors affecting Community prices

- (13) When evaluating factors affecting domestic prices the analysis focussed primarily on the contraction of demand and raw cotton prices.
- (14) The investigation clearly showed that the gap left by Community factory closures and the fall in imports from certain other third countries during the period considered was filled to an appreciated extent by imports from India, of which most were found to be dumped. Given that the prices of the dumped imports from India were amongst the lowest of all the operators selling bed linen on the Community market it is concluded that the contraction of demand in itself did not have an overriding impact on prices, notably those of the Community industry.
- (15) The price of raw cotton, which can represent up to 15 % of the total cost of bed linen, increased significantly during the period considered. Normally, in fair market conditions, producers should have been able to pass on this cost increase to customers. The investigation has shown that the Community industry was not able to do so in this case.

(16) It is also noted that as described in recitals (9) and (10) above the investigation also established that prices of the imports concerned decreased considerably and that there was significant price undercutting by Indian exporting producers. Indian prices declined by up to 18 % and undercutting margins ranging from 13,8 % to 40,8 % were found to exist.

(17) Furthermore, between 1994 and the IP, the volume of imports from India increased the most: 5 315 tonnes (5 058 tonnes excluding the imports which were not made at dumped prices) and 3,1 percentage points growth in market share (2,9 percentage points). These imports represented 34 % of the Community industry's sales volume in 1994 and over 50 % during the IP.

2.2.3. Magnitude of the actual margin of dumping

(18) As concerns the impact on the Community industry of the magnitude of the actual margin of dumping, given the volume and the prices of the imports originating in India, this impact cannot be considered as negligible. Indeed, as outlined in recital (8) above, Indian imports increased significantly in absolute and in relative terms. They represented 33 % of the Community industry's sales volume in 1992 and over 50 % during the IP (respectively 28 % and 43 % if the imports from Indian exporters found not to have dumped are excluded).

(19) The Association of Indian exporters argued that where the dumping margins are much lower than the undercutting or underselling margins, the injury suffered by the Community industry must be due to other factors. Whilst it is noted that individual dumping margins and the weighted average dumping margin found for India are lower than the undercutting margins. However, the dumping margins found are still distinctly above *de minimis* levels. Indeed, at least one third of the undercutting would have disappeared if the imports from India had not been dumped and this would have made products from India clearly less attractive.

2.3. Conclusion on injury

(20) It follows from the reassessment carried out above that imports from India increased by 56 % or by 6 583 tonnes from 1992 to the IP, and their market share by 67 % (55 % or by 5 584 tonnes excluding the imports which were not made at dumped prices). If only dumped imports are taken into consideration, they increased by 3,4 percentage points in terms of market share and represented 8,5 % of the Community market during the IP. The increase in absolute and relative terms therefore remains significant, even if the imports from Indian exporters found not to have dumped are excluded. Moreover, average prices of Indian bed linen declined by up to 18 % during the period considered and undercutting by

dumped imports was established on average at 19 % during the IP.

(21) Based on the above, it is concluded that the Community has suffered material injury.

3. Causation

3.1. Introduction

(22) Based on the above findings, the causal link analysis set out in recitals (54) to (58), of Regulation (EC) No 1644/2000 as well as in (100) and (101) of the provisional Regulation should likewise be re-assessed.

3.2. Effect of the dumped imports from India

(23) As shown in recitals (5) to (8) above, imports from India significantly increased by 6 583 tonnes in absolute terms and by 56 % in percentage terms (if the imports from the Indian exporters found not to be dumping are excluded, the volume increase would be 5 584 tonnes, meaning a percentage terms increase of 55 %). The market share held by these imports increased during the period considered from 5,9 % to 9,9 %, namely by 4,0 percentage points (5,1 % to 8,5 %, namely 3,4 percentage points if the imports from the Indian exporting producers found not to have dumped are excluded). During the IP, the weighted average undercutting margin (excluding the imports from the non-dumping Indian exporters) was established at around 19 %.

(24) During the period considered sales by the Community industry slightly increased by 348 tonnes and the Community industry's market share increased from 18,1 % to 19,7 %, namely by 1,6 percentage points. This has to be seen in the light of the fact that the Community industry managed to shift production and sales to higher value added products in order to maintain production and sales levels. Overall, this led to cost increases not covered by price increases. Indeed, the investigation showed that the Community industry's weighted average sales price remained by and large stable.

(25) It is also recalled that the market for bed linen is characterised by transparency and a certain product substitutability (recital (97) of the provisional Regulation). Large Community purchasers of bed linen, whose orders can ensure a high level of production capacity utilisation and therefore some economy of scale, are very sensitive to prices. On this basis, it can be concluded that the low prices of the Indian exporting producers concerned, which were of the lowest available on the Community market, coupled with their substantial and increasing market share, have exercised continuous downward pressure on the prices on the Community market.

- (26) As stated in recital (17) above it should further be noted that during the period 1994-IP the volume of imports from India increased the most, namely by 41 % or by 5 315 tonnes (47 % or 5 058 tonnes if the imports from the Indian exporting producers found not to have dumped are excluded). During that period, the market share of Indian imports increased by 3,1 percentage points (2,9 percentage points). It is recalled that the investigation showed that it was during that period that the financial situation of the Community industry deteriorated the most: in particular, profit fell by 1,4 percentage points and the return on investments by 7 percentage points.

As stated in recital (99) of the provisional Regulation, price suppression and consequent decreasing profitability (and the corresponding development of cash flow and return on investment) were the main indicators to conclude that the Community industry suffered material injury. In view of the coincidence in time between the significant increase in the low-priced dumped imports originating in India and the deterioration of the financial situation of the Community industry, it is confirmed that there was a direct link between these imports and the material injury found.

3.3. Effects of other factors

3.3.1. Preliminary remarks

- (27) It should be recalled that the analysis set out in Regulation (EC) No 1644/2001 of the effects of factors other than dumped imports on the state of the Community industry confirmed the causal link between dumped imports originating in India, Egypt and Pakistan and the material injury found (recital (69) of Regulation (EC) 1644/2001). This analysis included an analysis of imports from other third countries not subject to measures, which obviously did not cover imports from Egypt and Pakistan. Given the termination of the proceeding with regard to imports originating in Pakistan (recital (13) of Regulation (EC) No 160/2002) and the expiry of the measures with regard to Egypt, the re-assessment of the effect of imports of bed linen from other third countries covers all imports other than Indian including those from Egypt and Pakistan.
- (28) In addition, it is important to ensure that the injurious effects of imports from third countries not concerned, including those from Egypt and Pakistan, are not attributed to Indian imports taken in isolation. Therefore, a separate assessment and a distinction between the injurious effects of those imports were carried out.

- (29) From the outset, the nature of the injury suffered by the Community industry, namely price suppression and declining and inadequate profitability which caused financial losses, should be underlined.

3.3.2. Effect of imports from third countries

- (30) Firstly, it should be recalled that the impact of imports of bed linen from third countries excluding India, Egypt and Pakistan was analysed in recitals (100) and (101) of the provisional Regulation. It was found that these imports originated from a wide range of third countries with very limited market shares. As shown in the table below, during the IP, market shares of the most relevant third countries were: Turkey (4 %), Poland (2,4 %), Thailand (1,5 %), China (1,1 %) and Romania (1,7 %). All the other third countries had a market share below 1 % of Community consumption.

| Imports from third countries not originally concerned (Eurostat) | 1992 | 1993 | 1994 | 1995 | IP |
|--|--------|-------|-------|-------|-------|
| Turkey | | | | | |
| Market share | 4,2 % | 3,6 % | 3,1 % | 3,6 % | 4 % |
| Price ECU/KG | 6,7 | 7,1 | 7,6 | 8,1 | 7,9 |
| Poland | | | | | |
| Market share | 0,5 % | 0,9 % | 1,4 % | 2,2 % | 2,4 % |
| Price ECU/KG | 7,2 | 7,2 | 7,5 | 8,3 | 8,4 |
| Thailand | | | | | |
| Market share | 2,1 % | 1,6 % | 2,2 % | 1,8 % | 1,5 % |
| Price ECU/KG | 5,0 | 5,4 | 4,9 | 5,1 | 5,3 |
| China | | | | | |
| Market share | 0,9 % | 1,2 % | 1,4 % | 1,3 % | 1,1 % |
| Price ECU/KG | 10,0 | 9,5 | 9,1 | 9,2 | 9,7 |
| Romania | | | | | |
| Market share | 0,3 % | 0,2 % | 0,7 % | 1,0 % | 1,7 % |
| Price ECU/KG | 6,7 | 4,9 | 5,1 | 5,6 | 5,8 |
| Other third countries with low Market Share | 12,9 % | 9,8 % | 7,7 % | 4,5 % | 4,4 % |
| Price ECU/KG | 6,0 | 6,6 | 11,6 | 14,9 | 14,7 |

- (31) The analysis shows that Thailand, whose import price was 7 % higher than that of India, had the lowest level of prices of all the above third countries. However, the market share of Thailand (1,5 %) is just 15 % of the market share of India alone. All the other third country exporters sold their bed linen on the Community market at prices significantly above the prices of the Indian and Egyptian exporting producers. It follows from the foregoing that most of the above imports were undercut by imports from India, Egypt and even in some instances from Pakistan.
- (32) As stated in recital (101) of the provisional Regulation, the cheap imports from third countries other than Egypt and Pakistan, which undercut the Community industry prices, could also have contributed to the injury suffered by the Community industry. However, given their limited market share and the level of their sales price, the consequent impact on the Community market, if any, is considered to be negligible.
- (33) Secondly, imports attributable to Pakistani and Egyptian exporting producers were analysed in the context of the assessment of the impact of other imports into the Community originating in countries which were not under investigation. Overall, imports of bed linen from third countries including those from Egypt and Pakistan developed as follows:

| Imports all other third countries | 1992 | 1993 | 1994 | 1995 | IP |
|-----------------------------------|--------|--------|--------|--------|--------|
| Volume (tonnes) | 63 694 | 65 094 | 67 552 | 65 473 | 64 078 |
| Index | 100 | 102 | 106 | 103 | 101 |
| Price ECU/KG | 6,0 | 6,1 | 6,3 | 6,5 | 6,7 |
| Index | 100 | 102 | 105 | 108 | 111 |
| Market share | 31,9 % | 33,5 % | 34,9 % | 34,6 % | 34,5 % |
| Index | 100 | 105 | 109 | 109 | 108 |

- (34) As shown in the table above the volume of imports from all other third countries slightly increased by 1 % or by 384 tonnes over the period considered. Thus, as compared to the findings set out in the provisional Regulation, which showed an overall decreasing trend during the period considered, imports from these other countries increased by 6 % up to 1994 and subsequently decreased by 5 %. At the end of the period considered, their volume was roughly at the same level as at the beginning. The aforementioned change in findings is also reflected in the market share. Their market share increased by 8 % or by 2,6 percentage points during the same period.
- (35) It should be noted that in the most recent period prior to the IP, namely from 1994 up to the end of the IP, when the economic situation of the Community industry

developed most negatively, imports from other third countries also followed a negative trend: their volume decreased by 5 % or by 3 474 tonnes and they also lost market share. The average price however continuously increased.

- (36) It should be noted that the findings made in recitals (100) and (101) of the provisional Regulation concerning the trends in volume and average import price of other third countries are not overall altered by the inclusion of imports from Egypt and Pakistan. It is recalled that Pakistan is by far the largest exporting country amongst those 'other third countries' and average import prices rose consistently during the period considered. Moreover, during the IP, prices of sampled Pakistani producers were in many instances higher than those of imports from sampled exporting producers from India.
- (37) Thirdly and for the sake of completeness, the information available on imports of bed linen originating in Egypt and Pakistan is given below and analysed separately in order to distinguish the injurious effects of these third countries' imports from the injurious effects of dumped imports from India:

| Egypt | 1992 | 1993 | 1994 | 1995 | IP |
|-----------------|-------|-------|-------|-------|-------|
| Volume (tonnes) | 1 759 | 2 428 | 4 319 | 5 974 | 6 714 |
| Index | 100 | 142 | 246 | 340 | 382 |
| Market share | 0,9 % | 1,2 % | 2,2 % | 3,2 % | 3,6 % |
| Index | 100 | 142 | 253 | 359 | 410 |
| ECU/Kg | 4,38 | 4,46 | 4,16 | 4,21 | 4,28 |
| Eurostat | | | | | |
| Index | 100 | 102 | 95 | 96 | 98 |
| Index 1993-IP | | 100 | 93 | 94 | 96 |
| Index 1994-IP | | | 100 | 101 | 103 |

| Pakistan | 1992 | 1993 | 1994 | 1995 | IP |
|-----------------|--------|--------|--------|--------|--------|
| Volume (tonnes) | 20 221 | 21 874 | 18 925 | 21 438 | 21 514 |
| Index | 100 | 111 | 94 | 106 | 106 |
| Market share | 10,1 % | 11,2 % | 9,8 % | 11,3 % | 11,6 % |
| Index | 100 | 111 | 97 | 112 | 114 |
| ECU/Kg | 5,64 | 5,73 | 6,15 | 6,11 | 6,03 |
| Eurostat | | | | | |
| Index | 100 | 102 | 109 | 108 | 107 |
| Index 1993-IP | | 100 | 107 | 107 | 105 |
| Index 1994-IP | | | 100 | 99 | 98 |

- (38) The evolution of imports from Egypt and Pakistan contrasts with imports from India, the development of which is shown in recitals (5) to (7) above. Their combined volume was always higher than the volume of imports from India alone. However, while the volume of imports from India increased significantly both in absolute and in relative terms during the period considered, the volume of imports from Pakistan remained by and large stable during that period. The volume of imports from Egypt increased both in absolute and in relative terms but at the end of the period considered it remained still far below the Indian levels.
- (39) As far as prices are concerned, according to Eurostat import statistics it emerged that whilst prices of Egyptian imports, which represented a fairly small market share as compared to Pakistan and India, had slightly decreased by 2 % during the period considered, Pakistani prices had risen (see recital (80) of the provisional Regulation). Moreover, Pakistani prices are on average higher than Indian prices. Furthermore, during the IP and based on data collected from sampled companies on similar types of bed linen it was found that in many instances and for large quantities, Pakistani products were sold at prices higher than those charged by Indian exporting producers.
- (40) Based on Eurostat import statistics it emerged that in 1994 Indian prices were on average 7 % higher than Pakistani prices, but the trend significantly reversed during the IP and Indian prices became on average 18 % lower. This also means that in the period from 1994 to the IP Pakistani prices had decreased by 2 % whereas Indian prices decreased by as much as 25 %. In the same period, Egyptian prices had increased by 3 % on average.
- (41) It is in the most recent part of the period considered, namely between 1994 and the IP, that Indian exporting producers gained most of the volume and market shares (see recitals (17) and (26) above). This period coincided with the deterioration of the financial situation of the Community industry.
- (42) Low-priced Indian imports represented overall more than 50 % of the Community industry's sales during the IP and price undercutting by exporting producers located in that country was significant (see recitals (10) and (18) above). Between 1993 to the IP, Indian prices, which were amongst the lowest of all the operators present on the price-sensitive Community market, had decreased by 18 %. Indian prices had decreased by 25 % in the period from 1994 to the IP when the financial situation of the Community industry developed most negatively.
- (43) When analysing the nature and extent of the injury caused by low-priced Indian imports on the Community market, it is necessary to take account of the dramatic increase of these imports as compared to Community industry's sales volume (see recital (18) above) and the negative trend in Indian sales prices during the period considered, as well as during the period from 1994 to the IP when, as mentioned, the deterioration of the situation of the Community was most marked. The impact of the increased volume and the trend in sales price described above on the state of the Community industry has also to be seen in the light of the transparency and the importance of prices in the bed linen market.
- (44) The separate analysis of the effects of the import volume from Egypt and Pakistan and the effect of these imports on prices in the Community market for bed linen, and the consequent effect on the Community industry, indicates that although these imports had a negative impact, the negative impact of the dumped imports from India taken in isolation were nonetheless substantial. This finding takes account of the nature of the material injury found and the increased volumes and the low level of prices offered on the Community market by Indian exporting producers.
- (45) As shown in recitals (5) to (10) above, imports from India continuously increased during the period considered. The table below shows the evolution of imports from Indian exporting producers not found to be dumping and their share in the total import of bed linen from India. The development of Indian imports thus remains significant even if imports made by Indian exporters found not to have dumped are excluded.

| Non dumped imports India | 1992 | 1993 | 1994 | 1995 | IP |
|-----------------------------|-------|-------|-------|-------|-------|
| Volume (tonnes) | 1 612 | 1 612 | 2 355 | 2 540 | 2 612 |
| Index | 100 | 100 | 146 | 158 | 162 |
| % of Indian imports | 16 % | 15 % | 22 % | 16 % | 17 % |

- (46) Finally, as shown above, bed linen from Indian exporting producers found not to have dumped was imported in limited quantities onto the Community market. These imports increased from 1 612 tonnes in 1992 to 2 611 tonnes during the IP. The information available also showed that prices for these imports had increased during the period considered. Therefore, even if these imports were to be included in the above analysis it would not reverse the trends as found in recital (34) above.

Based on the above, the conclusion reached in recital (44) is not altered if imports from Indian exporting producers found not to have dumped were included in the overall analysis of imports of bed linen from other third countries.

3.4. Conclusion on causation

- (47) Based on the reasoning in recitals (52) to (70) of Regulation (EC) No 1644/2001 and the above re-assessment of the findings it can clearly be seen that there is a direct link between the increase in volume and the price effect of dumped imports from India taken in isolation and the material injury suffered by the Community industry.
- (48) This link is demonstrated in particular by the degree of the increase in volume and market share of imports originating in India compared to other third country imports. This contributed to the suppression of sales prices and the deterioration of the Community industry's profitability from 3,6 % in 1992 to 1,6 % during the IP.
- (49) Furthermore, the analysis of the situation of the Community industry between 1994 and the IP and the imports of bed linen from India indicates a clear coincidence in time between the marked deterioration of the financial situation of the Community industry and the increase, in both relative and absolute terms, in low-priced and dumped imports originating in India.
- (50) Given the above analysis, it is considered that imports of bed linen originating in India had a significant negative impact on the situation of the Community industry and that the effect of other factors, notably imports from third countries including Pakistan and Egypt was not such as to alter the finding of a genuine and substantial relationship of cause of and effect between the dumped imports from India and the material injury suffered by the Community industry. Indeed, the injurious effect of Indian imports on the Community market was greater than any other factor towards the latter part of the period considered. During this period imports originating in India gained most of the volume and market shares, decreased in price by 25 %, and the financial situation of the Community

industry worsened considerably. Consequently, there is a causal link between the dumped imports from India and the material injury suffered by the Community industry.

C. GENERAL CONCLUSION

- (51) As a result, the amended definitive duty introduced and suspended by Regulation (EC) No 1644/2001 as regards imports of bed linen originating in India should be confirmed.
- (52) The Indian authorities, the Indian exporters and their association, all interested parties in the Community, in particular the Community industry, importers and users, received disclosure of the reassessed findings and were given an opportunity to comment and be heard. The oral and written comments submitted by these parties were considered but have not altered the conclusions reached in this Regulation.
- (53) Notwithstanding its confirmatory nature, in the interests of transparency and legal certainty, this Regulation should enter into force as soon as possible,

HAS ADOPTED THIS REGULATION:

Article 1

The definitive anti-dumping duty imposed on imports of cotton type bed linen originating in India by Article 1 of Regulation (EC) No 2398/97, as amended and suspended by Regulation (EC) No 1644/2001, is hereby confirmed.

Article 2

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

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