

COMMISSION REGULATION (EC) No 1129/2008

of 14 November 2008

imposing a provisional anti-dumping duty on imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China

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⁾ (the basic Regulation), and in particular Article 7 thereof,

After consulting the Advisory Committee,

Whereas:

Community producers known to be concerned 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. All interested parties who so requested and showed that there were particular reasons why they should be heard were granted a hearing.

(5) In order to allow exporting producers to submit a claim for market economy treatment (MET) or individual treatment (IT), if they so wished, the Commission sent claim forms to the Chinese exporting producers known to be concerned and to the authorities of the PRC. Eight exporting producers, including groups of related companies, requested MET pursuant to Article 2(7) of the basic Regulation, or IT should the investigation establish that they do not meet the conditions for MET.

A. PROCEDURE**1. Initiation**

(1) On 3 January 2008, the Commission received a complaint concerning imports of certain pre- and post-stressing wires and wire strands of non-alloy steel (PSC wires and strands) originating in the People's Republic of China (PRC) lodged pursuant to Article 5 of the basic Regulation by Eurostress Information Service (ESIS) (the complainant) on behalf of producers representing a major proportion, in this case more than 57 %, of the total Community production of PSC wires and strands.

(2) The complaint contained *prima facie* evidence of dumping and of material injury caused by such dumping which was considered sufficient to justify the opening of a proceeding.

(3) On 16 February 2008, a proceeding was initiated by the publication of a notice of initiation in the *Official Journal of the European Union* ⁽²⁾ (the 'notice of initiation').

(6) In view of the apparent high number of exporting producers in the PRC, importers and producers in the Community, the Commission indicated in the notice of initiation that sampling methods might be applied for the determination of dumping and injury, in accordance with Article 17 of the basic Regulation.

(7) In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, all exporting producers in the PRC, Community importers and Community producers were asked to make themselves known to the Commission and to provide, as specified in the notice of initiation, basic information on their activities related to the product concerned during the investigation period (1 January 2007 to 31 December 2007).

(8) Given the limited number of responses to the sampling exercise, it was decided that sampling was not necessary for Chinese exporting producers nor importers within the Community.

2. Parties concerned by the proceeding

(4) The Commission officially advised the exporting producers in the PRC, importers, traders, users and associations known to be concerned, the authorities of the PRC, the complainant Community producers and other

(9) With regard to the Community producers, given the number of responses received to the sampling exercise, the Commission decided to select a sample in accordance with Article 17 of the basic Regulation. This sample of seven companies located in seven Member States was based on the largest representative volume of production and sales of the Community industry which could be reasonably investigated within the time available.

⁽¹⁾ OJ L 56, 6.3.1996, p. 1.

⁽²⁾ OJ C 43, 16.2.2008, p. 9.

(10) Questionnaires were sent to all companies in the PRC and all users and importers in the Community who responded to the sampling exercise, and those Community producers selected for sampling and to all other parties known to be concerned. Replies were received from seven exporting producers and groups of exporting producers in the PRC, from all sampled producers in the Community, four importers and seven users. No questionnaire replies were received from other interested parties.

(11) The Commission sought and verified all the information deemed necessary for a determination of dumping, resulting injury and Community interest and carried out verifications at the premises of the following companies:

(a) *Producers in the Community*

- Carrington Wire Limited (Carrington), Elland, UK
- DWK Drahtwerk Koln GmbH, (DWK), Köln, Germany
- Fapricela — Indústria de Trefilaria, SA (Fapricela), Anca, Portugal
- Italcables, Spa (Italcables) Brescia, Italy
- Nedri Spanstaal, BV (Nedri), Venlo, Netherlands
- Tycsa — Trenzas y Cables de Acero PSC, S.L. (Tycsa), Santander, Spain
- Voestalpine Austria Draht, GMBH (Voestalpine), Brück, Austria

(b) *Exporting producers in the PRC*

- Hubei Fuxing Science and Technology Co. Ltd, Hubei
- Kiswire Qingdao, Ltd, Qingdao
- Liaoning Tongda Building Material Industry Co., Ltd, Liaoyang
- Ossen MaanShan Steel Wire and Co. Ltd, Maanshan, and Ossen Jiujiang Steel Wire Cable Co. Ltd, Jiujiang
- Silvery Dragon PC Steel Products Group Co., Ltd, Tianjin
- Tianjin Shengte Prestressed Concretes Steel Strand Co., Ltd, Tianjin
- Wuxi Jinyang Metal Products Co., Ltd, Jangyian

(c) *Importers in the Community*

- Ibercordones Pretensados SL, Madrid, Spain
- Megasteel LLP (Megasteel), Malmesbury, UK

(d) *Users in the Community*

- Tarmac Ltd (Tarmac), Wolverhampton, UK
- Vanguard Hormigon (Vanguard), Madrid, Spain.

(12) In view of the need to establish a normal value for exporting producers in the PRC to which MET might not be granted, a verification to establish normal value on the basis of data from an analogue country, Turkey in this case, took place at the premises of the following company:

Producer in Turkey

- Çelik Halat ve Tel Sanayii A.Ş., Izmit, Turkey.

3. Investigation period

(13) The investigation of dumping and injury covered the period from 1 January 2007 to 31 December 2007 ('investigation period' or 'IP'). The examination of the trends relevant for the assessment of injury covered the period from 1 January 2004 to the end of the investigation period (period considered).

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. Product concerned

(14) The product concerned is certain wire of non-alloy steel (not plated or not coated or plated or coated with zinc) and stranded wire of non-alloy steel (whether or not plated or coated), containing by weight 0,6 % or more of carbon, with a maximum cross-sectional dimension exceeding 3 mm, originating in the People's Republic of China (the product concerned), normally declared within CN codes ex 7217 10 90, ex 7217 20 90, ex 7312 10 61, ex 7312 10 65 and ex 7312 10 69. The products are commercially known as pre- or post-stressing wires and wire strands (PSC wires and strands).

(15) The most common applications for PSC wires and strands are for concrete reinforcement, for suspension elements and for stay-cable bridges. The product is made by drawing of wire of high carbon steel.

(16) The Community wire rope importers association requested that the product scope be reduced by excluding plated or coated strands, strands of more than seven wires, and strands of a diameter below 6,8 mm and above 15,7 mm on the grounds that the complainants would not suffer any material injury due to imports of these types of products since the market share represented by these types of products as a whole does not exceed 3 % of the total production in the Community. However, those product types cannot be excluded merely on the grounds that they represent a small share of the production. The investigation found that these and other types of the product concerned all share the same basic physical and technical characteristics and are basically used for the same purposes. Furthermore, depending on the producing company, the share in production of the types mentioned above can be substantially higher.

(17) It is therefore provisionally concluded that all types of PSC wires and strands as described in the notice of initiation constitute a single product for the purpose of this investigation.

2. Like product

(18) The investigation showed that the basic physical and technical characteristics of the PSC wires and strands produced and sold by the Community industry in the Community, PSC wires and strands produced and sold on the domestic market in Turkey, which served as an analogue country, and PSC wires and strands produced in the PRC and sold to the Community have essentially the same basic physical and technical characteristics and the same basic use.

(19) One Community importer claimed that it is currently importing an innovative product type (Spiral Ribbed Wire) which is not produced in the Community. This claim was investigated and it was found that:

— the imported product type and the Community produced PSC wires and strands shared the same or similar physical properties such as size, shape, volume, weight and presentation. The differences between the product types did not affect the basic characteristics of the product nor their perception by the user/consumer as a single product category,

— the imported product type and the Community produced PSC wires and strands were sold via similar or identical sales channels. Price information was readily available to buyers and the imported product type and the product of the Community producers competed mainly on price, and

— the imported product type and the Community produced PSC wires and strands both serve the same or similar end-uses.

(20) All the aforementioned PSC wires and strands are therefore considered to be alike within the meaning of Article 1(4) of the basic Regulation.

C. DUMPING

1. Application of Article 18 of the basic Regulation

(21) In the case of two exporting producers it was found that false and misleading information was provided in their Market Economy Treatment (MET) claims and during the inspection at their premises. One other exporting producer failed to reply to the anti-dumping questionnaire after the MET verification visit at the premises of the company.

(22) All three companies were informed about the proposed application of Article 18 of the basic Regulation and were given the opportunity to comment.

(23) Two of the companies that had provided false and misleading information failed to submit any decisive arguments or to provide evidence which might reverse the decision to apply this Article. The Commission therefore has considered it appropriate to reject the MET claims of these companies and base its findings on facts available.

(24) The third company did not react to the above disclosure. It was concluded that the company no longer wished to cooperate with the proceeding, and findings will therefore be based on facts available.

2. Market Economy Treatment (MET)

(25) Pursuant to Article 2(7)(b) of the basic Regulation, in anti-dumping investigations concerning imports originating in the PRC, normal value shall be determined in accordance with points 1 to 6 of the said Article for those producers which are found to meet the criteria laid down in Article 2(7)(c) of the basic Regulation.

(26) Briefly, and for ease of reference only, the MET criteria are set out in summarised form below:

(a) business decisions and costs are made in response to market signals and without significant State interference; costs of major inputs substantially reflect market values;

(b) firms have one clear set of basic accounting records which are independently audited in line with international accounting standards and are applied for all purposes;

- (c) there are no significant distortions carried over from the former non-market economy system;
- (d) bankruptcy and property laws guarantee legal certainty and stability;
- (e) exchange rate conversions are carried out at market rates.
- (27) Following the initiation of the proceeding, seven Chinese exporting producers requested MET pursuant to Article 2(7)(b) of the basic Regulation and replied to the MET claim form within the given deadline.
- (28) For three Chinese exporting producers, Article 18 of the basic Regulation had to be applied (see recitals 23 to 25 above), and therefore their claims for MET were rejected.
- (29) As regards the remaining four companies or groups of Chinese exporting producers, it was established that none of them met all five MET criteria.
- (30) The investigation established that one Chinese exporting producer could not show that it met criterion 3 as it was found that the price paid by the company for land-use rights did not substantially reflect market values and thus represented a significant distortion carried over from the former non-market economy system which influenced the company's financial situation.
- (31) After disclosure of the above findings, the company submitted that the low land-use price was a relatively small part of the cost of production and therefore criterion 3 should be considered as fulfilled. However, it is considered that the arbitrary valuation of land-use rights indicates that there are significant distortions carried over from the former non-market economy system. Therefore, in the absence of further evidence that the land-use price was representative for the market or that it was set according to business considerations, the argument is provisionally rejected.
- (32) A second company could not show that it met criteria 1 to 3. Firstly, its decisions regarding sales were not made in response to market signals reflecting supply and demand and without significant State interference. In particular, the company was found to benefit from an income tax reduction conditional upon exporting at least 70 % of the production. Secondly, the accounting system of the company was found not to be in line with generally accepted accounting standards. In particular, the depreciation of fixed assets was not correctly applied: the company began the depreciation of assets only in 1997, including of assets that were acquired in 1994. Finally, the company failed to prove the absence of possible distortions carried over from the former non-market economy system. In particular, the company could not provide any evidence during the verification regarding the conditions under which their assets had been obtained, and that they had been valued, transferred, accounted for (including write-offs) and depreciated according to their market value. The submission provided by the company after disclosure did not provide any new information or evidence to alter these findings, therefore they are provisionally confirmed.
- (33) A third company was not able to show that it met criteria 1 to 3. Firstly, the investigation showed that there was a serious overcapacity both in terms of labour and production, despite which the company continued to invest in additional capacity. It was also considered that the relatively short period of validity of its business licence could represent an obstacle for long-term business decisions and planning and is an indication of indirect interference by the State. Secondly, it was established that the accounting system of this company made no provision for bad debts; there was no clear policy regarding different fixed assets categories; there were errors in the depreciation amounts; unjustified provisions were found; and there were loans which were not supported by evidence. All of these clearly influenced the company's costs. However, none of these issues were mentioned in the auditor's report, thus rendering the company's accounts and the work performed by the auditors unreliable.
- (34) The company also failed to demonstrate that it met criterion 3, where it was found that there are significant distortions carried over from the former non-market economy system. In particular, the company failed to produce any evidence concerning its land-use rights, loans, origin of fixed assets, paid-in capital and capital increase.
- (35) A fourth exporting producer, comprising a group of related companies could not be granted MET because it was found that the group did not fulfil criteria 1 to 3. In particular the group failed to prove that its decision-making process was free from significant State interference. Additionally, the accounting records were not in line with international accounting standards and several accounting errors were detected which made the external audit unreliable. Furthermore, there were distortions carried over from the non-market economy system, in particular regarding transfer of ownership and land-use rights. The submission made by the group after disclosure did not provide any new information or evidence to change these findings, therefore they are provisionally confirmed.

- (36) Consequently, it was concluded that no Chinese exporting producer demonstrated that it fulfilled the conditions set out in Article 2(7)(c) of the basic Regulation.

3. Individual treatment (IT)

- (37) Pursuant to Article 2(7)(a) of the basic Regulation, a countrywide duty, if any, is established for countries falling under the provisions of that Article, except in those cases where companies are able to demonstrate that they meet all criteria set out in Article 9(5) of the basic Regulation to be granted IT.

- (38) The exporting producers which did not meet the MET criteria had also all claimed IT in the event that they were not granted MET.

- (39) On the basis of information available, it was found that three Chinese exporting producers met all the requirements for IT as set out in Article 9(5) of the basic Regulation. However, it was concluded that the fourth exporting producer could not be granted IT, as potential State interference in its price setting could not be ruled out.

4. Normal value

4.1. Analogue country

- (40) According to Article 2(7)(a) of the basic Regulation, in economies in transition, normal value for exporting producers not granted MET has to be established on the basis of the price or constructed value in a market economy third country (analogue country).
- (41) In the notice of initiation, Turkey was proposed as an appropriate analogue country for the purpose of establishing normal value for the PRC. The Commission invited all interested parties to comment on this proposal.
- (42) One interested party submitted comments proposing Thailand as an alternative analogue country. They argued that since there was only one producer in Turkey, which was protected by anti-dumping measures, this producer had a quasi-monopoly position on the Turkish market. The Commission contacted known companies in Thailand as well as other third countries known to have producers of the like product. However, no questionnaire replies were received from those producers.
- (43) The producer in Turkey cooperated fully with the investigation by submitting a full questionnaire response and accepting a verification visit.

- (44) The Commission examined the claim of the interested party and concluded that Turkey met the criteria for an appropriate analogue country. Indeed, even though there is only one producer of the like product in this country and there are anti-dumping measures in force for imports from the PRC and Russia, imports from a variety of third countries into Turkey are substantial and account for more than 50 % of the Turkish market, thus ensuring conditions of competition on this market.

- (45) In view of the above, it is therefore provisionally concluded that Turkey constitutes an appropriate analogue country in accordance with Article 2(7)(a) of the basic Regulation.

4.2. Methodology applied for the determination of normal value

- (46) Pursuant to Article 2(7)(a) of the basic Regulation, normal value for the PRC was established on the basis of verified information received from the cooperating producer in the analogue country.
- (47) An examination was made as to whether the domestic sales of each type of the product concerned sold in the analogue country could be regarded as having been made in the ordinary course of trade in accordance with Article 2(4) of the basic Regulation, by establishing the proportion of profitable sales to independent customers of the type in question.
- (48) For most of the product types, it was considered that the domestic price of those types does not provide an appropriate basis for the establishment of the normal value, since the volume of the profitable sales represented less than 10 % of the total sales volume.
- (49) For those types, in accordance with Article 2(3) of the basic Regulation, the normal value was constructed on the basis of the producer's own cost of manufacturing plus a reasonable amount for selling, general and administrative (SG&A) costs and for profit. The latter was based on the SG&A and profit for the same general category of products sold in the domestic market by the Turkish producer, according to Article 2(6)(b) of the basic Regulation.
- (50) For one product type, for which the volume of profitable sales of a product type represented less than 80 % but more than 10 % of the total sales volume, normal value was based on the actual domestic price, calculated as weighted average of profitable sales of that type.

4.3. Export price

- (51) In all cases where the product concerned was exported to independent customers in the Community, the export price was established in accordance with Article 2(8) of the basic Regulation, namely on the basis of export prices actually paid or payable.
- (52) One exporting producer made some export sales via a related importer in the Community. In this case the export price was constructed, pursuant to Article 2(9) of the basic Regulation, on the basis of the price at which the imported products were first resold to an independent buyer, duly adjusted for all costs incurred between importation and resale, as well as a reasonable margin for SG&A and profits. The related importer's own SG&A costs were used, but the profit margin was established on the basis of the information available from cooperating unrelated importers.

4.4. Comparison

- (53) The comparison between normal value and export price was made on an ex-factory basis.
- (54) For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. For all investigated companies (cooperating exporting producers and the producer in the analogue country) allowances for differences in transport costs, freight and insurance costs, VAT, bank charges, packing costs, credit costs and commissions were granted where applicable and justified.

5. Dumping margins

5.1. Cooperating producers granted IT

- (55) For those companies granted IT, the weighted average normal value was compared with the weighted average export price as provided for in Article 2(11) and (12) of the basic Regulation.
- (56) The provisional weighted average dumping margins expressed as a percentage of the CIF Community frontier price, duty unpaid, are:

Company	Provisional dumping margin
Kiswire Qingdao, Ltd	26,8 %
Wuxi Jinyang Metal Products Co., Ltd	47,6 %
Liaoning Tongda Building Material Industry Co., Ltd	41,3 %

5.2. All other exporting producers

- (57) With regard to all other Chinese exporters, the Commission first established the level of cooperation. A comparison was made between the total export quantities indicated in the questionnaire replies of the cooperating exporting producers and total imports from the PRC as derived from Eurostat import statistics. The level of cooperation was found to be low, i.e. 24 %.
- (58) It was therefore considered appropriate to determine the countrywide dumping margin as the weighted average of (i) the dumping margin found for the cooperating exporter to which neither MET nor IT was granted, and (ii) the highest dumping margins for representative product types of the same exporter, since there were no indications that the non-cooperating exporting producers dumped at a lower level.
- (59) On this basis, the countrywide level of dumping was provisionally established at 50,2 % of the CIF Community frontier price, duty unpaid.

D. COMMUNITY INDUSTRY

1. Production

- (60) Given the definition of Community industry (CI) as set out in Article 4(1) of the basic Regulation, the output of the following Community producers was considered for establishing the volume of Community production:
- eleven producers on whose behalf the complaint was lodged,
 - seven producers which supported the proceeding,
 - four other Community producers listed in the complaint, which provided data on their production and sales but were neither complainants nor supporting the proceeding but did not oppose the present investigation.

Consequently, CI consists of these 22 companies for the purpose of the injury analysis as a whole.

2. Sample

- (61) Seven companies among the 11 Community producers supporting the complaint were selected for the sample on the basis of the representativeness of their sales volumes, their various product types and their location in the Community.

(62) However, one of the companies originally selected for the sample did not cooperate with the sampling exercise by completing the questionnaire sent to them. They were therefore excluded from the sample and were replaced by a company supporting the complaint, which was the third most representative company in terms of sales volumes.

(63) These seven cooperating Community producers accounted for 51 % of the total production of the Community industry.

E. INJURY

1. Preliminary remark

(64) In view of the fact that sampling was used with regard to the Community industry, injury has been assessed on the basis of trends concerning production, production capacity, capacity utilisation, employment, productivity, sales, market share and growth collected at the level of the total Community industry and trends concerning prices, profitability, cash flow, ability to raise capital and investments, stocks, return on investment and wages collected at the level of the sampled Community producers.

2. Community consumption

(65) Community consumption was established on the basis of the sales volumes of the sampled Community industry, the sales data provided by the supporting Community producers, the sales data provided by the other Community producers and the import volume data on the Community market obtained from Eurostat.

	2004	2005	2006	IP
Community consumption in tonnes	903 541	820 713	998 683	1 054 236
<i>Index (2004 = 100)</i>	100	91	111	117

(66) During the period considered, Community consumption increased by 17 % from 903 541 tonnes in 2004 to 1 054 236 tonnes in the IP. The rise in Community consumption may be explained by the increasing demand in the construction sector and the recovery of the steel sector itself.

3. Imports into the Community from the PRC

3.1. Volume and market share of imports

	2004	2005	2006	IP
Imports from the PRC in tonnes	3 940	11 755	43 571	86 918
<i>Index (2004 = 100)</i>	100	298	1 106	2 206
Market share	0,4 %	1,4 %	4,4 %	8,2 %
<i>Index (2004 = 100)</i>	100	328	1 001	1 900

(67) During the period considered, the volume of imports of the product concerned into the Community increased massively, growing from 3 940 tonnes in 2004 to 86 918 tonnes in the IP, reflecting an increase of 2 106 %. The period from 2005 to 2006 showed the biggest increase where imports grew by a massive 271 %.

(68) The market share of the Chinese imports, expressed as a percentage of the Community consumption, increased from 0,4 % to 8,2 % in the IP.

3.2. Prices of imports and undercutting

	2004	2005	2006	IP
Average import price from the PRC EUR/tonne	1 238	929	713	683
<i>Index (2004 = 100)</i>	100	75	58	55

- (69) Over the period considered, the average import price of the product concerned from the PRC decreased sharply from EUR 1 238/tonne in 2004 to EUR 683/tonne in the IP, i.e. by over 45 %.
- (70) A comparison between the sampled Community industry's ex-works prices to unrelated customers on the Community market with the CIF Community frontier prices of exporting producers in the PRC, duly adjusted for unloading and customs clearance costs, showed price undercutting of 18 % on average.

4. Situation of the Community industry

- (71) Pursuant to Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports from the PRC on the Community industry included an analysis of all relevant economic factors having a bearing on the state of the industry from 2004 to the IP.

4.1. Data relating to the Community industry as a whole

4.1.1. Production, production capacity and capacity utilisation

	2004	2005	2006	IP
Production volume in tonnes	924 504	848 596	940 241	953 934
<i>Index (2004 = 100)</i>	100	92	102	103
Production capacity in tonnes	1 071 530	1 126 060	1 197 940	1 212 940
<i>Index (2004 = 100)</i>	100	105	112	113
Capacity utilisation in %	86 %	75 %	78 %	79 %

- (72) Between 2004 and the IP the Community industry's overall production increased by 3 % while the production capacity increased by 13 %. During the same period the capacity utilisation rate decreased by 7 percentage points. However, this has to be seen in light of the 17 % increase in Community consumption.

4.1.2. Employment, productivity

	2004	2005	2006	IP
Number of employees	1 259	1 234	1 273	1 277
<i>Index (2004 = 100)</i>	100	98	101	101
Productivity (tonnes/employees)	734	688	739	747
<i>Index (2004 = 100)</i>	100	94	101	102

- (73) Employment levels within the Community industry remained relatively stable throughout the period considered.
- (74) The productivity of the Community industry's workforce, measured as output in tonnes per person employed showed a slight increase of 2 % during the period considered.

4.1.3. Sales volume, market share

	2004	2005	2006	IP
Sales volume in the EU to unrelated parties in tonnes	842 526	741 597	845 014	846 561
<i>Index (2004 = 100)</i>	100	88	100	100
Market share	93,2 %	90,4 %	84,6 %	80,3 %

- (75) The Community industry's sales volume to unrelated customers on the Community market remained stable, having been 842 526 tonnes in 2004 and 846 561 tonnes in the IP.
- (76) The market share of the Community industry declined constantly throughout the period considered. The overall market share held by the Community industry decreased by around 13 percentage points from around 93 % in 2004 to around 80 % in the IP.

4.1.4. Growth

- (77) While Community consumption grew by 17 % between 2004 and the IP, the around 13 percentage points' decline in the market share of the Community industry and the parallel surge in imports from the PRC show that the Community industry could not participate in the growth of the market.

4.2. Data relating to the sampled Community producers

4.2.1. Stocks

- (78) The figures below only refer to the sampled companies and represent the volume of stocks at the end of each period.

	2004	2005	2006	IP
Closing stock in tonnes	27 010	24 485	23 905	36 355
<i>Index (2004 = 100)</i>	100	91	89	135

- (79) Stocks increased by 35 % during the period considered, reflecting the industry's increasing difficulty in selling its products on the Community market, despite the significant rise in Community consumption.

4.2.2. Average unit selling prices on the Community market

	2004	2005	2006	IP
Average sales price of the Community industry (EUR)	751	948	772	762
<i>Index (2004 = 100)</i>	100	126	103	101

- (80) The unit prices of the sampled Community industry's sales to unrelated customers on the Community market increased by 1 % between 2004 and the IP. In 2005 the increase in sales prices may be explained by shortages of the main raw material, wire rod.

4.2.3. Investments, return on investments and ability to raise capital

	2004	2005	2006	IP
Investments (000 EUR)	4 608	10 581	7 516	7 980
<i>Index (2004 = 100)</i>	100	230	163	173
Return on investments in %	24 %	31 %	11 %	6 %

- (81) The annual investment in the production of PSC wires and strands increased by 73 % in the period under consideration. Investments were made not only to increase capacity but also to improve and further streamline the production process in order to save costs. This was achieved despite the negative development of profitability.
- (82) The return on investment (ROI), expressed as the profit as a percentage of the net book value of investments, followed the negative trend of profitability, decreasing by 18 percentage points. The peak in 2005 related to one company's investment.
- (83) No evidence was provided to the Commission in respect of a reduced or increased ability to raise capital over the period considered.

4.2.4. Profitability and cash flow

	2004	2005	2006	IP
Profitability of EC sales (% of net sales)	6,2 %	11,2 %	4,5 %	2,1 %
<i>Index (2004 = 100)</i>	100	180	73	35
Cash flow (EUR)	37 472 789	65 785 501	17 830 311	18 456 732
<i>Index (2004 = 100)</i>	100	176	48	49

- (84) Over the period considered, the profitability expressed as a percentage of net sales of the sampled Community producers dropped significantly from 6,2 % in 2004 to 2,1 % in the IP. The Community industry's profitability followed the same trend as its sales prices from 2005 onwards. It is clear that the profit achieved during the IP is not sufficient to ensure the viability of the Community industry in the long term.
- (85) The net cash flow generated by the product concerned decreased by 51 % from 37 million euro in 2004 to 18 million euro in the IP.

4.2.5. Labour costs

	2004	2005	2006	IP
Labour costs per employee	41 970	41 118	41 484	43 941
<i>Index (2004 = 100)</i>	100	98	99	105

- (86) During the period considered the labour costs of the Community industry increased by 5 %. This is a natural increase and is less than the rate of inflation over the period.

4.2.6. Magnitude of dumping margin

- (87) Given the volume, the market share and the prices of the dumped imports from the country concerned, the impact on the Community industry of the actual margins of dumping cannot be considered to be negligible.

4.2.7. Recovery from past dumping

- (88) There is no indication that the Community industry is recovering from the effects of past dumping.

5. Conclusion on injury

- (89) During the period considered, most injury indicators pertaining to the Community industry developed negatively. While Community consumption increased by 17 %, the Community industry's sales volume only remained stable and as a result its market share decreased by around 13 percentage points. While the prices of the Chinese imports decreased by 45 %, the unit selling price of the like product on the Community market of the sampled Community producers remained more or less stable, despite the 5 % increase in the unit cost of production resulting from the rise in the costs of energy and raw materials. Consequently, profitability fell from 6,2 % in 2004 to 2,1 % in the IP, which is clearly insufficient for this type of industry. Cash flow and return on investments followed a negative trend as well, decreasing by 51 % and 18 percentage points respectively over the period considered.
- (90) Only a few indicators showed a positive development during the period considered. Production and production capacity rose by 3 % and 13 % respectively. Investments increased by 73 %. However, as mentioned above, this has to be seen against the background of the significant increase in Community consumption (+ 17 %).
- (91) In the light of the foregoing, it is concluded that the Community industry has suffered material injury within the meaning of Article 3(5) of the basic Regulation.

F. CAUSATION

1. Introduction

- (92) In accordance with Article 3(6) and (7) of the basic Regulation, the Commission examined whether the dumped imports from the PRC had caused injury to the Community industry to a degree sufficient to be considered as material. Known factors other than the dumped imports, which could at the same time be injuring the Community industry, were also examined to ensure that possible injury caused by these other factors was not attributed to the dumped imports.

2. Effects of the dumped imports

- (93) The massive increase of 2 106 % in the volume of the dumped imports between 2004 and the IP and their corresponding increase in market share from 0,4 % in 2004 to 8,2 % in the IP on the Community market, as well as the 18 % undercutting found during the IP, coincided with the deterioration of the economic situation of the Community industry, as explained above. Until 2005, the volume of the Chinese imports was not substantial and their prices were above or close to those of the Community industry. However, as of 2005, the average prices of imports from the PRC decreased substantially, preventing the Community industry from increasing its prices, despite the rise in the cost of the main raw material, wire rod, which accounts for 75 % of the manufacturing costs. As a result, the financial situation of the Community industry deteriorated sharply in 2006 and during the IP. Moreover, the Community industry lost a significant part of its market share to the dumped imports.

- (94) Based on the above, it is provisionally concluded that the dumped imports from the PRC, which significantly undercut the prices of the Community industry during the IP and which sharply increased in volume, have had a determining role in the injury suffered by the Community industry, which is reflected in its poor financial situation and in the deterioration of most injury indicators.

3. Effects of other factors

3.1. Imports from other countries

	2004	2005	2006	IP
Imports from other third countries in tonnes	57 075	67 361	110 098	120 757
<i>Index (2004 = 100)</i>	100	118	193	212
Market share from other third countries	6 %	8 %	11 %	11 %
Average price of imports	711	842	937	952
<i>Index (2004 = 100)</i>	100	118	132	134

- (95) Based on Eurostat data, the volume of imports into the Community of PSC wires and strands originating in third countries not concerned by this investigation increased by 112 %, from 57 075 tonnes in 2004 to 120 757 tonnes in the IP. The corresponding market share held by these imports increased from 6 % in 2004 to 11 % in the IP.

- (96) However, the average prices of these imports were far above those of the Chinese exporting producers and even those of the Community industry. Consequently, they cannot be considered as having contributed to the injury suffered by the Community industry. It should be noted that among these countries, two of them, holding a 2,5 % market share on the Community market, were found to have prices in the IP below the import prices of the product concerned from the PRC. However, given the relatively low volume of imports involved, this cannot be considered sufficient to break the causal link between the dumped imports from the PRC and the injury suffered by the Community industry.

3.2. Export performance of the sampled Community industry

	2004	2005	2006	IP
Export sales in MT	54 759	73 186	69 324	63 792
<i>Index (2004 = 100)</i>	100	134	127	116
Unit selling price in euro	715	723	650	660
<i>Index (2004 = 100)</i>	100	101	91	92

- (97) As can be seen from the above table, during the period considered, the sampled Community industry increased its volume of export sales by 16 %. These exports accounted for 14 % of its total sales during the IP.

- (98) The unit export selling price of the Community producers decreased by 8 % from EUR 715 in 2004 to EUR 660 in the IP. However, although the aggregated figures suggest that these exports were made at prices below cost of production from the beginning of the period considered, there are variations between companies and time. In addition, due to the competition with the Chinese companies on these markets, they were forced to align their prices to those charged by them.

- (99) It cannot therefore be concluded that this factor has contributed substantially to the recent deterioration in the financial situation of the Community industry and thus to the material injury suffered by the Community industry.

3.3. Cost of production

	2004	2005	2006	IP
Unit cost of production	700	812	724	740
<i>Index (2004 = 100)</i>	100	116	103	105

- (100) The investigation showed that the unit costs of production of the Community industry increased by 5 % between 2004 and the IP. The increase is attributed to the rise in the price of the main raw material, wire rod, as well as energy costs.
- (101) Under normal economic conditions and in the absence of strong price pressure from the dumped imports, the Community industry would have had no difficulty in coping with the increase in costs it experienced between 2004 and the IP. Consequently, it is provisionally concluded that this increase did not break the causal link between the dumped imports from the PRC and the material injury suffered by the Community industry.

3.4. Competition from other producers in the Community

	2004	2005	2006	IP
EC sales of other producers in the Community	85 500	77 332	80 466	80 356
<i>Index (2004 = 100)</i>	100	90	94	94
Market share of other producers in the Community	9,5 %	9,4 %	8,1 %	7,6 %

- (102) As regards the sales volume of other Community producers which are neither complaining nor supporting companies, which accounted for 8 % of total EU production, it declined by 6 % from an estimated 85 500 MT in 2004 to 80 356 MT in the IP. Their share of the Community market fell from 9,5 % to 7,6 % over the same period and no indication was found that their prices were lower than those of the sampled Community industry. It is therefore provisionally concluded that their sales on the Community market did not contribute to the injury suffered by the Community industry.

4. Conclusion on causation

- (103) The investigation showed that the other known factors, such as imports from other third countries, exports by the Community industry, competition with other producers and the rise in the cost of production were not a determining cause for the injury suffered by the Community industry.
- (104) The coincidence in time between, on the one hand, the massive increase in dumped imports from the PRC, the corresponding increase in market share and the undercutting found and, on the other hand, the deterioration in the situation of the Community industry, leads to the conclusion that the dumped imports caused the material injury suffered by the Community industry within the meaning of Article 3(6) of the basic Regulation.

G. COMMUNITY INTEREST

1. General considerations

- (105) In accordance with Article 21 of the basic Regulation it has been examined whether, despite the provisional finding of injurious dumping, compelling reasons exist for concluding that it is not in the Community interest to adopt measures in this particular case. The impact of possible measures on all parties involved in this proceeding and also the consequences of not taking measures were considered.

2. Interests of the Community industry

- (106) The Community industry has been suffering from injurious dumped imports of the product concerned from the PRC. It is also recalled that most economic indicators of the Community industry showed a negative trend during the period considered. Taking into account the nature of the injury (i.e. a fall in market share and profitability), a further and substantial deterioration in the situation of the Community industry appears unavoidable in the absence of measures.
- (107) The imposition of measures is expected to prevent further distortions and restore fair competition on the market. This should allow the Community industry to increase its selling prices to a level that would ensure a reasonable profit margin.
- (108) Should measures not be imposed, prices would continue to decrease and the Community producers' profits would deteriorate further. This would be unsustainable in the medium to long-term. In view of the low level of profits and the investments made in production, it can be expected that some Community producers would be unable to recover their investments should measures not be imposed.
- (109) In addition, given that the Community industry consists of small and medium-sized enterprises spread throughout the Community, the imposition of anti-dumping measures will help to maintain employment in these areas.
- (110) It is therefore provisionally concluded that anti-dumping measures would be in the interest of the Community industry.

3. Interests of other Community producers

- (111) With regard to the four companies which were neither complainants nor supporting the complaint, there are no indications that the imposition of measures would be against the interests of these producers.

4. Interest of importers

- (112) The Commission sent questionnaires to all known importers and traders. Four importers cooperated in the investigation by submitting replies to the questionnaire. They accounted for around 38 % of the total imports from the PRC into the Community and around 3,2 % of the Community consumption during the IP. A verification visit was subsequently carried out at the premises of two of them, located in Spain and in the UK. The volume of the product concerned imported by these two companies accounted for between 20 and 38 % of the total imports from the PRC into the Community.
- (113) For these two importers, the product concerned represented 100 % of their turnover. One importer sourced 100 % and the other 90 % of their total imports of the product concerned from the PRC. In terms of workforce, between 8 and 11 persons are directly involved in the purchasing trading, and resale of the product concerned.

- (114) Should anti-dumping measures be imposed, it cannot be ruled out that the level of imports originating in the country concerned may decrease, thus affecting the economic situation of the importers. However, the effect on importers of any increase in the prices of imports of the product concerned should only restore competition on the Community market and should not prevent the importers from selling the product concerned. In addition, the low proportion of the costs of the product concerned in the users' total costs should make it easier for the importers to pass any price increase on to their customers. On this basis, it has been provisionally concluded that the imposition of anti-dumping measures is not likely to have a serious negative effect on the situation of importers in the Community.

5. Interest of users

- (115) Questionnaires were sent to all the parties named as users in the complaint. Seven users, which accounted for around 13 % of the total imports from the PRC into the Community, cooperated in the investigation by submitting a reply to the questionnaire. A verification visit was subsequently carried out at the premises of two of them, located in Spain and in the UK. In total, these two companies accounted for less than 5 % of imports of PSC wires and strands from PRC in the IP. They mostly sourced the product concerned from other sources such as the Community industry and South Africa.
- (116) It is recalled that the product concerned is used for concrete reinforcement, for suspension elements and for stay-cable bridges in the construction business. However, in this proceeding the users are intermediate companies that produce and supply the elements for the aforementioned applications. In view of that, even though the impact of the imposition of any anti-dumping duty should not be negligible, it is expected that these users would be in a position to pass on all or almost all of the increase in prices resulting from the imposition of anti-dumping measures to the final users, bearing in mind that for the latter, the impact of such measures will be negligible.
- (117) It is therefore provisionally concluded that the impact on costs of the users resulting from the imposition of anti-dumping duties would be not significant.

6. Conclusion on Community interest

- (118) In view of the above, it is provisionally concluded that there are no compelling reasons not to impose anti-dumping duties on imports of PSC wires and strands originating in the PRC.

H. PROVISIONAL ANTI-DUMPING MEASURES

1. Injury elimination level

- (119) In view of the conclusions reached with regard to dumping, resulting injury, causation and Community interest, provisional measures should be imposed in order to prevent further injury being caused to the Community industry by the dumped imports.
- (120) For the purpose of determining the level of these duties, account was taken of the dumping margins found and the amount of duty necessary to eliminate the injury sustained by the Community industry.
- (121) When calculating the amount of duty necessary to remove the effects of the injurious dumping it was considered that any measures should allow the Community industry to cover its costs of production and to obtain a profit before tax that could be reasonably achieved by an industry of this type in the sector under normal conditions of competition, i.e. in the absence of dumped imports, on sales of the like product in the Community. The pre-tax profit margin used for this calculation was 8,5 % of turnover based on the weighted average profit levels achieved in 2004 and 2005 prior to the existence of significant import quantities from the PRC, and which were at prices above or close to those of the CI. On this basis, a non-injurious price was calculated for the Community industry for the like product. The non-injurious price was obtained by adding the abovementioned profit margin of 8,5 % to the costs of production.

- (122) The necessary price increase was then determined on the basis of a comparison of the weighted average import price, as established for the price undercutting calculations, with the non-injurious price of products sold by the Community industry on the Community market. Any difference resulting from this comparison was then expressed as a percentage of the total CIF import value.
- (123) In order to calculate the countrywide injury elimination level for all other exporting producers in the PRC, it should be recalled that the level of cooperation was low. Therefore the injury margin was calculated at the injury elimination level determined for the cooperating company not granted MET or IT.

2. Provisional measures

- (124) In the light of the foregoing, it is considered that, in accordance with Article 7(2) of the basic Regulation, provisional anti-dumping duties should be imposed on imports originating in the PRC at the level of the lower of the dumping and the injury margins, in accordance with the lesser duty rule. In this case, all duty rates should accordingly be set at the level of the injury margins found.
- (125) 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 countrywide 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'.
- (126) 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 forthwith with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with, for example, that name change or that change in the production and sales entities. If appropriate the Commission will, after consultation of the Advisory Committee, amend the Regulation accordingly by updating the list of companies benefiting from individual duty rates.
- (127) The proposed anti-dumping duties are the following:

Company	Injury elimination margin	Dumping margin	Anti-dumping duty rate
Kiswire Qingdao, Ltd	2,1 %	26,8 %	2,1 %
Liaoning Tongda Building Material Industry Co., Ltd	23,7 %	41,3 %	23,7 %
Wuxi Jinyang Metal Products Co., Ltd	30,8 %	47,6 %	30,8 %
All other companies	52,2 %	56,7 %	52,2 %

I. FINAL PROVISION

- (128) In the interest of sound administration a period should be fixed within which the interested parties which made themselves known within the time limit specified in the notice of initiation may make their views known in writing and request a hearing. Furthermore, it should be stated that the findings concerning the imposition of anti-dumping duties made for the purposes of this Regulation are provisional and may have to be reconsidered for the purpose of any definitive findings,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of wire of non-alloy steel (not plated or not coated or plated or coated with zinc) and stranded wire of non-alloy steel (whether or not plated or coated), containing by weight 0,6 % or more of carbon, with a maximum cross-sectional dimension exceeding 3 mm, falling within CN codes ex 7217 10 90, ex 7217 20 90, ex 7312 10 61, ex 7312 10 65 and ex 7312 10 69 (TARIC codes 7217 10 90 10, 7217 20 90 10, 7312 10 61 11, 7312 10 61 91, 7312 10 65 11, 7312 10 65 91, 7312 10 69 11 and 7312 10 69 91) and originating in the People's Republic of China.

2. The rate of anti-dumping duty applicable to the net, free-at-Community-frontier price, before duty, of the products described in paragraph 1 and produced by the companies below shall be as follows:

Company	Duty	TARIC additional codes
Kiswire Qingdao, Ltd, Qingdao	2,1 %	A899
Liaoning Tongda Building Material Industry Co., Ltd, Liaoyang	23,7 %	A900
Wuxi Jinyang Metal Products Co., Ltd, Wuxi	30,8 %	A901
All other companies	52,2 %	A999

3. 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.

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

Article 2

Without prejudice to Article 20 of Regulation (EC) No 384/96, interested parties may request disclosure of the essential facts and considerations on the basis of which this Regulation was adopted, make their views known 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 Union*.

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, 14 November 2008.

For the Commission

Catherine ASHTON

Member of the Commission