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(Acts whose publication is obligatory)

COUNCIL REGULATION (EC) No 733/1999
of 30 March 1999
imposing a definitive anti-dumping duty on imports of calcium metal originating in Russia and the People's Republic of China and amending Regulation (EC) No 2557/94

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), and in particular Articles 8 and 9 thereof,

Having regard to the proposal submitted by the Commission, after consulting the Advisory Committee,

Whereas:

A. PROCEDURE

1. Previous investigations

(1) Imports of calcium metal originating in the People's Republic of China and Russia have been the subject of a number of anti-dumping investigations.

(2) Following a complaint lodged by the 'Chambre syndicale de l'Electrométallurgie et de l'Electrochimie', in January 1988, an anti-dumping investigation concerning imports of calcium metal originating in the People's Republic of China and the Soviet Union (3) was opened (hereinafter 'the first investigation'). Definitive duties of 21.8% and 22% for the People's Republic of China and the Soviet Union respectively were imposed by Council Regulation (EEC) No 2808/89 (4).

(3) Extramet, an importer which cooperated in the investigation, appealed to the Court of Justice and Regulation No 2808/89 was annulled by the Court in June 1992 (5). The Court ruled that injury had been insufficiently examined. Following judgment, the Commission issued a notice (6) informing the parties of the reimbursement of the anti-dumping duties which had been collected.

(4) Subsequently, the Commission, after consulting the Advisory Committee, advised the parties of the resumption of the investigation in a notice published in the Official Journal of the European Communities (7) (hereinafter 'the second investigation').

(5) Regulation (EEC) No 2808/89 which had concluded the first investigation having been annulled ex tunc by the Court, the Commission's investigation remained open. However, in order for the Commission to conclude the investigation on the basis of the most up-to-date information, new data were collected concerning dumping and injury resulting therefrom. The Commission sent out supplementary questionnaires to the parties known to be concerned.

2. Measures in force

(6) Following the resumption of the investigation, the Council, by Regulation (EC) No 2557/94 (8), imposed definitive duties at the level provisionally determined by Commission Regulation (EC) No 892/94 (9), i.e. ECU 2 074 per tonne on imports of calcium metal originating in China and ECU 2 120 per tonne on imports of calcium metal originating in Russia. The duties were imposed for both countries at the injury elimination levels since these were lower than the respective dumping margins.

(7) In January 1995, l'Industrie des Poudres Spheériques (hereinafter 'IPS'), previously Extramet, the importer of calcium metal, brought an action for annulment of Council Regulation (EC) No 2557/94 in the Court of First Instance. On 15

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(2) OJ C 20, 26.1.1998, p. 3.
(6) OJ C 298, 14.11.1992, p. 3.
October 1998, the Court of First Instance dismissed IPS’s application. The Court found that the Commission had correctly concluded that the product imported from Russia and China is a like product to the one produced in the Community. Furthermore, the Court found that the Community producer did not refuse to sell its product to IPS and that additional sources of supply in the United States and Canada were available.

3. Reasons for the interim review

(8) The Council, when adopting Regulation (EC) No 2557/94, considered it appropriate that the Commission undertake a review of the Regulation six months after its entry into force if the conditions of competition in the sector concerned so required or otherwise, after one year. The reason for this review clause was linked to the specific circumstances of the market for calcium metal, notably the fact that in the Community there was only one producer of this product and worldwide the number of producers of calcium metal was very limited. Under these conditions, the Council considered it advisable to examine the effect of the measures in conjunction with the general development of the market situation for this particular product.

(9) Accordingly, after consultation, the Commission published a notice of initiation of a review in accordance with Article 11(3) of Regulation (EC) No 384/96 (hereinafter referred to as ‘the basic Regulation’). During the investigation, IPS alleged that the domestic market prices in the reference country, the United States, had decreased considerably. Since such prices had been used to establish normal value in the investigation leading to Regulation (EC) No 2557/94, the Commission asked all parties to comment. However, since it had been decided in Regulation (EC) No 2557/94 that the review would concern only injury and Community interest, but not dumping, IPS had to provide sufficient evidence to meet the criteria of Article 11(3) of the basic Regulation for the review to be enlarged to include dumping. IPS submitted market research data indicating that the price of calcium metal in free circulation on the United States market had declined. However, IPS did not, despite a written request by the Commission, submit any calculation showing that a comparison of the market research data, on which it relied, with the actual Chinese or Russian export prices, led to a reduction or an elimination of the dumping margins established in 1994, which amounted to ECU 2 202 per tonne for the Chinese product and ECU 2 502 per tonne for the Russian product, in both cases at the level of free-at-Community-frontier. It was therefore concluded that IPS did not submit sufficient evidence which would have justified a review investigation of dumping.

(10) Consequently, since there was no justification for a review investigation of dumping, the present review was limited to injury aspects.

4. Review investigation

(11) The Commission officially advised all parties known to be concerned of the initiation of the review and gave interested parties the opportunity to make their views known in writing and to request a hearing within the time limits set in the notice of initiation.

(12) One importer and one organisation representing exporters made their views known in writing and were granted a hearing.

(13) The Commission sent questionnaires to all parties known to be concerned and received replies from one Community producer and one importer.

(14) The Commission sought and verified all information it deemed necessary for the purposes of a determination of injury and carried out investigations at the premises of the following companies:

(a) Community producer

— PEM Electrometallurgie SA, Paris (France)

(b) Importer

— Industrie des Poudres Sphériques SA, Annesmes (France)

(15) The investigation of injury covered the period from 1 January 1992 to 30 September 1995 (hereinafter ‘the period under consideration’).

(16) The investigation could not be completed within the normal time limit as provided for in the basic Regulation for several reasons. Firstly, following a complaint lodged by IPS in July 1994 alleging a violation of Article 86 of the Treaty by the
Community producer, an investigation pursuant to Regulation No 17 was initiated. It was considered desirable to wait until the results of the competition investigation were known since it was expected that the competition investigation would resolve IPS's contentions about the cause of injury. In November 1996 the Commission notified IPS of its decision to reject the complaint as unfounded. Secondly, the Commission had still to examine submissions made during the first half of 1997 by IPS and by the Community producer on the question of a review of dumping. Since, as explained in Recital 9 above, IPS eventually failed to submit sufficient evidence on a change in the dumping margin during a proposed investigation period of 1 October 1994 — 30 September 1995, the Commission disclosed its findings in October 1997 and heard the parties on their request in December 1997. This led to a number of critical comments from the parties concerning figures used by the Commission, which then re-examined all the data it had used. Thirdly, as explained at Recital 54, the Commission undertook lengthy negotiations with Russian exporters concerning undertakings.

B. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

1. Product under consideration

(17) The product under consideration is calcium metal. Calcium metal is produced in two ways:

— the first procedure, the reduction of lime with aluminium is used by the Community producer and producers in the United States and Canada,

— the second procedure, the igneous electrolysis of calcium followed by distillation is used by the Russian and the Chinese producers;

The product is available in various forms and sizes: crowns, chunks, turnings, chips and grains (or granules) and at different levels of purity (at above 96 % whatever the manufacturing process). The prices of the products vary according to the differences in the size of the pieces and especially according to the level of purity. According to the level of purity and the level of content of Aluminium and Magnesium, calcium metal is divided into three categories: calcium 'R' (standard type with a 97 % calcium content), calcium 'N' and calcium 'NN' (nuclear type with a higher degree of purity).

(18) Calcium metal is mainly used within the Community by two industries:

— the lead and ferro-alloy industries which require chunks and chips;

— the steel industry which requires grains obtained through mechanical pulverising of chunks, turnings and chips or granules obtained through re-smelting and atomisation.

2. Like product

(19) IPS alleged that the calcium metal originating in Russia and the People's Republic of China is not identical to the calcium metal produced in the Community. The investigation revealed that the two production methods described above result in a slight difference in the composition of the product. The standard calcium metal produced by the Community producer is 97 % pure while calcium metal produced by the Russian and Chinese producers is between 98,5 % and 99,7 % pure. The only consequence of this difference is that in the process used by IPS for making granules, a higher residue level occurs when the Community industry's calcium metal is used. However, this does not affect the interchangeability of the product. In addition, the Community producer also produces another type of calcium metal with a low degree of oxygen and a 98,5 % purity level which is identical to the calcium metal supplied by Russian and Chinese producers. These findings were confirmed by a study undertaken by an independent laboratory in the framework of the abovementioned competition investigation. IPS acknowledged that the higher quality (98,5 % purity), specially produced by the Community industry at IPS's request, is acceptable for its requirements but stated that it did not want to pay a premium over the price for normal grade calcium metal of the Community industry (97 % purity).

(20) It is therefore concluded that the product under consideration, i.e. that exported by China and Russia to the Community is virtually identical to and interchangeable with the product produced in the Community and constitutes consequently a like product, within the meaning of Article 1(4) of the basic Regulation, it being recalled that Regulation (EC) No 2557/94 concluded that it is also a like
product to that produced in the United States, the reference country used for the dumping determination.

C. INJURY

1. Preliminary remark

(21) For the purpose of establishing injury in the present investigation, the Commission analysed data relating to the period 1 January 1992 to 30 September 1995 (the period under consideration). For the purpose of calculating the price differences between export prices and Community industry’s prices and costs (undercutting or underselling calculation respectively) the period 1 October 1994 until 30 September 1995 (hereinafter ‘the reference period’) was used.

The geographic scope of the investigation over the period under consideration was the Community as composed at the time of the initiation of the interim review, i.e. the Community of 15 Member States. The injury assessment was based on the relevant factors as provided for under Article 3 of the basic Regulation.

2. Cumulative assessment of the effects of the dumped imports

(22) It was considered that the effects of the Chinese and Russian imports of calcium metal should be analysed cumulatively in the sense of Article 3(4) of the basic Regulation. Indeed, the margins of dumping established in Regulation (EC) No 2557/94 in relation to the imports of both countries concerned exceed in each case 2 % and the volumes of imported products from either source are not negligible within the meaning of Article 3(4) of the basic Regulation since they represent in each case a market share of more than 1 % of the Community market.

(23) In addition, a cumulative assessment of the effects of the imports is appropriate in the light of the conditions of competition between the imported products and also, between the imported products and the like Community product. Indeed, all these products are interchangeable, sold or offered for sale in the same geographical markets and they have common or similar channels of distribution.

3. Cumulated volume and market share of dumped imports

(24) The cumulated quantities of the product concerned imported from Russia and the People’s Republic of China to the Community increased from 612 tonnes in 1992 to 1 007 tonnes in the reference period. Due, however, to the increase in overall consumption, the market shares of the total imports decreased from 51,8 % in 1992 to 40,2 % in the reference period. These figures were the result of a specific verification since, following disclosure, the parties had stated that the volume of imports in free circulation originally used by the Commission was too high. The Commission again verified all available import data and the questionnaire responses and found that this claim was partially justified. The figures were corrected accordingly. Furthermore, as explained in recital 28, the Commission included the import transactions under the regime of inward processing relief in order to establish the market shares of Russian and Chinese imports on the Community market.

It should be noted that the market share of Russian and Chinese imports found in the second investigation was 52,8 % for 1992. The slight difference with the above figure of 51,8 % used in Regulation (EC) No 892/94 is due to the fact that full data for 1992 were not yet available in the second investigation.

4. Prices of the dumped product

(25) In comparing the prices of the Community industry and the prices of imports, the Commission used average prices on the basis of sales to the first independent importer in the case of imports, and to first independent customers in the case of the Community producer. Comparisons were made at levels of trade known to be comparable to those of Chinese and Russian imports.

(26) The Commission established that, during the reference period, Chinese and Russian import prices were still undercutting the prices of the Community producer, by 52,2 % on average for imports originating in the People’s Republic of China and 52,5 % for imports originating in Russia.
5. Community consumption

(27) In calculating the apparent Community consumption of calcium metal, the sales in the Community by the Community industry, as established on the basis of verified data provided by the Community producer, were added to the total imports into the Community as published by Eurostat. Following the investigation, the Commission disclosed figures relating to the Community consumption to the parties. These figures were contested, especially regarding import volumes, and the Commission carefully re-examined them. On the basis of the detailed information found during the verification regarding sales in the Community and total imports, it has been found that the Community market for calcium metal increased from about 1,182 tonnes in 1992 to about 2,502 tonnes in the reference period, an overall increase of about 112%.

(28) One party raised the issue of inclusion of imports under the regime of inward processing relief, arguing that only the imports released into free circulation in the Community can cause injury to the Community industry. However, it is considered that the transactions which may cause injury to a Community industry, i.e. dumped imports, include imports under the inward processing regime since Article 1(2) of the basic Regulation states that a product is considered as being dumped 'if its export price to the Community' as opposed to its release in free circulation — 'is less than its normal value'. In addition, sales of the product to companies using inward processing relief may well contribute to the injury caused to the Community producer as they reduce outlets which would otherwise be available to them.

Consequently, and in accordance with constant practice, the Council concluded that the inclusion of export transactions relating to inward processing relief was justified in its assessment of injury.

6. Situation of the Community industry

Production, capacity and capacity utilisation rate

(29) During the period under consideration, the production of the Community producer increased by 67%.

(30) From 1994 on, the Community producer invested in new furnaces. This led to an increase of its production capacity, which grew by 24% during the period under consideration.

(31) During the same period the Community industry increased its capacity utilisation by 30%.

Sales in the Community

(32) During the period under consideration, the Community industry almost tripled its sales.

(33) The increase in production and sales between 1993 and the end of the reference period was due to the temporary existence of a new market to a user in the cord wire industry. This new user bought around 32% of the total production of the Community producer in 1994. The Community producer provided evidence that from the fourth quarter of 1995 onwards this new consumer stopped using calcium metal for the production of cord wire in its three plants. Despite IPS's allegation that such a major operator was unknown to it, the evidence submitted during verification by the Community industry made it clear that this user existed and that all shipments of calcium metal to this user stopped definitively in the fourth quarter of 1995 due to a change in commercial policy by this user.

Market share of the Community industry

(34) Between 1992 and the reference period, the market share of the Community industry increased from 36,5% in 1992 to 46% in the reference period. It should be noted that the market share for 1992 in the second investigation was established at 31,7% ('). However, this figure was established through an extrapolation of the findings during the 16 months chosen for the second investigation (1 July 1991 — 31 October 1992) to calendar year 1992. The market shares in the present investigation have been established on the basis of verified data for 1992 which were not available at the time of the initial investigation. Furthermore, as explained in Recital 28, the Commission considered it to be appropriate to establish the market shares on the basis of total imports. The market shares were recalculated in order to establish the trend of market shares over the period under consideration, on the basis of the same methodology.

(') See Recital 32 of Regulation (EC) No 892/94.
Stocks

(35) During the reference period the stocks were reduced by 40 %. However, between 1994 and the end of the reference period, the verification revealed a sudden increase in stocks by 40 %.

Profitability

(36) The situation of the Community producer improved following the imposition of the anti-dumping duties in 1994, although not to the extent of allowing the Community producer to make a profit. Losses increased from 1992 to 1993 but the situation improved during the reference period. However, despite this improvement in terms of profitability, the Community producer was still not able to reach the break-even level.

7. Conditions of competition

(37) It should be recalled that in Case C-385/89, Extramet v. Council, the Court of Justice held that the institutions had not followed the proper procedure in determining injury, in particular whether injury could have been self-inflicted by the Community industry not supplying a major Community user of the product, namely IPS.

(38) The Community producer was condemned in March 1992 by the Conseil de la Concurrence in France for behaviour aimed at hindering the setting up of a competitor on a downstream market by effectively refusing to supply IPS (previously Extramet) in 1984. The judgment was confirmed by the Cour d’Appel of Paris. However, the Cour d’Appel also declared that no unlawful competitive practices could be attributed to the Community producer after 1984.

(39) On 20 July 1994, the importer, IPS, lodged a complaint with the Commission under Regulation No 17, alleging an abuse of a dominant position by the Community producer, contrary to Article 86 of the Treaty. Three main arguments were raised. Firstly, that the Community producer was abusing anti-dumping proceedings in order to obtain information on the costs and general position of its competitors on the market. IPS also alleged that the Community producer misled the Commission as regards injury in the Community. Secondly, that the Community producer refused to sell calcium metal to its competitors. Thirdly, that the Community producer allegedly maintained a policy of predatory and abusive pricing.

In November 1996, the Commission, after an investigation definitively rejected the complaint lodged by IPS, concluding that, on the basis of its findings, no anti-competitive practices could be attributed to the Community producer (1).

(40) In the same competition investigation, the Commission also examined IPS’s claim that the Community producer misused the anti-dumping procedure to improve its position on the Community calcium metal market to deprive its competitor of supplies of raw material. It was concluded that this was not the case since, even if a company has a dominant position this does not deprive it of the right to legitimate protection against unfair competition from producers in third countries and, in any event, no anti-competitive practice could be attributed to that company.

8. The evolution of the market

(41) The review investigation was initiated principally with a view to examining the impact of the measures in conjunction with the general development of the market situation for the product under investigation. The investigation has revealed that the Community market for calcium metal became more competitive after the imposition of anti-dumping duties. This conclusion was based on the following findings.

(42) Firstly, Chinese and Russian producers and/or exporters have maintained a significant market share.

(43) Secondly, the Commission has found that, after the imposition of duties, the Community producer, while reinforcing its position on the market (from 36,5 % in 1992 to 46 % in the reference period), has not attained the market share it held prior to the beginning of dumped imports from Russia and China.

(44) Thirdly, since the imposition of anti-dumping duties in 1994, the market for calcium metal has been characterised by the increased presence of other suppliers, notably from the United States, with Canadian imports remaining relatively stable.

(45) Consequently IPS’s allegation that the imposition of anti-dumping duties seriously limited the supply of calcium metal other than that produced in the Community is not well founded.

One party alleged that the imports from the United States consist of imports of cord wire containing calcium metal, which falls under the same tariff heading as calcium metal. However, no evidence was provided to substantiate this allegation and a verification of this allegation did not show that imports of calcium metal from the United States are in effect imports of cord wire.

During the course of the proceeding, it was alleged that imports of calcium metal from the United States had actually originated in Russia and China, thereby circumventing the anti-dumping duty. However, no evidence was forwarded to support these allegations.

9. Conclusion

As a result of the imposition of definitive anti-dumping duties in 1994 and of exceptional sales during the period from 1993 to 1995 (see Recital 33), certain trends regarding the Community industry operations have improved, e.g. sales and market share. However, despite these trends it is considered that the Community industry is still suffering material injury, consisting in particular of continuous price pressure and losses.

Furthermore, it has been established that the imposition of anti-dumping duties in 1994 had no negative impact on the evolution of the Community market for calcium metal, notably in terms of operators actively competing on that market and alternative sources of supply, while the anti-dumping measures did not confer an advantaged position on the market to the Community producer. The Council is of the view that this finding is particularly important since it shows that alternative sources of supply exist.

D. CAUSATION

1. Other factors

The Commission services examined whether the injury suffered by the Community industry had been caused by factors other than the dumped imports. In particular, the Commission services looked at the trend in consumption in the Community market and the evolution and impact of imports from other countries.

Community consumption of calcium metal increased continuously and grew by 112% between 1992 and the end of the reference period. The injury suffered by the Community industry cannot, therefore, be attributed to any fall in demand. It should be stressed that imports from third countries increased considerably. Imports from the United States increased from 49 tonnes to 270.8 tonnes in the reference period while imports originating in Canada increased from 62 tonnes in 1992 to 74.1 tonnes in the reference period. However, according to Eurostat, these imports were at higher prices than those under consideration. The Commission therefore concluded that these imports were not a material cause of the injury suffered by the Community industry.

IPS alleged that a subsidiary of the Community industry was importing significant quantities of calcium metal from Russia and China under the regime of inward processing relief and consequently that any injury would therefore be partly self-inflicted. This allegation was not supported by any evidence. The Commission found during the investigation that the Community producer’s core production and commercialisation activity in the Community remained unchanged. Furthermore, even if a subsidiary of this producer had been importing for use in transformation activities some quantities of calcium metal from Russia and China in addition to the quantities delivered by the Community producer, this would have to be considered as a normal commercial behaviour in order to cope with the unfair commercial practices of the Russian and Chinese exporters on the Community market and to limit somewhat the injury suffered by the parent company.

2. Conclusion on causation

According to the above, factors other than the dumped imports have not been shown to have a material impact on the Community industry. Moreover, since the injury suffered by the Community industry consists mainly of continuous price pressure and losses resulting therefrom, a causal link with the low priced dumped imports undercutting the Community industry’s prices is evident. Were measures not to exist, the level of undercutting would be significant, enabling Chinese and Russian producers to increase their exports to the Community thus creating downward pressure on the Community producers’ prices. As mentioned in recital 26, the undercutting by Chinese and Russian exporters remains very significant.
E. UNDERTAKING

(54) One Russian exporter offered an undertaking providing for a minimum price. The Commission entered into negotiation with this exporter in December 1997. However, despite lengthy negotiation, the proposed minimum price was around 30 % below the target price necessary for the Community producer to achieve a reasonable profit. Therefore, the proposed undertaking was not considered acceptable.

F. ANTI-DUMPING MEASURES

(55) Having established that the dumped imports under consideration are still causing material injury to the Community industry and that it remains in the Community’s interest to continue to impose measures, the proposed measures should be amended to eliminate the injury caused by these imports as established in the present review investigation.

(56) In order to calculate the injury elimination level, the Commission, as in the previous investigation, compared the prices of the dumped imports with the selling prices of the Community industry reflecting its cost of production plus a reasonable level of profit.

(57) On this basis, the weighted average export prices for those product types used in the determination of price undercutting, as established for the period of investigation, on a CIF Community frontier level, adjusted to take account of customs duty paid and post-importation costs and profit, were compared with the Community industry’s cost of production plus a reasonable profit margin which was considered to be the minimum profit level necessary to make the sector concerned viable.

(58) The comparison showed an injury margin of 59,6 % for China and 59,5 % for Russia. These figures show a slight decrease in the duty rate which is due to the downward adjustment to the appropriate level of the injury threshold as a result of a fall in certain production costs of the Community industry. The amended injury elimination level leads to a conclusion that a duty of EUR 1 863 per tonne of Russian calcium metal and EUR 1 876 per tonne of Chinese calcium metal is appropriate.

(59) This level of duty is less than the dumping margins which were established in the second investigation and should therefore constitute the amount of the definitive duty to be imposed.

(60) In accordance with Article 11(2) of the basic Regulation, the present review does not affect the due date of expiry of the measures imposed in 1994 since it has been limited to an investigation of injury.

(61) Regulation (EC) No 2557/94 should therefore be amended to take account of the injury elimination level as amended,

HAS ADOPTED THIS REGULATION:

Article 1

Article 1 of Regulation (EC) No 2557/94 is hereby replaced by the following:

1. A definitive anti-dumping duty is hereby imposed on imports of calcium metal falling within CN code 2805 21 00 originating in Russia and the People’s Republic of China.

2. The rate of duty applicable is EUR 1 863 per tonne for imports originating in Russia and EUR 1 876 per tonne for imports originating in the People’s Republic of China.

3. In instances where the customs value is reduced pursuant to the second paragraph of Article 145 of Commission Regulation (EEC) No 2454/93 (1), the rate of the specific duty applicable, shall be reduced pro rata.

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


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.

Done at Brussels, 30 March 1999.

For the Council
The President
K.-H. FUNKE