

Notice of initiation of anti-subsidy proceedings concerning imports of stainless steel wire having a diameter of less than 1 mm originating in India and the Republic of Korea

(98/C 199/03)

The Commission has received a complaint pursuant to Article 11 of Council Regulation (EC) No 2026/97⁽¹⁾, alleging that imports of stainless steel wire having a diameter of less than 1 mm originating in India and the Republic of Korea are being subsidised and are thereby causing material injury to the Community industry.

1. Complaint

The complaint was lodged on 11 May 1998 by Eurofer on behalf of producers allegedly representing a major proportion of the Community production of stainless steel wire having a diameter of less than 1 mm.

2. Product

The product allegedly being subsidised is wire of stainless steel, containing by weight 2,5 % or more of nickel, other than containing by weight 28 % or more but not more than 31 % of nickel and 20 % or more but not more than 22 % of chromium, having a diameter of less than 1 mm, and is currently classifiable within CN code ex 7223 00 19. This CN code is only given for information and has no binding effect on the classification of the product.

3. Allegation of subsidy

(a) India

It has been alleged that Indian producers of the product concerned have benefited from a number of subsidies granted by the Government of India. These subsidies are a credit for import duty on materials used by exporters (Duty Entitlement Passbook Scheme), a tax exemption on profits earned on exports, and an export promotion capital goods scheme providing for preferential rates of import duty on imports of capital goods to be used for export manufacture. It has also been alleged that a number of exporting companies located in export processing zones obtain further tax and duty exemptions.

The subsidy is estimated to amount to 25 to 30 %.

It is alleged that the subsidies concerned involve a financial contribution from the Government of India and confer a benefit to the recipients, i.e. to exporters of stainless steel wire having a diameter of less than 1 mm. They are alleged to be contingent upon export performance and therefore specific and countervailable.

(b) Republic of Korea

It has been alleged that Korean producers of the product concerned have benefited from a number of subsidies granted by the Government of Korea. These subsidies are long-term credit financing at preferential interest rates operated by government-owned banks or by commercial banks under the direction of the Government of Korea, the granting of export credits and advance payment guarantees at rates below the appropriate interest rates by the Export-Import Bank of Korea, the provision for loans at reduced interest rates to export-oriented industries by the Korean Development Bank, *ad hoc* subsidies to certain steel producers mainly in the form of equity infusions by the Government of Korea, the provision of goods and services by the Korean Electricity Company without remuneration, debt forgiveness by the Korea Asset Management Corporation, the drawback of import duties and taxes on imported materials and certain tax incentives for export business and investment, and tax incentives under the Technology Development Promotion Law.

The subsidy is estimated to amount to 15 to 25 %.

It is alleged that the subsidies concerned involve a financial contribution from the Government of Korea and confer a benefit to the recipients, i.e. to exporters of stainless steel wire having a diameter of less than 1 mm. They are alleged to be either contingent upon export performance, contingent upon the use of domestic over imported goods, or otherwise specific to the steel industry, and are therefore specific and countervailable.

4. Allegation of injury

The complainants allege and have provided evidence that imports from India and Korea have increased significantly in absolute terms and in terms of market share.

⁽¹⁾ OJ L 288, 21.10.1997, p. 11.

It is further alleged that the volume and prices of the imported products have, among other consequences, had a negative impact on the quantities sold, market share and the prices charged by the Community producers, resulting in substantial adverse effects on the financial situation of the Community industry and significant job losses.

5. Procedure for determination of subsidy and injury

Having determined, after consulting the Advisory Committee, that the complaint has been lodged by or on behalf of the Community industry and that there is sufficient evidence to justify the initiation of proceedings, the Commission has commenced an investigation pursuant to Article 10 of Regulation (EC) No 2026/97.

(a) Questionnaires

In order to obtain the information it deems necessary for its investigation, the Commission will send questionnaires to the complainants, to known producers in the Community, to the Indian and Korean authorities, to known associations of producers and exporters from India and Korea and to any known representative associations of importers in the Community.

(b) Collection of information and holding of hearings

All interested parties, provided that they can show that they are likely to be affected by the results of the investigation, are hereby invited to make their views known in writing and to provide supporting evidence.

Furthermore, the Commission may hear interested parties, provided that they make a request in writing and show that there are particular reasons why they should be heard.

6. Community interest

In accordance with Article 31 of Regulation (EC) No 2026/97, and in order that an informed decision may be reached as to whether, in the event that the allegations of subsidy and injury are substantiated, the adoption of anti-subsidy measures would be in the Community interest, the complainants, importers and their represen-

tative associations and representative users' organisations may, within the general time limit specified in this notice, make themselves known and provide the Commission with information. It should be noted that any information submitted pursuant to this Article will only be taken into account if supported by factual evidence at the time of submission.

7. Time limits

(a) Time limit

Interested parties, if their representations are to be taken into account during the investigation, must make themselves known, present their views in writing and submit information within 37 days from the date of transmission of this notice to the Indian and Korean authorities. Interested parties may also apply to be heard by the Commission within the same time limit. The transmission of this notice to the Indian and Korean authorities shall be deemed to have taken place on the third day following its publication. This time limit also applies to all other interested parties, including the parties not named in the complaint, and it is consequently in the interest of these parties to contact the Commission without delay.

(b) Commission address for correspondence:

European Commission
Directorate-General I — External Relations
Attn Mr A. J. Stewart
Directorate E
Rue de la Loi/Wetstraat 200
B-1049 Brussels
Fax (32-2) 295 65 05
Telex COMEU B 21877

8. Non-cooperation

In cases in which any interested party refuses access to, or otherwise does not provide necessary information within the time limits, or significantly impedes the investigation, provisional or final findings, affirmative or negative, may be made in accordance with Article 28 of Regulation (EC) No 2026/97, on the basis of the facts available.