

COMMISSION REGULATION (EC) No 18/98

of 7 January 1998

imposing a provisional anti-dumping duty on imports of synthetic fibre ropes originating in India

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community⁽¹⁾, as amended by Regulation (EC) No 2331/96⁽²⁾, and in particular Article 7 thereof,

After consulting the Advisory Committee,

Whereas:

A. PROCEDURE

(1) In June 1997, an anti-dumping proceeding concerning imports of synthetic fibre ropes originating in India was terminated without imposition of measures on the grounds that although some factors appeared to indicate the existence of injury, the overall degree of injurious impact of the dumped imports was not sufficiently established to justify the imposition of measures in the light of the information available in relation to the investigation period. However, information made subsequently available to the Commission contained sufficient *prima facie* evidence that the situation of the Community industry may have further deteriorated as a result of continued dumped imports from India. In these special circumstances, and given that the new information could not be taken into consideration within the context of the abovementioned proceeding, the Commission decided to initiate a new anti-dumping proceeding on the basis of Article 5 (6) of Regulation (EC) No 384/96 (hereinafter referred to as the 'Basic Regulation'). The initiation of this proceeding was announced by a notice published in the *Official Journal of the European Communities*⁽³⁾ in July 1997.

(2) The Commission officially advised the producers exporters and importers known to be concerned and the representatives of the exporting country, about the initiation of the proceeding. Interested

parties were given the opportunity to make their views known in writing and to request a hearing.

- (3) The Commission sent questionnaires to all exporters and importers known to be concerned and received replies from one Indian exporting producer. None of the importers replied to the Commission's questionnaire.
- (4) Given the large number of Community producers supporting the proceeding, the Commission decided to investigate injury on the basis of a selection of Community producers in accordance with Article 17 of the Basic Regulation. Detailed questionnaires were sent to this selection of Community producers and information was received from them.
- (5) The Commission sought and verified all information it deemed necessary for the assessment of preliminary determination of dumping and injury and carried out investigations at the premises of the following companies:

Community producers

- Randers (Denmark),
- Oliveira SA (Portugal),
- Verto Portugal (Portugal),
- Bihl Frères (France),
- Quintas & Quintas (Portugal),
- Cotesi (Portugal),
- Sicor (Portugal),
- Geo Gleistein & Sohn (Germany);

Producer/exporter

- Garware-Wall Ropes Limited, Pune, India.

- (6) The investigation of dumping covered the period from 1 July 1996 to 31 May 1997 (hereinafter referred to as 'the investigation period'). The examination of injury covered the period from 1993 up to the end of the investigation period.

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. Product concerned

- (7) The product under consideration is twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics of polyethylene or polypropylene, other than binder and baler twine,

⁽¹⁾ OJ L 56, 6. 3. 1996, p. 1.

⁽²⁾ OJ L 317, 6. 12. 1996, p. 1.

⁽³⁾ OJ C 201, 1. 7. 1997, p. 8.

measuring more than 50 000 decitex (5 g/m), plaited and other, as well as other synthetic fibres of nylon or other polyamides or of polyesters measuring more than 50 000 decitex (5 g/m), plaited and other. The product as described above falls within CN codes 5607 49 11, 5607 49 19, 5607 50 11 and 5607 50 19.

The product in question is used for a wide variety of naval and industrial applications, in particular for shipping (especially for mooring purposes), and the fishing industry.

- (8) It is produced in many different types depending on the raw material composition and on the number of strands making up the ropes.

2. Like product

- (9) The investigation showed that the different types of synthetic fibre ropes sold in India are alike in their physical characteristics, application and use to those exported to the Community industry. Similarly, the ropes manufactured in the Community and those exported from India to the Community have the same characteristics and compete with each other. It is therefore concluded that they must be considered like products within the meaning of Article 1 (4) of the Basic Regulation.

C. DUMPING

1. Normal value

- (10) In order to establish normal value, the Commission first analysed whether the total domestic sales of the cooperating exporting producer was representative in accordance with Article 2 (2) of the Basic Regulation i.e. whether the total volume of such sales constituted 5 % or more of the total volume of export sales to the Community. This assessment revealed that the cooperating exporting producer's domestic sales of synthetic fibre ropes were representative.
- (11) The Commission then examined whether total domestic sales of each product type exported to the Community were representative, i.e. whether the volume of such sales constituted 5 % or more of the sales volume of the corresponding type exported to the Community.
- (12) For those product types meeting this test, the Commission subsequently examined whether the domestic sales of each product type could be considered as being made in the ordinary course of

trade, by looking at the proportion of profitable sales of the type in question.

In cases where, per product type, the volume of sales above unit cost represented less than 80 % but more than 10 % of the total sales volume, the normal value for this type was established on the basis of the weighted average price of profitable domestic sales transactions only. Where, per product type, the volume of domestic sales above unit cost represented less than 10 % of the total sales volume, domestic sales were considered insufficient in the sense of Article 2 (4) of the Basic Regulation and were therefore disregarded.

Where, for the corresponding product type, there were no or insufficient similar domestic sales in the ordinary course of trade and given that there was no other cooperating producer in India, normal value was constructed in accordance with Article 2 (3) and Article 2 (6) (b) of the Basic Regulation, i.e. on the basis of all costs of manufacturing and SG&A expenses incurred by the exporting producer when producing the product type concerned for sales on the domestic market, plus a profit margin based on the profitable sales of the like product made by this producer on the domestic market.

2. Export price

- (13) As the cooperating producer made its export sales to the Community directly to independent importers, export price was, in accordance with Article 2 (8) of the Basic Regulation, established on the basis of the prices actually paid or payable by these independent customers.

3. Comparison

- (14) 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 which were claimed and demonstrated to affect price comparability in accordance with Article 2 (10) of the Basic Regulation.
- Adjustments for transport, insurance, clearing and handling charges, indirect taxes, import charges, credit costs and discounts were granted.
- (15) The cooperating exporting producer claimed that an allowance should be granted for the imported charges borne by the raw material imported. This adjustment was granted where the duties shown to be paid on raw materials imported and physically incorporated in the product sold domestically were shown to be refunded when exporting the products.

The company also claimed an adjustment for physical characteristics on the grounds that some ropes exported to the Community contained a small proportion of waste. This claim was rejected, in accordance with Article 2 (10) of the Basic Regulation, as the company was not in a position to demonstrate that this physical difference had affected sales prices.

An adjustment for differences in other factors was also claimed on the grounds that the domestic market infrastructure requires the maintenance of a network of depots throughout the country which affects price comparability. However, the company was neither able to quantify the expenses incurred by this infrastructure nor to demonstrate how these expenses affected prices. In view of the above, this claim was rejected.

4. Dumping margin

- (16) In accordance with Article 2 (11) of the Basic Regulation, the dumping margin was established on the basis of a comparison between the weighted average normal value by type and the weighted average export price of the corresponding type at an ex-factory level.

The comparison of the normal value with the export price showed the existence of dumping, the dumping margin being equal to the amount by which the normal value exceeds the price for export to the Community.

Expressed as a percentage of the free-at-Community frontier price, duty unpaid, the weighted average dumping margin amounts to 96,4 %.

- (17) For exporting producers which neither replied to the Commission's questionnaire nor otherwise made themselves known, the dumping margin was determined on the basis of the facts available in accordance with the provisions of Article 18 (1) of the Basic Regulation.

A comparison of Eurostat data with the volume of exports to the Community reported by the cooperating exporting producer was made in order to establish the level of cooperation. This comparison showed that the level of cooperation was high. However, during the investigation, the Commission has established that the volume of exports declared by the cooperating producer of the product concerned from India to the Community was higher than the volume of imports quantified by

Eurostat, possibly because of the delay in reporting by national customs authorities.

Nevertheless, in order to avoid rewarding any possible non-cooperation, the product type which appeared most dumped was selected, provided that it did not result in a dumping margin lower than that established. The residual dumping margin was then determined on the basis of the dumping margin of the product type selected for the cooperating company. Expressed as a percentage of the free-at-Community frontier price, duty unpaid, the margin is 251 %.

D. COMMUNITY INDUSTRY

- (18) The Community producers supporting the proceeding represented approximately 96 % of the Community production of the product concerned and therefore constituted the Community industry in accordance with Articles 4 (1) and 5 (4) of the Basic Regulation.

E. INJURY

1. Preliminary remarks

- (19) As indicated in recital 6, for the purposes of establishing injury in the present proceeding the Commission has analysed data relating to the period 1993 to May 1997. However, as regards the development of the injury indicators over the period considered, the Commission has, for the purpose of a year-to-year comparison, used the figures relating to the 11 months of the investigation period (six months of 1996 and five months of 1997) as a basis for extrapolating the figures for a 12-month period.
- (20) The geographical scope of the investigation was the Community as composed at the time of the initiation of the proceeding, i.e. the Community of 15 Member States.

2. Collection of injury data

- (21) The Commission requested and obtained information from all producers supporting the proceeding relating to production, sales and employment ('global information'). In view of the large number of producers in the Community industry, the Commission based the remaining injury indicators on information from a selection of Community producers, i.e. capacity, capacity utilization, prices, profitability, cost of production, stocks and investments ('sampled information').

Pursuant to Article 17 of the Basic Regulation, the selection was made according to geographical location and the size of the companies in terms of production and sales and it includes large as well as small companies. Furthermore, it should be noted that more than half of the Community production is located in one Member State. Notwithstanding this, the Commission included producers from other Member States in its selection.

The selected companies accounted for 47 % of production and 44 % of sales of the product concerned of the Community industry during the investigation period.

3. Community consumption

- (22) Community consumption was based on global information on volume of sales of the Community industry and Eurostat information on volume of imports. As regards imports originating in India, the data obtained from Eurostat were adjusted to take account of information supplied by the Indian cooperating exporting producer and verified by the Commission. The volume of sales of the Community producers not cooperating in the proceeding was estimated, on the basis of the available information, at 4 % of the total sales of the whole Community producers.

On the above basis, Community consumption increased from 21 820 tonnes in 1993 to 26 405 tonnes in 1995 and remained relatively stable thereafter, reaching 27 049 tonnes in the investigation period, which represents an overall increase of 24 % over the period considered.

4. Volume and market share of the dumped imports

- (23) The total volume of all dumped imports of synthetic fibre ropes originating in India increased significantly over the period considered, rising from 440 tonnes in 1993 to 1 342 tonnes in 1996, then slightly decreasing to 1 239 tonnes in the investigation period. Overall, the volume of dumped imports increased by 182 % between 1993 and the investigation period.

The market share of synthetic fibre ropes imported from India rose significantly between 1993 and the investigation period, increasing from 2 % in 1993 to 5,1 % in 1996 then slightly decreasing to 4,6 % in the investigation period.

5. Prices of the dumped imports

- (24) In order to determine whether the exporting producer was undercutting the prices of the

Community producers during the investigation period, the Commission compared the prices of the selected Community producers with comparable prices of the cooperating exporter concerned in the Community. Due to the large number of different types of synthetic fibre ropes, the price comparison was made on the basis of a selection of transactions representing approximately 70 % of the volume of sales of all types of synthetic fibre ropes made by the Community producers.

The sales prices of the Community industry considered were those to independent customers, adjusted where necessary to ex-works level. Adjustments were made to the exporters' selling prices (cif Community frontier) to take account of customs duty paid and an allowance in respect of post importation costs. The transactions of the product types selected represented a large proportion of the total volume of imports from India into the Community during the investigation period. All prices were compared after excluding all discounts and rebates and at a comparable level of trade.

The results of the comparison (conducted on an average-to-average basis) showed that during the investigation period price undercutting margins for the imports originating in India, expressed as a percentage of the Community industry's average selling prices ranged from 0 % to 38 % with an overall weighted average of 16 %. The differences in these margins reflect the large variety of ropes falling within the definition of the product concerned.

6. Situation of the Community industry

(a) Production (global information)

- (25) Production levels of the product concerned produced by the Community industry increased during the period considered, going from 19 465 tonnes in 1993 to 22 373 tonnes in the investigation period, which represents an overall increase of 15 %. Production levels should be viewed in conjunction with Community consumption which increased by 24 % during the period considered.

(b) Sales volume of the Community industry (global information)

- (26) The volume of sales of the Community industry on the Community market increased during the period considered, with the sales levels at 19 179 tonnes in 1993 and 20 784 tonnes in the investigation period, which represents an overall increase of 8 %. This trend shows that the sales of Community producers were not able to follow the trend in consumption which increased by 24 % during the period considered.

(c) Market share (global information)

- (27) The development of sales volume compared to that of apparent Community consumption, shows that the market share held by the Community producers decreased during the period considered. The market share of the Community producers went from 88 % in 1993 to 77,5 % in 1995, 78,6 % in 1996 and 76,8 % in the investigation period. The overall loss of market share was 11 percentage points between 1993 and the investigation period. Moreover, it should be noted that the Community industry lost 10 percentage points in market share between 1993 and 1995 which is the period during which the increase in imports from India became particularly relevant. In 1996, the market share of the Community industry slightly improved but was again on the decline in the investigation period.

(d) Employment (global information)

- (28) Employment levels in the Community industry for the product concerned declined during the period considered. Employment fell from 1 247 in 1993 to 1 129 in the investigation period, a decrease of 9 %. Despite a slight improvement between 1995 and 1996, employment declined again in the investigation period.

(e) Capacity, capacity utilization (sampled information)

- (29) As regards capacity, it should be noted that the production facilities for synthetic fibre ropes are also used in the production of other products not concerned by the present proceedings, products which are subject to seasonal fluctuations of demand in the market, e.g. agricultural twines. As a consequence, an estimate of the capacity normally attributed to the production of the product concerned by the Community industry had to be made.

On this basis, capacity slightly increased, from 16 164 tonnes in 1993 to 17 008 tonnes during the investigation period which represents an increase of 5 %. This increase was in line with expectations of market growth (increase in consumption of 24 % over the period concerned). However, the rate of capacity utilization remained relatively stable during the period considered going from 61 % in 1993 to 62 % in the investigation period.

(f) Stocks (sampled information)

- (30) The investigation has shown that the product concerned is usually produced to order within the

Community. Generally, therefore, no significant levels of stocks were maintained by the Community producers, although stocks of product ordered and not yet sold exist occasionally.

(g) Investments (sampled information)

- (31) Yearly investments made by the sampled companies increased overall, going from ECU 549 996 in 1993 to ECU 1 033 882 in the investigation period. This represents an overall increase of 88 %. It should be noted that this significant increase is due for the most part to investments in replacement machinery over the period considered as part of an overall restructuring programme.

(h) Productivity (sampled information)

- (32) Productivity of the Community industry increased overall from 12,45 tonnes per person employed in 1993 to 15,2 tonnes per person employed in the investigation period, in spite of a slight decrease in the investigation period compared to 1996. This increase in productivity must be seen in the context of the significant technological improvements in the rope-making machines before and during the period considered which enabled the introduction of leaner and more integrated production processes.

(i) Price evolution (sampled information)

- (33) The weighted average prices of the product concerned sold by the sampled companies on the Community market fluctuated over the period considered, overall however, they increased by 1 %.

Furthermore, while the prices of the imports from India increased by 6 % over the period considered, it should be noted that, in the vast majority of cases, these prices were found to be significantly lower than the Community producers' prices for the whole period considered.

(j) Profitability (sampled information)

- (34) The profitability of the Community industry, expressed as a percentage of net sales, went from a weighted average loss of - 1,7 % in 1993 to a weighted average loss of - 7,1 % in the investigation period. It should be noted however, that the financial situation deteriorated particularly from 1995 onwards, going from a loss of - 1,2 % to a loss of - 7,1 % in the investigation period.

7. Conclusion on injury

- (35) The investigation has shown that the Community industry has suffered significant price pressure from the imports originating in India over the whole period considered, with undercutting up to 38 %. In addition, the Community industry suffered a significant loss of market share (11 percentage points) at a time when Community consumption increased by 24 %. Employment levels appeared to be on the decline in spite of restructuring efforts made by the Community industry.

Furthermore, the Community industry showed a significant deterioration of the financial results from 1995 onwards and a weighted average loss of - 7,1 % of net sales in the investigation period.

In the light of the foregoing analysis, the Commission has provisionally concluded that the Community industry has suffered material injury within the meaning of Article 3 (1) of the Basic Regulation.

F. CAUSATION OF INJURY

1. Effects of the dumped imports

- (36) In its examination of whether the material injury suffered by the Community industry had been caused by the effect of the dumped imports, the Commission found that the volume of dumped imports increased substantially between 1993 and the investigation period (+182 %). It should be noted that, between 1993 and 1996, the volume of imports originating in India into the Community more than doubled and their cumulated market share increased by 3 percentage points, whilst during the same period the Community industry lost 10 percentage points. Between 1996 and the investigation period, the volume of imports from India slightly declined. However, despite this slight decrease, the volume of dumped imports from India remained significant in the investigation period.

Furthermore, it is noted that the market for synthetic fibre ropes is price-sensitive and transparent. The Commission found that the product under investigation is to be considered as a commodity and that any downward pressure on prices tended to have an immediate impact on the market.

In this context, the Commission found that the imports from India undercut the prices of the

Community industry by an average of 16 % and up to 38 % during the investigation period. In addition, over the whole period considered, the prices of imports from India were consistently and significantly lower than those of the Community industry. It should be noted that this undercutting continued during the investigation period, despite the relative decline in volume of the imports originating in India in this later period. Furthermore, the Indian prices were found to be the lowest on the market in this period.

- (37) As concerns the Community industry's financial situation, it was not favourable at the beginning of the period considered, however, it had significantly deteriorated by the end of the period.

Two distinct phases can be observed. Between 1993 and 1995 the Community industry's financial situation remained relatively stable, albeit loss-making. This shows that the Community industry, under pressure from the dumped imports, attempted to maintain the level of profitability at the expense of market share. From 1995 onwards, however, in the light of the continuous price pressure of the dumped imports, the Community industry had to modify its pricing strategy in order not to lose further shares of the market and to maintain production levels. Profits were consequently reduced and profitability significantly deteriorated.

Under the circumstances, it is concluded that the dumped imports of synthetic fibre ropes originating in India have caused material injury to the Community industry.

2. Effects of other factors

- (38) The Commission examined whether the injury suffered by the Community industry could have been caused by factors other than the dumped imports. In particular, the Commission looked at the trend in consumption in the Community market, the viability of the Community industry, the evolution and impact of imports from third countries not included in the present proceeding and the impact of any increases in the cost of raw materials.

(a) Community consumption

- (39) Community consumption of synthetic fibre ropes increased in total by 24 % between 1993 and the investigation period, with a tendency to stabilize after 1995. The injury suffered by the Community industry cannot, therefore, be attributed to the trend in demand.

(b) Competitiveness of the Community industry

- (40) Despite losses in the beginning of the period, it is recalled that over the period considered the Community industry made significant investments in replacement machinery in order to tie-up with developments in technology. These new machines enabled a leaner and more integrated production process, which in turn resulted in a notable increase in productivity of 22 % between 1993 and the investigation period. Moreover, the Community industry continued its efforts in research and development and in quality control throughout the period considered. The Community industry therefore improved its performance both in cost and in quality terms over the period considered.

(c) Imports from other third countries

- (41) The Commission found that the overall market share of imports from third countries not concerned by these proceedings increased by 8,5 % during the period considered. The Commission examined in particular imports from the Republic of Korea, Norway, Poland, Russia and the Czech Republic.

As regards the imports from the Republic of Korea, an anti-dumping proceeding was initiated on 31 July 1997, following a complaint by Eurocord on behalf of the Community industry⁽¹⁾. Since the market share of the imports originating in the Republic of Korea significantly progressed during the period considered from 0,4 % to 4 %, it cannot be excluded that Korean imports contributed to the injury sustained by the Community industry. However, the results of the investigation are still pending.

The market share held by imports from Norway, Russia and the Czech Republic increased over the period considered, but their prices were found to be higher than Indian prices. The prices of imports originating in Poland were found to be lower than Indian prices only in 1994, furthermore, their market share remained stable over the period considered.

It should be further noted that, except for 1994, the Indian import prices were found to be the lowest on the market in the period considered. Moreover, between 1995 and the investigation period, the volume of the Indian imports alone represented 20 % of the total volume of imports

into the Community, which was the highest relative individual share of imports.

(d) Changes in the prices of raw materials

- (42) The Commission also considered whether the injury suffered by the Community industry could have been caused by the fluctuations in the cost of the raw materials during the period considered.

The Commission found significant fluctuations in the cost of the raw materials over the period concerned. Overall, the prices of polyethylene and polypropylene granulates, the main raw materials used in the production of the product concerned, increased respectively by 41 % and 52 % between 1993 and the investigation period. Considering that the raw materials account for approximately 50 % of the total costs of production, the average sales price charged by the Community industry should have increased by 23 % over the period considered to cover the overall increase in raw material costs. This should be compared to an overall increase in the sales prices of the Community industry of 1 %.

3. Conclusion on causation

- (43) Although it cannot be excluded that the variation in the cost of raw materials may have had a certain adverse effect on the situation of the Community industry, and that some of the imports from other third countries may have contributed to the loss in market share and the negative situation of the Community industry, this does not detract from the fact that the imports of synthetic fibre ropes originating in India, taken in isolation, caused material injury to the Community industry.

This conclusion is drawn in particular given the loss of market share of the Community industry combined with a deterioration of profitability, which coincided with an increase in the volume and market share of Indian imports at prices that constantly undercut those of the Community industry, at levels found to be the lowest on the market in the investigation period.

G. COMMUNITY INTEREST**1. Preliminary remarks**

- (44) The Commission provisionally examined, on the basis of the information submitted, whether despite the dumping and injury findings, compelling reasons exist which would lead to the conclusion that it is not in the Community interest to impose measures in the present case.

⁽¹⁾ OJ C 232, 31. 7. 1997, p. 6.

For this purpose, the Commission has considered the impact of possible measures for all parties involved in the proceedings and also the consequences for those same parties, of not taking provisional measures.

2. Collection of information

- (45) In order to assess the likely impact of measures, the Commission requested information from all interested parties known to the Commission, including parties in the upstream industries, the Community industry, and user industries. It is to be noted that the Commission received only limited and generic replies.

The parties examined in the context of the present Community interest analysis fall into the following main categories: the raw material producers upstream, the Community industry, the importers/distributors and users downstream.

It should be noted that synthetic fibre ropes are sold in the Community in their finished state, therefore no downstream processing industry as such is concerned by these proceedings.

3. Interests of the raw material producers

- (46) The raw materials used in the production of the product are polymers such as, *inter alia*, polypropylene, polyethylene, polyamide and polyester. These polymers can be in the form of granulates, which need to be extruded, or yarns. They are generally produced in the Community by the main petrochemical industrial groups.

Although a number of raw material producers wrote to the Commission in support of the present proceedings, there appears to be no evidence that these producers would be significantly affected by the imposition or the non-imposition of measures, given that their sales to rope producers would be marginal to their overall businesses.

4. Interests of the Community industry

(a) *Nature and structure of the Community industry*

- (47) The Community industry is made up of some 30 companies that produce the product concerned. The Community industry is spread over most Member States, however a large concentration of companies is to be found in Portugal. The Portuguese producers accounted for approximately 60 %

of the production of the Community industry in the investigation period.

The Community producers are, for the largest part, family-owned small- to medium-sized companies.

The Community industry essentially transforms the raw materials into synthetic fibre rope through the following main production phases: an extrusion phase (the melting of the raw materials into useable yarn), a stranding phase (creating strands from the yarns) and a twisting or braiding phase (twisting or braiding the strands to make up the rope). The product concerned is a finished product that does not generally undergo any further significant transformation.

(b) *Viability of the Community industry*

- (48) The financial situation of the Community industry was not favourable already at the beginning of the period considered, leading to restructuring during this period. The investigation has shown that as a result of the dumped imports the financial situation of the Community industry has worsened significantly and that the Community industry has lost significant market share over the period considered. However, it is recalled that the Community industry invested significantly throughout the period considered in new machinery, which enabled the introduction of more efficient production processes. The Community industry also invested into quality assurance and control and has undergone important research and development efforts to introduce the production of new types of special ropes providing a higher added value and involving more advanced technologies. Finally, at the end of the investigation period the Community industry still held a significant market share, which demonstrates that Community producers are reliable suppliers.

(c) *Likely effects of the imposition or non-imposition of measures*

- (49) If the pressure exerted by the dumped imports is allowed to continue further, financial losses would continue to occur. The Community industry would then not be able to finance its efforts in developing products and over a longer term company closures could follow. In this respect it is noted that the Commission were informed that, as a consequence of the price pressure existing on the Community market during the period considered, a number of Community producers have had to limit their production range and a number of others have stopped producing altogether.

It is very likely that without measures to correct the effects of dumped imports, this negative trend will continue.

On the other hand, if measures were imposed, the Community industry should be able to increase prices and improve profitability.

5. Interests of the importers/distributors

- (50) The distribution chain of the product concerned is characterized by an important number of importers-distributors who, unlike the Community industry, hold significant levels of stocks of the product concerned. It is important to note that the distributors have an important power in setting the price level for the product concerned often resulting from their unique position in the distribution chain.

The importers/distributors generally act as the intermediaries between both the Community industry and the exporters, and the users. A typical example of the role of the importers/distributors is the activity of a ship's chandler in a major port; the ship's chandler will often determine the source of his supply (Community or imported) on the basis of the price charged for the product concerned on the day.

Since the importers and distributors have the power to set the prices on the market and since they are generally free to determine the source of their supply (Community or imported), the Commission do not see that they would be significantly affected by the imposition or non-imposition of measures. Moreover, no evidence was submitted to the Commission that this would not be the case.

6. Interests of the users

- (51) The users of the product concerned mainly consist of the fishing and shipping industries.

Given the extreme price sensitivity of the market, the Commission believes that, the impact of the imposition of measures would in all likelihood take the form of a price increase.

Ropes are generally used for mooring purposes, general on-board purposes or for ancillary purposes to the use of fishing nets. The costs relating to the ropes is therefore peripheral to the main costs incurred by the industry concerned, when compared to other costs such as the depreciation of

the vessels, fuel, insurance, labour or maintenance. This conclusion is reinforced given that synthetic fibre ropes can be used for a long time, without specific maintenance. According to the information available, the Commission believe, therefore, that the product concerned only represents a negligible part of the overall costs of the user industries, which also explains the lack of cooperation from the users in this present proceeding. Any expected price increase would therefore be marginal for the users.

7. Conclusion on Community interest

- (52) Given the rate of increases of imports from India over the period considered and the exporter's behaviour on the Community market to constantly and significantly undercut the prices of the Community industry, there is a likelihood that, in the absence of measures, this trend will continue and further aggravate the injury caused to the Community producers.

The effects of the imposition of measures can be expected to assist the Community industry to improve profitability, with consequent beneficial effects on the competitive conditions on the Community market and the reduction of the threat of further closures and reductions in employment. The beneficial effects are also expected to assist the Community producers to take full advantage of the investments made in recent years, to continue developing new products of higher technology for new and specialized applications.

As regard the user industries, any expected price increase would only have a marginal impact.

The Commission has concluded that, in the circumstances there are no compelling reasons not to impose measures.

H. PROVISIONAL DUTY

1. Injury elimination level

- (53) Having established that the dumped imports under consideration have caused material injury to the Community industry and that there are no compelling reasons not to take action, provisional anti-dumping measures should be adopted. The measures envisaged should be sufficient to eliminate the injury caused by these imports without exceeding the dumping margins found.

The removal of such injury requires that the industry should be put in a position where prices reach a level which would prevail in the absence of dumped imports. It was concluded that at such a level Community producers could cover their costs of production plus a reasonable amount for profit.

Therefore, the weighted average export prices for those product types used in the determination of price undercutting were compared, for the period of investigation, on a cif Community frontier level, adjusted to take account of customs duty paid and an allowance in respect of post importation costs, with the actual weighted average selling prices charged by the selected Community producers concerned, increased, where appropriate, to cover production cost plus a profit margin of 5 %.

This profit margin was considered, for the purpose of a preliminary determination, to be the minimum profit level necessary to make this sector viable. It takes account of the fact that the product concerned is considered by the interested parties as being a commodity.

This comparison showed an injury margin of 53,0 % of the weighted average net, free-at-Community frontier price, before duty.

2. Provisional anti-dumping duty

- (54) According to Article 7 (2) of the Basic Regulation, the level of the provisional anti-dumping duties should be equal either to the margin of dumping or the amount necessary to remove injury, whichever is the lower.

Since the injury margin provisionally found for the Indian exporter is lower than the respective dumping margin, the rate of provisional anti-dumping duty for this exporter should be based on the injury elimination level found.

- (55) For companies which did not cooperate in the investigation, the provisional duty is based on the injury margin, i.e. 82,0 %, found for the product type selected for the establishment of dumping margin in respect of these companies, since the dumping margin exceeded the injury margin.

I. FINAL PROVISION

- (56) In the interests of sound administration, a period should be fixed in which the parties concerned

may make their views known in writing and request a hearing. Furthermore, it should be emphasised that all findings made for the purpose of this Regulation are provisional and may have to be reconsidered for the purpose of any definitive duty which the Commission may propose,

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of synthetic fibre ropes falling within CN codes 5607 49 11, 5607 49 19, 5607 50 11 and 5607 50 19 originating in India.

2. For the purposes of this Regulation, the rate of the provisional anti-dumping duty applicable to the net free-at-Community frontier price before duty shall be as follows:

— Garware Wall Ropes Ltd	53,4 % (additional Taric code 8755),
— Other manufacturers	82,0 % (additional Taric code 8900).

3. The provisions in force concerning duties and other customs practices shall apply.

4. The release for free circulation in the Community of the products referred to in paragraph 1 shall be subject to the provision of a security, equivalent to the amount of the provisional duty.

Article 2

Pursuant to Articles 20 and 21 of Regulation (EC) No 384/96 of 22 December 1995, the parties concerned may make their views known in writing and apply to be heard orally by the Commission within one month of the entry into force of this Regulation.

Article 3

Subject to Articles 7, 9, 10 and 14 of Regulation (EC) No 384/96 of 22 December 1995, Article 1 of this Regulation shall apply for a period of six months unless the Commission extends its validity or the Council adopts definitive measures before the expiry of that period.

Article 4

This Regulation shall enter into force on the day following 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, 7 January 1998.

For the Commission

Leon BRITTAN

Vice-President
