

COMMISSION REGULATION (EC) No 426/2005**of 15 March 2005****on imposing a provisional anti-dumping duty on imports of certain finished polyester filament apparel fabrics 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:

A. PROCEDURE**1. Initiation**

- (1) On 17 June 2004, the Commission announced, by a notice published in the *Official Journal of the European Union*⁽²⁾, the initiation of an anti-dumping proceeding with regard to imports into the Community of certain finished polyester filament apparel fabrics ('FPFAF') originating in the People's Republic of China ('PRC' or 'country concerned').
- (2) The proceeding was initiated as a result of a complaint lodged by AIUFFASS ('the complainant'), an affiliate of Euratex, on behalf of 7 individual producers representing a major proportion of the production of the product concerned in the EU, i.e. in this case 26 % of the Community production. The complaint contained evidence of dumping of the said product and of material injury resulting there from, which was considered sufficient to justify the initiation of a proceeding.

2. Parties concerned by the proceeding

- (3) The Commission officially advised the complainant, the exporting producers, importers, suppliers and users as well as user associations known to be concerned, and the representatives of the PRC, of the initiation of the proceeding. Interested parties were given an opportunity to make their views known in writing and to request a hearing within the time limit set in the notice of initiation.
- (4) The complainant producers, other co-operating Community producers, exporting producers, importers, suppliers, users and their respective associations made their views known. All interested parties, who so requested and showed that there were particular reasons why they should be heard, were granted a hearing.
- (5) The Commission sent questionnaires to all parties known to be concerned and to all the other companies that made themselves known within the deadlines set out in the notice of initiation. Replies were received from six of the seven Community producers included in the complaint (one company being unable to fully cooperate due to bankruptcy), one other Community producer, one supplier, one unrelated importer and nine unrelated users in the Community.

⁽¹⁾ OJ L 56, 6.3.1996, p. 1. Regulation as last amended by Regulation (EC) No 461/2004 (OJ L 77, 13.3.2004, p. 12).

⁽²⁾ OJ C 160, 17.6.2004, p. 5.

- (6) In order to allow exporting producers in the PRC to submit a claim for market economy treatment ('MET') or individual treatment ('IT'), if they so wished, the Commission also sent MET and IT claim forms to the Chinese companies known to be concerned, and to all the other companies that made themselves known within the deadlines set out in the notice of initiation. In this respect, 49 companies requested MET pursuant to Article 2(7) of the basic Regulation, and 7 companies requested only IT.
- (7) In view of the apparent high number of exporting producers, importers and Community producers, sampling was envisaged in the notice of initiation for the determination of dumping and injury, in accordance with Article 17 of the basic Regulation. In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, all exporting producers, 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 April 2003 to 31 March 2004). After examination of the information submitted, it was decided that sampling was only necessary with regard to exporters. The sample selected is based on the largest representative volume of exports that can reasonably be investigated within the time available. It consists of the 8 largest exporting Chinese exporting producers (and their related parties), representing over 50 % of the export volume to the Community of the co-operating parties.
- (8) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Community interest. Verification visits were carried out at the premises of the cooperating Community producers and the following companies:
- (a) *Community producers*
- Verification visits were carried out at the premises of seven Community producers located in four different countries. The cooperating Community producers requested in terms of Article 19 of the basic Regulation that their details are not published, as to do so would have a significantly adverse effect upon them. The request was found to be sufficiently substantiated and therefore granted.
- (b) *Exporting producers in the PRC*
- Wujiang Chemical Fabric Mill Co. Ltd.
 - Shaoxing Tianlong import and export Ltd.
 - Wujiang Canhua Import & Export Co. Ltd.
 - Fuzhou Fuhua Textile & Printing Dyeing Co. Ltd.
 - Fuzhou Ta Tung Textile Works Co. Ltd.
 - Hangzhou Delicacy Co. Ltd.
 - Shaoxing County Huaxiang Textile Co. Ltd.
 - Shaoxing Ronghao Textiles Co. Ltd. (and related company Shaoxing County Qing Fang Cheng Textile Import and export Co Ltd).

- (c) *Unrelated importers*
 - LE-GO — Hof (Germany)
 - (d) *Community industry suppliers*
 - Elana SA — Torun (Poland)
 - (e) *Community users*
 - LE-GO — Hof (Germany)
- (9) 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:
- Italteks Expo Grup A.A., Istanbul

3. Investigation period

- (10) The investigation of dumping and injury covered the period from 1 April 2003 to 31 March 2004 ('IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2000 to the end of the investigation period ('period considered').

4. Product concerned and like product

4.1. Product concerned

- (11) The product concerned is finished polyester filament apparel fabrics ('PPFAF') which is woven fabric of synthetic filament yarn containing 85 % or more by weight of textured or non textured polyester filaments, dyed or printed. It is normally used for apparel applications, i.e. *inter alia* for making lining for clothing and for making anoraks, sports wear, ski wear, underwear and fashion items.
- (12) The product concerned is produced by weaving polyester filament yarn (which is not pre-dyed) and then printed or dyed in order to obtain a specific design or colour. It is therefore distinguished from unbleached or bleached woven fabric of synthetic filament yarn that is a product formed after weaving but before dyeing, and which forms the raw material for the product concerned. It can also be distinguished from woven polyester filament fabrics for which pre-dyed yarn is woven into cloth, and the design is created by weaving the pattern. The latter product has different basic physical and chemical characteristics, since the raw material used (pre-dyed yarn) is different, and the design is obtained through weaving and not printing or dyeing. In addition, such type of finished fabric is normally used for soft furnishing applications, whereas the product concerned is almost exclusively used for making clothing.
- (13) The investigation has shown that all types of the product concerned as defined in recital 11, despite differences in a variety of factors such as colour, size of the yarns and finish, have the same basic physical, and chemical characteristics and are used for the same purposes. Therefore, and for the purpose of the present anti-dumping proceeding, all types of the product concerned are regarded as one product. The product concerned falls within CN codes 5407 52 00, 5407 54 00, 5407 61 30, 5407 61 90 and ex 5407 69 90.

4.2. Like product

- (14) No differences were found between the product concerned and the PPFAF produced and sold on the domestic market in the PRC or in Turkey, which served as an analogue country for the purpose of establishing the normal value with respect to certain imports from the PRC. Indeed, they both have the same basic physical and chemical characteristics and uses.

- (15) Likewise, no differences were found between the product concerned and the FPFAP produced by the Community industry and sold on the Community market. They both also were found to share the same physical and chemical characteristics and uses.
- (16) Therefore, these products are provisionally considered to be alike within the meaning of Article 1(4) of the basic Regulation.

B. DUMPING

1. Market economy treatment (MET)

- (17) 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 paragraphs 1 to 6 of the said Article for those producers which were found to meet the criteria laid down in Article 2(7)(c).
- (18) Briefly, and for ease of reference only, the MET criteria are set out in summarised form below:
1. Business decisions and costs are made in response to market conditions and without State interference;
 2. Accounting records independently audited in line with international accounting standards and applied for all purposes;
 3. There are no significant distortions carried over from the former non-market economy system;
 4. Legal certainty and stability is provided by bankruptcy and property laws;
 5. Currency exchanges are carried out at the market rate.
- (19) In the present investigation, 49 exporting producers in the PRC made themselves known and requested MET pursuant to Article 2(7)(c) of the basic Regulation. Each single MET application was analysed. In view of the large number of companies concerned, on-spot investigations were carried out only at the premises of eight companies (see recital (7)). For the remaining companies, a detailed desk analysis of all information submitted was carried out, and an extensive exchange of correspondence took place with the companies concerned, where elements in their submission were missing or unclear. Where a subsidiary or any other company related to the applicant in the People's Republic of China is a producer and/or an exporter of the product concerned, the related party was also invited to complete the MET claim form. Indeed, MET can be granted only if all related companies meet the criteria set above.
- (20) As regards the companies for which on-spot investigations were carried out, the investigation revealed that three of the eight Chinese exporting producers fulfilled all the conditions for MET (see list of companies in recital (23)). The remaining five claims had to be rejected. The criteria not met by the five exporting producers are set out in the table below.

- (21) As regards the remaining 41 companies, the analysis carried out individually for each company concluded that MET should not be granted to 19 companies, since they manifestly did not meet the criteria of Article 2(7)(c) of the basic Regulation. It was considered that 10 out of these 19 companies did not sufficiently co-operate in the investigation by not submitting the necessary information requested. Indeed, even after a deficiency letter, those companies failed to sufficiently demonstrate that either themselves, or any related company(ies) involved in the production/sales of the product concerned, fulfilled the relevant MET criteria. For the other 9 out of these 19 companies, the criteria not met are also set out in the table below. The remaining 22 companies could successfully demonstrate that they met the five relevant MET criteria.
- (22) The following table summarises the determination for each company not granted MET, against each of the five criteria as set out in Article 2(7)(c) of the basic Regulation:

Company	Criteria				
	Article 2(7)(c) indent 1	Article 2(7)(c) indent 2	Article 2(7)(c) indent 3	Article 2(7)(c) indent 4	Article 2(7)(c) indent 5
1	Not MET	Not MET	MET	MET	MET
2	MET	Not MET	Not MET	MET	MET
3	MET	Not MET	Not MET	MET	MET
4	Not MET	Not MET	Not MET	MET	MET
5	Not MET	Not MET	Not MET	MET	MET
6	MET	MET	Not MET	MET	MET
7	MET	MET	Not MET	MET	MET
8	MET	MET	Not MET	MET	MET
9	Not MET	Not MET	MET	MET	MET
10	Not MET	MET	MET	MET	MET
11	MET	Not MET	MET	MET	MET
12	MET	MET	Not MET	MET	MET
13	MET	MET	Not MET	MET	MET
14	Not MET	Not MET	MET	MET	MET

Source: verified questionnaire replies of cooperating Chinese exporters.

- (23) On this basis, the exporting producers in the PRC which obtained MET are the following:

1. Fuzhou Fuhua Textile & Printing Dyeing Co. Ltd.
2. Fuzhou Ta Tung Textile Works Co. Ltd.
3. Hangzhou Delicacy Co. Ltd.
4. Far Eastern Industries (Shangai) Ltd.
5. Hangzhou Hongfeng Textile Co. Ltd.
6. Hangzhou Jieenda Textile Co. Ltd.
7. Hangzhou Mingyuan Textile Co. Ltd.

8. Hangzhou Shenda Textile Co. Ltd.
9. Hangzhou Yililong Textile Co. Ltd.
10. Hangzhou Yongsheng Textile Co. Ltd.
11. Hangzhou ZhenYa Textile Co. Ltd.
12. Huzhou Styly Jingcheng Textile Co. Ltd.
13. Nantong Teijin Co. Ltd.
14. Shaoxing Ancheng Cloth industrial Co. Ltd.
15. Shaoxing County Jade Weaving and Dyeing Co. Ltd.
16. Shaoxing County Pengyue Textile Co. Ltd.
17. Shaoxing County Xingxin Textile Co. Ltd.
18. Shaoxing Yinuo Printing Dyeing Co. Ltd.
19. Wujiang Longsheng Textile Co. Ltd.
20. Wujiang Xiangshen Textile Dyeing Finishing Co. Ltd.
21. Zhejiang Tianyuan Textile printing and Dying Co. Ltd.
22. Zhejiang Shaoxing Yongli Printing and Dyeing Co. Ltd.
23. Zhejiang Xiangsheng Group Co. Ltd.
24. Zhejiang Yonglong enterprises Co. Ltd.
25. Zhuji Bolan Textile Industrial development Co. Ltd.

2. Individual treatment (IT)

- (24) Further to article 2(7)(a), a country-wide duty, if any, is established for countries falling under Article 2(7), 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 for receiving individual treatment.
- (25) The exporting producers which requested MET, also claimed individual treatment in the event of not being granted MET. Seven additional exporting producers requested only individual treatment.
- (26) Firstly, as regards the companies that claimed but failed to obtain MET, it was found that 13 companies met all the requirements for IT set forth in Article 9(5) of the basic Regulation. As far as the other companies are concerned, ten of them did not sufficiently co-operate in order to be granted MET, and their level of cooperation was so low that they did not even submit enough evidence to justify their request for IT. One other company could not be granted IT because it could not properly and sufficiently demonstrate that its export prices and quantities, and conditions and terms of sale are freely determined. Indeed, for the majority of the export sales it was not possible to verify the final customer or payment of the goods, and the company could not clarify the strong doubts that, under those circumstances, the State was involved in the price setting of the company.

(27) Secondly, from the seven companies that only requested IT, five were found to meet the requirements set forth in Article 9(5) of the basic Regulation. The other two companies could not sufficiently demonstrate that their export prices and quantities as well as the conditions and terms of the sales were freely determined, and without any State interference. Indeed, both companies did not provide the necessary requested information, namely their Articles of Association in force during the whole IP, and one of them was also found to be State owned during the major part of the IP.

(28) It was therefore concluded that IT should be granted to the following 18 companies:

1. Hangzhou CaiHong Textile Co. Ltd.
2. Hangzhou Fuen Textile Co. Ltd.
3. Hangzhou Jinsheng Textile Co. Ltd.
4. Hangzhou Xiaonshan Phoenix Industry Co. Ltd.
5. Hangzhou Zhengda Textile Co. Ltd.
6. Wujiang Canhua Import & Export Co. Ltd.
7. Shaoxing China Light & Textile Industrial City Somet Textile Co. Ltd.
8. Shaoxing County Fengyi Textile Printing and Dying Co. Ltd.
9. Shaoxing County Huaxiang Textile Co. Ltd.
10. Shaoxing Nanchi Textile Printing Dyeing Co. Ltd.
11. Shaoxing Ronghao Textiles Co. Ltd (and related company Shaoxing County Qing Fang Cheng Textile import and export Co. Ltd.)
12. Shaoxing Xinghui Textiles Co. Ltd.
13. Shaoxing Yongda Textile Co. Ltd.
14. Shaoxing Tianlong import and export Ltd.
15. Zhejiang Huagang Dyeing and Weaving Co. Ltd.
16. Zhejiang Golden time printing and Dying knitwear Co. Ltd.
17. Zhejiang Golden tree SLK printing Dying and Sandwshing Co. Ltd.
18. Zhejiang Shaoxiao Printing and Dying Co. Ltd.

3. Sampling

(29) It is recalled that in view of the large number of companies involved, it was decided to make use of the provisions for sampling, and that for this purpose, a sample of eight companies, with the largest export volumes to the EU was chosen, in agreement with the Chinese authorities.

(30) In this respect, the analysis subsequently revealed that from the eight companies originally selected, MET could be granted to three companies, and IT to four of the companies concerned. The provisions on sampling have therefore been applied on that basis.

4. Normal value

4.1. Determination of normal value for exporting producers granted MET

- (31) As far as the determination of normal value is concerned, the Commission first established, for each exporting producer concerned, whether its total domestic sales of FPFAP were representative in comparison with its total export sales to the Community. In accordance with Article 2(2) of the basic Regulation, domestic sales were considered representative when the total domestic sales volume of each exporting producer was at least 5 % of its total export sales volume to the Community.
- (32) For the exporting producers having overall representative domestic sales, the Commission subsequently identified the types of FPFAP sold domestically which were identical or directly comparable to the types sold for export to the Community.
- (33) For each of those types, it was established whether domestic sales were sufficiently representative for the purposes of Article 2(2) of the basic Regulation. Domestic sales of a particular type were considered sufficiently representative when the total domestic sales volume of that type during the IP represented 5 % or more of the total sales volume of the comparable type exported to the Community.
- (34) An examination was also made as to whether the domestic sales of each type of the product concerned could be regarded as having been made in the ordinary course of trade, by establishing the proportion of profitable sales to independent customers of the type in question.
- (35) In cases where the sales volume of a type of FPFAP, sold at a net sales price equal to or above its cost of production, represented more than 80 % of the total sales volume of that type, and where the weighted average price of that type was equal to or above its cost of production, normal value was based on the actual domestic price. This price was calculated as a weighted average of the prices of all domestic sales of that type made during the IP, irrespective of whether these sales were profitable or not.
- (36) Where the volume of profitable sales of a type of FPFAP represented 80 % or less of the total sales volume of that type, or where the weighted average price of that type was below its cost of production, normal value was based on the actual domestic price, which was calculated as a weighted average of profitable sales of that type only, provided that these sales represented 10 % or more of the total sales volume of that type.
- (37) Finally, where the volume of profitable sales of any type of FPFAP represented less than 10 % of the total sales volume of that type, it was considered that this particular type was sold in insufficient quantities for the domestic price to provide an appropriate basis for the establishment of the normal value.
- (38) Wherever domestic prices of a particular type sold by an exporting producer could not be used, constructed normal value was used in preference to domestic prices of other exporting producers. Due to the number of different types and the variety of factors (such as the type of the fibres, the size of the yarns, the finishing of the fabrics) affecting them, using domestic prices of other exporting producers would have meant in this case making numerous adjustments, most of which would have had to be based on estimates. It was therefore considered that the construction of the normal value for each exporting producer formed a more appropriate method.
- (39) Consequently, in accordance with Article 2(3) of the basic Regulation, normal value was constructed by adding to each exporter's manufacturing costs of the exported types, adjusted where necessary, a reasonable amount for selling, general and administrative expenses ('SG&A') and a reasonable margin of profit. To this end, the Commission examined whether the SG&A incurred and the profit realised by each of the exporting producers concerned on the domestic market constituted reliable data.

- (40) Actual domestic SG&A expenses were considered reliable when the total domestic sales volume of the company concerned could be regarded as representative as compared to the volume of export sales to the Community. The domestic profit margin was determined on the basis of domestic sales of those types that were sold in the ordinary course of trade. For this purpose, the methodology set out in recital (34) was applied. Where these criteria were not met, a weighted average SG&A expenses and/or profit margin of the other companies with representative sales in the ordinary course of trade in the country concerned was used.
- (41) Two companies had overall representative sales but it was found that only certain types of the product concerned, which were exported, were sold on the domestic market or were sold on the domestic market in the ordinary course of trade. For the remaining types of PPF&F exported by this company normal value had to be constructed following the methodology explained in the recital (38) to (40).
- (42) One company was found not to have overall representative domestic sales of PPF&F, and normal value therefore had to be constructed following the methodology explained in the recital (38) to (40).
- (43) It should be noted that in the case of two companies, the verification revealed that the manufacturing costs reported by the companies did not properly include all the relevant costs elements, and adjustments have therefore been made accordingly.

4.2. Determination of normal value for all exporting producers not granted MET

(a) Analogue country

- (44) According to Article 2(7) of the basic Regulation, normal value for companies to which MET could not be granted, was established on the basis of the prices or constructed value in an analogue country.
- (45) In the Notice of Initiation, the Commission indicated its intention to use Mexico as an appropriate analogue country for the purpose of establishing normal value for the PRC and interested parties were invited to comment on this.
- (46) A number of exporting producers in the PRC not granted MET objected to this proposal. The main arguments were that Mexico was not considered an appropriate analogue country because of its limited production volume and limited number of producers as compared to China. Questionnaires were sent to all known exporting producers in Mexico, but no reply was received. Mexico could therefore not be chosen as analogue country.
- (47) The Commission services therefore considered alternative solutions and it was found that Turkey could be considered an appropriate analogue country. Indeed, the investigation revealed that Turkey is a competitive market for the product concerned with various domestic producers, of different sizes, and significant imports from third countries. The domestic producers were found to produce similar product types as in the PRC and have similar production methods. The Turkish market was therefore deemed sufficiently representative for the purpose of establishing normal value.
- (48) All known exporting producers in Turkey were contacted, and one company accepted to co-operate. A questionnaire was therefore sent to this producer and the data submitted in its reply was verified on the spot.

(b) **Determination of normal value**

- (49) Pursuant to Article 2(7)(a) of the basic Regulation, normal value for the exporting producers not granted MET was established on the basis of verified information received from the producer in the analogue country, i.e. on the basis of prices paid or payable on the domestic market of Turkey, for product types which were found to be made in the ordinary course of trade, in accordance with the methodology set out in recital (35). Where necessary, those prices were adjusted so as to ensure a fair comparison with those product types exported to the Community by the Chinese producers concerned.
- (50) As a result, normal value was established as the weighted average domestic sales price to unrelated customers by the co-operating producer in Turkey.

5. Export price

- (51) In all cases where the product concerned was exported to independent customers in the Community, the export price was therefore established in accordance with Article 2(8) of the basic Regulation, namely on the basis of export prices actually paid or payable.
- (52) In the case of the companies granted IT, the product concerned was directly exported to unrelated customers in the Community, and therefore the export price was calculated in accordance to the methodology set out in recital (51) above.

6. Comparison

- (53) The normal value and export prices were compared on an ex-works basis. 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. Appropriate adjustments concerning transport and insurance, credit, commission and bank charges were granted in all cases where they were found to be reasonable, accurate and supported by verified evidence. Adjustments were also made where the export sales were made via a related company located in a country other than the country concerned or the Community, pursuant to Art 2(10) (i) of the basic Regulation.
- (54) It was found that a lower level of VAT is reimbursed on export sales than that which is reimbursed for domestic sales. To take account of this difference, export prices were adjusted on the basis of the difference in the reimbursed VAT levels between export and domestic sales, i.e. 2 % in 2003 and 4 % in 2004.

7. Dumping margin

7.1. For the co-operating exporting producers granted MET/IT

a) MET

- (55) For the three companies which were granted MET following the on-spot verification, and which were included in the sample, the weighted average normal value of each type of the product concerned exported to the Community was compared with the weighted average export price of the corresponding type of the product concerned, as provided for under Article 2(11) of the basic Regulation. These three companies being related, the provisional dumping margin expressed as a percentage of the CIF import price at the Community border has been calculated as the weighted average of the dumping margins of the three co-operating producers, in line with the Community's policy for related exporting producers.

- (56) The remaining 22 companies which were granted MET, but were not selected in the sample, were attributed a provisional dumping margin at the level of the weighted average margin of dumping margin provisionally established for the parties in the sample which were granted MET.

b) IT

- (57) For the four sampled companies granted IT, the weighted average normal value established for the analogue country was compared with the weighted average export price to the Community, as provided for under Article 2(11) of the basic Regulation. In the case of the remaining 18 companies that were granted IT, but not included in the sample, the provisional dumping margin is set at the level of the weighted average margin of dumping provisionally established for the parties in the sample that were granted IT.
- (58) On this basis, the provisional weighted average dumping margins expressed as a percentage of the CIF Community frontier price duty unpaid are:

Company	Provisional dumping margin
Fuzhou Fuhua Textile & Printing Dyeing Co. Ltd.	20,0 %
Fuzhou Ta Tung Textile Works Co. Ltd.	20,0 %
Hangzhou Delicacy Co. Ltd.	20,0 %
Far Eastern Industries (Shanghai) Ltd.	20,0 %
Hangzhou Hongfeng Textile Co. Ltd.	20,0 %
Hangzhou Jieenda Textile Co. Ltd.	20,0 %
Hangzhou Mingyuan Textile Co. Ltd.	20,0 %
Hangzhou Shenda Textile Co. Ltd.	20,0 %
Hangzhou Yililong Textile Co. Ltd.	20,0 %
Hangzhou Yongsheng Textile Co. Ltd.	20,0 %
Hangzhou ZhenYa Textile Co. Ltd.	20,0 %
Huzhou Styly Jingcheng Textile Co. Ltd.	20,0 %
Nantong Teijin Co. Ltd.	20,0 %
Shaoxing Ancheng Cloth industrial Co. Ltd.	20,0 %
Shaoxing County Jiade Weaving and Dyeing Co. Ltd.	20,0 %
Shaoxing County Pengyue Textile Co. Ltd.	20,0 %
Shaoxing County Xingxin Textile Co. Ltd.	20,0 %
Shaoxing Yinuo Printing Dyeing Co. Ltd.	20,0 %
Wujiang Longsheng Textile Co. Ltd.	20,0 %
Wujiang Xiangshen Textile Dyeing Finishing Co. Ltd.	20,0 %
Zhejiang Tianyuan Textile printing and Dying Co. Ltd.	20,0 %
Zhejiang Shaoxing Yongli Printing and Dyeing Co. Ltd.	20,0 %
Zhejiang Xiangsheng Group Co. Ltd.	20,0 %
Zhejiang Yonglong enterprises Co. Ltd.	20,0 %
Zhuji Bolan Textile Industrial development Co. Ltd.	20,0 %
Hangzhou CaiHong Textile Co. Ltd.	42,3 %

Company	Provisional dumping margin
Hangzhou Fuen Textile Co. Ltd.	42,3 %
Hangzhou Jinsheng Textile Co. Ltd.	42,3 %
Hangzhou Xiaonshan Phoenix Industry Co. Ltd.	42,3 %
Hangzhou Zhengda Textile Co. Ltd.	42,3 %
Wujiang Canhua Import & Export Co. Ltd.	81,9 %
Shaoxing China Light & Textile Industrial City Somet Textile Co. Ltd.	42,3 %
Shaoxing County Fengyi Textile Printing and Dying Co. Ltd.	42,3 %
Shaoxing County Huaxiang Textile Co. Ltd.	26,7 %
Shaoxing Nanchi Textile Printing Dyeing Co. Ltd.	42,3 %
Shaoxing Ronghao Textiles Co. Ltd.	36,3 %
Shaoxing County Qing Fang Cheng Textile import and export Co. Ltd.	36,3 %
Shaoxing Xinghui Textiles Co. Ltd.	42,3 %
Shaoxing Yongda Textile Co. Ltd.	42,3 %
Shaoxing Tianlong import and export Ltd.	70,3 %
Zhejiang Huagang Dyeing and Weaving Co. Ltd.	42,3 %
Zhejiang Golden time printing and Dying knitwear Co. Ltd.	42,3 %
Zhejiang Golden tree SLK printing Dying and Sandwshing Co. Ltd.	42,3 %
Zhejiang Shaoxiao Printing and Dying Co. Ltd.	42,3 %

7.2. For all other exporting producers

- (59) In order to calculate the countrywide dumping margin applicable to all other exporters in the PRC, the Commission first established the level of co-operation. A comparison was made between the total imports of the product concerned originating in the PRC calculated on the basis of Eurostat and the actual questionnaire replies received from exporters in the PRC. On this basis, and considering the high degree of fragmentation that characterises the structure of the exporting industry, it was established that the level of co-operation was high, i.e. 77 % of the overall Chinese exports to the Community.
- (60) The dumping margin was consequently calculated by using the weighted average export price reported by a co-operating exporter to which neither MET nor IT was granted together with the export price as obtained from Eurostat, and comparing the resulting price with the weighted average normal value established for the analogue country for comparable product types. The use of Eurostat as facts available pursuant to Article 18 of the basic Regulation was necessary in the absence of more information on export prices for determining the country-wide duty.
- (61) On this basis the countrywide level of dumping was provisionally established at 109,3 % of the CIF Community frontier price.

C. INJURY

1. Community production

- (62) During the investigation period, the like product was manufactured by
- seven complainant Community producers and one other fully supporting producer, accounting for an output of 97 m running metres, seven of which fully co-operated with the Commission during the investigation and one of which was only able to partially cooperate due to insolvency,
 - twelve other producers with production of around 59 m running meters which supported the proceedings and provided some general information concerning production and sales,
 - other Community producers which were not complainants and did not co-operate, but did not oppose the present proceeding.
- (63) The output of all the above companies constitutes the total Community production of FPFAP and is estimated at around 330 m running metres.

2. Definition of the Community industry

- (64) The accumulated production of the 7 Community producers that fully co-operated in the investigation was 97 m running metres during the investigation period, or around 30 % of the estimated total production of FPFAP in the Community. Thus the 7 Community producers that fully co-operated have been provisionally considered to constitute the Community industry within the meaning of Articles 4(1) and 5(4) of the basic Regulation.

3. Community consumption

- (65) Apparent consumption of FPFAP in the Community was established on the basis of:
- the total imports of FPFAP into the Community as reported by Eurostat together with data submitted by exporting producers,
 - the total verified sales of the Community industry on the Community market, as reported in the verified questionnaire responses of the 7 co-operating Community producers, and
 - the sales data of the 12 other Community producers who provided some general information,
 - the sales data of all the other Community producers, estimated on the basis of production data.
- (66) Community consumption of FPFAP was relatively stable during the period considered. Having peaked at 754 m running metres in 2001, Community consumption of FPFAP reached 732,34 m running metres during the IP, which is 0,92 % lower than the level of consumption at the beginning of the period considered. The slight fall in FPFAP consumption has been triggered by increasing imports of finished apparel as production of apparel has increasingly moved outside the Community. This has led to a stabilisation in the level of apparel production in the Community, despite increasing consumption of finished apparel.

	2000	2001	2002	2003	IP
EU Consumption	739 169 985	754 214 336	747 754 113	735 991 749	732 342 190
2000 = 100	100	102	101	100	99

4. Imports into the Community from the country concerned

4.1. Volume and market share of the imports concerned

(67) The evolution of imports from the PRC, in volume and market share, has been the following

	2000	2001	2002	2003	IP
PRC	134 554 007	185 488 587	221 465 186	268 129 534	287 748 753
2000 = 100	100	138	165	199	214
Market Share (%)	18,2	24,6	29,6	36,4	39,3

(68) Over the period considered, the imports from the PRC have constantly increased from 134 m running metres in the year 2000 to 287 m running metres in the IP, i.e. by 114 %. Their market share of the Community consumption went from 18,2 % in 2000 to 36,4 % in 2002 to reach 39,3 % during the investigation period.

4.2. Prices of imports and undercutting

	2000	2001	2002	2003	IP
PRC EUR/rm	1,41	1,44	1,33	1,15	1,08
2000 = 100	100	102	94	82	77

(69) Average prices of Cif imports from Prc increased slightly between 2000 and 2001 and decreased by 8 percentage points in 2002. The decrease accelerated in 2003 (12 points) and continued in the investigation period. For the whole period a decrease of 23 percentage points was achieved.

(70) For the purpose of analysing price undercutting, the prices of FPFAP sold by the Community industry were compared to those of the imports from the PRC into the Community during the IP, on the basis of weighted average prices per product type. This comparison was made after deduction of rebates and discounts. The prices of the Community industry were adjusted to ex-works prices, and the prices of the imports were CIF Community frontier, plus duties, with adjustments made for the level of trade and handling costs, based on information collected during the investigation, notably from co-operating unrelated importers.

(71) The comparison showed that during the IP FPFAP originating in the PRC was sold in the Community at prices which undercut the Community industry's prices, when expressed as a percentage of the latter, by a range from 8,8 % to 51,1 %. Moreover, there was also price depression as the price obtained by the Community industry did not cover their production costs.

5. Situation of the Community industry

(72) In accordance with Article 3(5) of the Basic Regulation, the examination of the impact of the dumped imports on the Community industry included an evaluation of all economic factors and indices having a bearing on the state of the industry from 2000 (base year) to the IP.

- (73) The Community industry data below represent the aggregated information of the 7 co-operating Community producers.

5.1. *Production, production capacity and capacity utilisation*

- (74) The production capacity was established on the basis of the theoretical maximum hourly output of the machines installed, multiplied by the annual theoretical working hours, considering maintenance and other similar production interruptions.

	2000	2001	2002	2003	IP
Production (running metres)	121 863 189	116 251 098	106 323 467	97 293 397	96 478 634
Index (2000 = 100)	100	95	87	80	79
Production capacity	189 100 207	192 687 309	178 904 418	172 766 620	171 653 883
Index (2000 = 100)	100	102	95	91	91
Capacity utili- sation	64%	60%	59%	56%	56%
Index (2000 = 100)	100	94	92	88	88

- (75) As shown in the table above, production during the period considered decreased by 21 %, despite fairly stable Community consumption (a fall of 1 % overall). During the same period production capacity decreased by 9 %. In spite of the decreasing production capacity, the capacity utilisation shows an even more decreasing trend during the period considered, with the capacity utilisation rate in the IP at 56 %, eight percentage points below the level at the beginning of the period.

5.2. *Stocks*

- (76) The figures below represent the volume of stocks at the end of each period.

	2000	2001	2002	2003	IP
Stocks (running metres)	16 580 068	15 649 118	16 398 108	14 491 370	15 283 152
as % of production	13,6	13,5	15,4	14,9	15,8

- (77) The level of stocks in absolute figures showed some fluctuations but overall decreased between 2000 and the IP. However, as a percentage of production, stocks actually increased from 13,6 % in 2000 to 14,9 % in 2003 and 15,8 % in the IP. This reflects the increasing levels of stock held by the Community industry relative to their levels of production.

5.3. Sales volume, market shares and prices in the EC

- (78) The figures below represent the Community industry's sales to independent customers in the Community.

	2000	2001	2002	2003	IP
Sales volume (running metres)	90 860 385	79 328 799	76 225 554	73 913 243	71 771 114
Index (2000 = 100)	100	87	84	81	79
Market Share	12,3 %	10,5 %	10,2 %	10,0 %	9,8 %
Index (2000 = 100)	100	85	83	81	80
Average unit prices (EUR/running metre)	1,29	1,38	1,36	1,40	1,38
Index (2000 = 100)	100	107	105	109	107

- (79) The Community industry's sales volumes have been steadily decreasing. They decreased by 21 % during the period considered. The decrease in sales volumes should be seen in the light of the increased imports from China during the same period, which increased by 114 %.
- (80) Between 2000 and 2001, the market shares of the Community industry decreased from 12,3 % to 10,5 %, notwithstanding a 2 % increase in Community consumption. The market share of the Community industry continued to decrease between 2001 and the IP, when it fell back to 9,8 %.
- (81) The Community industry's average sale prices increased by 7 % between 2000 and 2001, and have since remained relatively stable fluctuating between EUR 1,36 and EUR 1,40. The price increase between 2000 and 2001 resulted from a change in the product mix as the Community industry increasingly focussed on higher specification, more technologically advanced, products which have higher cost but also higher added value. Nevertheless, that increase was less than could have been expected given the increase in quality and specification, and resultant increase in costs. Thereafter, the Community industry continued to upgrade its product mix with a further shift to more advanced and higher added value products which carry a price premium. However, the Community industry was unable to charge higher prices despite the higher quality and specification of the goods sold. During the IP, prices fell back to their level in 2001.

5.4. Growth

- (82) During the whole period growth was negative in term of production, sales volume and market share. This resulted in negative financial results.

5.5. Profitability, return on investment and cash flow

- (83) The profit concept used below is profit before taxes, which for 'Profitability on EC Sales' represents the profit generated by sales of FPFAP on the Community market, but in the case of 'Return on Investment' and 'Cash Flow' it represents the profit generated at the company level, being the narrowest group of products which includes the like product, for which the necessary information can be provided pursuant to Article 3(8) of the basic Regulation.

- (84) The return on investment has been calculated on the basis of return on net assets, as return on net assets is considered more relevant for the analysis of a trend.

	2000	2001	2002	2003	IP
Profitability on EC Sales	1,2 %	1,1 %	- 2,7 %	- 4,0 %	- 3,9 %
Return on Investment	- 5,6 %	- 9,2 %	- 10,7 %	- 25,7 %	- 24,2 %
Cash Flow	13 701 583	13 442 402	12 186 295	12 438 496	12 922 951

- (85) As noted above, the Community industry's average unit price increased by 7 % overall in the period considered due to a change in the product mix. However, profitability of EC sales fell from 1,2 % in 2000 to - 4 % in 2003 and - 3,9 % in the IP. This reflects the fact that, notwithstanding the steps taken by the Community industry to move away from basic products towards more sophisticated products in order to remain profitable, the Community industry actually became loss-making.
- (86) The return on investment shows the same overall trend as profitability. It decreased from - 5,6 % to - 24,2 % over the period considered. It should be noted that this ratio refers to the whole activity of these companies, as it was not possible to allocate investments to the product concerned.
- (87) Cash flow decreased by 11 % between 2000 and 2002, before increasing by 6 % between 2002 and the IP. Over the period considered cash flow decreased by 6 %.

5.6. Investments and ability to raise capital

	2000	2001	2002	2003	IP
Investments	7 072 559	12 470 883	4 591 730	7 164 078	7 081 586

- (88) Levels of investment increased by 76 % in 2001, but then fell by 63 % in 2002 before returning to their previous level (around EUR 7,1 m) in 2003 and the IP. The large increase in 2001 and fall in 2002 was due to the date at which investments were recorded rather than a change in investment strategy in these years.
- (89) Despite the difficulties which it has encountered, the Community industry has continued to make new investments. However, these have not been directed at increasing capacity but rather to ensuring that it has fully up-to-date machinery which can produce a product of a consistently high quality whilst reducing costs through more efficient use of energy, water and other resources and with a greater level of automation.
- (90) There is an approximately two-year time lap between the decision to invest in larger scale projects and the moment when that investment is realised and ready to be used. This partly explains why the level of investments has been maintained in the period considered despite worsening financial results.
- (91) Much of the Community industry is made up of small or medium sized enterprises. In consequence, the Community industry's ability to raise capital was reduced to some extent during the period considered, especially in the latter part thereof, when profitability became negative.

5.7. *Employment, productivity and wages*

	2000	2001	2002	2003	IP
Number of employees	928	894	866	840	790
Index 1999 = 100	100	96	93	91	85
Employment costs (T.EUR)	35 285	35 209	34 391	33 010	32 228
Index 1999 = 100	100	100	97	94	91
Productivity (Kilometres/employee)	131	130	123	120	122
Index 1999 = 100	100	99	94	92	93

- (92) As seen above, the Community industry reduced its production by 21% during the period considered. As a result of this reduction and also due to investment in automated systems it was also forced to reduce its workforce. The number of employees fell steadily from 928 in 2000 to 790 in the IP, a decrease of 15%. At the same time, in consequence of the reduction in employees, employment costs fell from EUR 35,3 m in 2000 to EUR 32,2 m in the IP, a reduction of 9%.
- (93) Notwithstanding this reduction in the workforce and the increased automation, productivity actually fell as, following decreasing sales volumes, the Community industry was forced to reduce production. In consequence, the benefit of investment in new machinery was to some extent not realised.

5.8. *Magnitude of actual margin of dumping*

- (94) Given the volume and price of the dumped imports, the impact of the actual margins of dumping cannot be considered negligible.

5.9. *Recovery from past dumping*

- (95) The Community industry was not in a situation where it had to recover from the past effects of injurious dumping.

6. **Conclusion on injury**

- (96) Practically all economic indicators follow an overall negative trend in the period considered. Production volume has fallen by 21%, production capacity by 9% and capacity utilisation by 12,5%. Whilst stocks have fallen in absolute terms, they have increased as a percentage of production. EC sales volumes have fallen by 20% and market share by 21%. Although prices increased by 7% overall, this was not sufficient to reflect the change in the product mix as the Community industry has increasingly moved to more sophisticated products, and the increased costs resulting therefrom. The difficult situation in which the Community industry found itself, was reflected in a decrease of profitability from 1,2% in 2000 to losses of -3,9% in the IP. Return on assets has also become increasingly negative, and cashflow has decreased. Employment and wages have fallen as staff has been reduced to decrease costs in light of falling production, sales and profitability. Productivity has also fallen as reduced production has prevented the benefits of reduced staff numbers and continued investment in modern plant and machinery from flowing through.

- (97) Whilst the Community industry has managed to maintain a good level of investment to date, their ability to raise capital is clearly affected by the growing losses incurred and they cannot expect to be able to continue to invest at this level if their financial position does not improve.
- (98) In view of the above, it is provisionally concluded that the Community industry has suffered material injury within the meaning of Article 3 of the basic Regulation.

D. CAUSATION

1. Preliminary remarks

- (99) In accordance with Article 3(6) of the basic Regulation, it was examined whether the material injury suffered by the Community industry had been caused by the dumped imports from the country concerned. In accordance with Article 3(7) of the basic Regulation, the Commission also examined other known factors which might have injured the Community industry in order to ensure that any injury caused by those factors was not wrongly attributed to the dumped imports.

2. Effect of the dumped imports

- (100) The volume of FPFAP originating in the PRC increased significantly during the period considered. As can be seen in the table under recital (67), imports from the PRC increased from around 135 m running metres in 2000 to a level of 288 m running metres in the IP, i.e. by 114%. As a result, the market share of imports of FPFAP from the PRC more than doubled, going from 18,2% to 39,3%.
- (101) As established in recital (71) above, the imports originating in the PRC undercut the average sales price of the Community industry by a significant amount, with an undercutting margin ranging from 8,8 to 51,1%. The price pressure by the imports concerned prevented the Community industry from increasing their prices in order to reflect the higher added value resulting from the specifications of the product mix sold by the Community industry.
- (102) The substantial increase in the volume of imports originating in PRC and their gain in market share between 2000 and the IP, at prices which remained well below those of the Community industry, coincided in time with the deterioration in the situation of the Community industry during the very same period, as shown in the trend of almost all injury indicators. The Community industry was forced to try to match prices in an attempt to maintain market share and thus production. However, where prices were too low to cover variable costs they were forced to give up market share in order to avoid incurring even greater losses.
- (103) It is therefore provisionally concluded that the pressure exerted by the imports concerned, which significantly increased their volume and market share from 2000 onwards, and which were made at low dumped prices, played a determining role in causing price depression and suppression and loss of market share for the Community industry and, as a consequence, a deterioration in its financial situation.

3. Effect of other factors

3.1. Imports originating in other third countries

- (104) The imports from third countries not concerned by this investigation showed the following development during the period considered:

	2000	2001	2002	2003	IP
All other countries	263 755 593	268 396 949	270 063 373	233 948 972	227 822 323
2000 = 100	100	102	102	89	86
Market Share (%)	35,7	38,4	36,1	31,8	31,1

- (105) Following an increase in volumes in 2001 and 2002, total imports from all other countries have fallen by 14% overall in the period considered. Similarly, although the market share of all other countries first increased to 38,4% in 2001, it has since fallen to 31,1%. Thus imports from all other countries have lost both volume and market share, while at the same time import volumes and market share of the PRC increased. Price of imports from all other countries were constantly higher than prices from PRC.
- (106) It is therefore provisionally concluded that imports of FPFAP originating in countries other than the PRC have not contributed to the injury suffered by the Community industry.

3.2. Changes in the pattern of consumption

- (107) As mentioned in recital (66), the consumption of FPFAP in the Community fell by less than 1% during the period considered. Had the Community industry been able to maintain its market share it would have suffered a loss in sales volumes in the EC of only 900 000 running metres as a result of this fall in consumption. The actual fall in EC sales volume was, however, 19 000 000 running metres, which is more than 21 times greater. Therefore, the pattern of consumption has provisionally been considered not to have been a material cause of any injury suffered by the Community industry.

3.3. Performance of other Community producers

- (108) Although only limited information on the performance of other Community producers is available, in the light of the fact that twelve producers supported the complaint and taking account of general market information on the sector, it can be reasonably presumed, that they also suffered material injury from the dumped imports. In the absence of any indication that their situation would be different from that of the Community industry, other Community producers cannot be considered as a cause of injury to the Community industry.

3.4. Conclusion on Causation

- (109) During the period considered, there were significant increases in volumes and market shares of imports from the PRC, which also undercut significantly the prices of the Community industry, and showed a striking coincidence in time with the deterioration of the situation of the Community industry.
- (110) No other factors have been put forward or been found which could have affected in a significant way the situation of the Community industry.

- (111) Based on the above analysis, which has properly distinguished and separated the effects of all known factors having an effect on the situation of the Community industry, from the injurious effect of the dumped imports, it is therefore provisionally concluded that the imports from the PRC have caused material injury to the Community within the meaning of Article 3(6) of the basic Regulation.

E. COMMUNITY INTEREST

1. General considerations

- (112) It has been examined whether, despite the findings on injurious dumping, compelling reasons existed that could lead to the conclusion that it would be against the Community interest to adopt anti-dumping measures in this particular case. For this purpose and in accordance with Article 21(1) of the basic Regulation, the determination of Community interest was based on an appreciation of all the various interests involved, i.e. those of the Community industry, other Community producers, the importers/traders as well as the users and suppliers of raw materials concerning the product under consideration.
- (113) The Commission sent questionnaires to importers/traders, suppliers of raw materials, industrial users as well as various associations of users. Only one supplier and one importer/user made substantive responses.

2. Interest of the Community industry and of other Community producers

- (114) It is recalled that the Community industry consists of 7 producers which directly employ around 1 800 staff, 790 of whom worked in the production and sales of FPFAP during the IP. Their production is estimated to represent around 30% of total production in the Community.
- (115) The imposition of measures is expected to restore fair competition on the market and prevent further injury to the Community industry. The Community industry should then be able to increase its sales and market share, and become profitable again. This should lead to a general improvement of the Community industry's financial situation.
- (116) On the other hand, it is considered that, in the absence of anti-dumping measures on imports of FPFAP from the PRC, the situation of the Community industry would worsen through increased imports at dumped prices from the PRC leading to increased financial losses. The essential viability of the industry would be threatened in the absence of measures to eliminate the injurious dumping, and indeed, one of the complainants has already become insolvent.
- (117) Concerning other Community producers, part of them expressed their support to the complaint and nobody opposed to it. We can therefore reasonably provisionally conclude that anti-dumping measures would not be against their interest.
- (118) Accordingly, it is provisionally concluded that the imposition of anti-dumping measures would allow the Community industry to recover from the effects of injurious dumping and would be in the interest of the Community industry.

3. Interest of unrelated importers

- (119) Only one importer made itself known to the Commission. This importer stated that it purchased FPFAP from the PRC due to its different construction and lower prices, but expressed no view on the possible imposition of measures. This importer which represented a negligible proportion of imports from China, did not, however, submit a substantiated reply to the questionnaire. No traders made themselves known to the Commission.

- (120) Therefore, it was impossible with regard to importers and traders to make a proper assessment of the possible effects of taking measures or not taking measures. It should also be recalled that anti-dumping measures are not intended to prevent imports, but to ensure that they are not made at injuriously dumped prices. As fairly-priced imports will still be allowed to enter into the Community market, and as imports from third countries will also continue, it is likely that the traditional business of importers will not be substantially affected even if anti-dumping measures against dumped imports are imposed. The absence of comments by unrelated importers further underscores this conclusion.
- (121) Therefore, it is provisionally concluded that the imposition of measures would not have any significant effect on importers.

4. Interest of suppliers of raw materials

- (122) It is recalled that some Community producers receive their raw material from group companies (integrated producers). Others rely on suppliers independent of the Community producers.
- (123) The complaint by the Community industry was supported by the International Rayon and Synthetic Fibres Committee, a representative association of manufacturers of fibres including polyester filament yarn, the raw material for the production of FPFAP. They pointed out that sales of yarn to producers of FPFAP in the Community represent 25 % of their members total production and are thus of great importance to their members.
- (124) In addition, one individual supplier of raw material to the Community industry made itself known to the Commission. They argued that their ability to continue to invest would be negatively affected if dumped imports from PRC were allowed to continue.
- (125) Considering the above arguments, it is provisionally concluded that it is not against the interest of suppliers of raw materials to impose measures on FPFAP from PRC.

5. Interest of users

- (126) FPFAP is mainly used by the apparel industry. Depending on the exact specifications it is used in making linings for clothing, for making nightwear and lingerie, and, for making sportswear, workwear and outerwear. It is also used to some extent in the manufacture of items such as children's car seats, push chairs etc.
- (127) Nine submissions from users of FPFAP were received. Of these only one user currently imports part of the FPFAP from the PRC. The latter argued that the prices charged by the Community industry were higher and that measures should not be imposed as it would increase their costs and reduce the competitiveness of their products, particularly compared to imports of apparel from the PRC. This user further argued that as they currently source FPFAP both within the Community and in the PRC, an increase in their costs leading to loss of competitiveness on their part would negatively affect not only themselves but also the Community industry from whom they also buy. The other users noted that the imposition of duties would probably lead to an increase in the cost of the imported product, but that they were unlikely to be directly affected by such an increase.
- (128) In view of the comments made, it is considered that any cost increase for the users would be unlikely to be significant. Moreover, it should be recalled that imports from the PRC may continue to enter the Community market, but at fair prices, and that other non-dumped sources will remain available. In the light of this, it is provisionally concluded that provisional measures against PRC will not significantly affect the interest of users.

6. Conclusion on Community Interest

- (129) The imposition of measures is in the interest of the Community industry, other Community producers, and suppliers to the Community industry. It will allow the Community industry to increase production, sales and market share and return to profitability. Should measures not be imposed, it is expected that the Community industry would suffer significant losses due to further decreases of sales and continued price depression on the Community market, which would lead to continuing loss of market share against increased imports originating in the PRC and a further deterioration in their sales prices as they would attempt to slow the decline in their market share. These negative effects on the Community industry would in turn negatively affect suppliers to the Community industry who would also suffer reduced demand forcing them to lower production.
- (130) Although the measures would be expected to increase the price of imports, importers have not expressed concern about possible measures and it is considered that they would not be significantly affected by the imposition of measures. As regards users it was found that the imposition of measures would not have a significant effect on their profit margin or, consequently, on their activity, considering the alternative sources of supply and the fact that the great majority of users did not react.
- (131) After weighing the interests of the various parties involved, the Commission provisionally concludes that there are no compelling reasons not to impose provisional anti-dumping measures against imports PPFAP originating in the PRC.

F. PROPOSAL FOR PROVISIONAL ANTI-DUMPING MEASURES

1. Injury elimination level

- (132) In view of the provisional conclusions reached with regard to dumping, 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.
- (133) For the purpose of establishing the level of the provisional measures, account has been taken of both the dumping margin found and the amount of duty necessary to eliminate the injury sustained by the Community industry.
- (134) The provisional measures should be imposed at a level sufficient to eliminate the injury caused by these imports without exceeding the dumping margin found. 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 obtain overall 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 the sales of the like product in the Community. The pre-tax profit margin used for this calculation was 8% of turnover (i.e. EUR 5,7 m) and it is in line with the profit made by the Community industry in 1998 and 1999, before Chinese exports started to be a problem. On this basis a non-injurious price was calculated for the Community industry of the like product by adding the above mentioned profit margin of 8% to the cost of production.
- (135) The necessary price increase was then determined on the basis of a comparison of the weighted average import price, as established for the undercutting calculations, with the average non-injurious price. Any difference resulting from this comparison was then expressed as a percentage of the average import CIF value. These differences were in all cases above the dumping margin found.

2. Provisional measures

- (136) In the light of the foregoing, it is considered that a provisional anti-dumping duty should be imposed at the level of the lowest of the dumping and injury margins found, in accordance with Article 7(2) of the basic Regulation.

- (137) 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'.
- (138) 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⁽³⁾ forthwith with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with e.g. that name change or that change in the production and sales entities. If appropriate, the Regulation will accordingly be amended by updating the list of companies benefiting from individual duty rates.
- (139) The proposed anti-dumping duties are the following:

Company	Anti-dumping duty
Fuzhou Fuhua Textile & Printing Dyeing Co. Ltd.	20,0 %
Fuzhou Ta Tung Textile Works Co. Ltd.	20,0 %
Hangzhou Delicacy Co. Ltd.	20,0 %
Far Eastern Industries (Shangai) Ltd.	20,0 %
Hangzhou Hongfeng Textile Co. Ltd.	20,0 %
Hangzhou Jieenda Textile Co. Ltd.	20,0 %
Hangzhou Mingyuan Textile Co. Ltd.	20,0 %
Hangzhou Shenda Textile Co. Ltd.	20,0 %
Hangzhou Yililong Textile Co. Ltd.	20,0 %
Hangzhou Yongsheng Textile Co. Ltd.	20,0 %
Hangzhou ZhenYa Textile Co. Ltd.	20,0 %
Huzhou Styly Jingcheng Textile Co. Ltd.	20,0 %
Nantong Teijin Co. Ltd.	20,0 %
Shaoxing Ancheng Cloth industrial Co. Ltd.	20,0 %
Shaoxing County Jade Weaving and Dyeing Co. Ltd.	20,0 %
Shaoxing County Pengyue Textile Co. Ltd.	20,0 %
Shaoxing County Xingxin Textile Co. Ltd.	20,0 %
Shaoxing Yinuo Printing Dyeing Co. Ltd.	20,0 %

⁽³⁾ European Commission
 Directorate-General for Trade
 Direction B
 Office J-79 5/16
 B-1049 Brussels.

Company	Anti-dumping duty
Wujiang Longsheng Textile Co. Ltd.	20,0 %
Wujiang Xiangshen Textile Dyeing Finishing Co. Ltd.	20,0 %
Zhejiang Tianyuan Textile printing and Dying Co. Ltd.	20,0 %
Zhejiang Shaoxing Yongli Printing and Dyeing Co. Ltd.	20,0 %
Zhejiang Xiangsheng Group Co. Ltd.	20,0 %
Zhejiang Yonglong enterprises Co. Ltd.	20,0 %
Zhuji Bolan Textile Industrial development Co. Ltd.	20,0 %
Wujiang Canhua Import & Export Co. Ltd.	74,8 %
Shaoxing County Huaxiang Textile Co. Ltd.	26,7 %
Shaoxing Ronghao Textiles Co. Ltd.	33,9 %
Shaoxing County Qing Fang Cheng Textile import and export Co. Ltd.	33,9 %
Shaoxing Tianlong import and export Ltd.	63,4 %
Hangzhou CaiHong Textile Co. Ltd.	39,4 %
Hangzhou Fuen Textile Co. Ltd.	39,4 %
Hangzhou Jinsheng Textile Co. Ltd.	39,4 %
Hangzhou Xiaonshan Phoenix Industry Co. Ltd.	39,4 %
Hangzhou Zhengda Textile Co. Ltd.	39,4 %
Shaoxing China Light & Textile Industrial City Somet Textile Co. Ltd.	39,4 %
Shaoxing County Fengyi Textile Printing and Dying Co. Ltd.	39,4 %
Shaoxing Nanchi Textile Printing Dyeing Co. Ltd.	39,4 %
Shaoxing Xinghui Textiles Co. Ltd.	39,4 %
Shaoxing Yongda Textile Co. Ltd.	39,4 %
Zhejiang Huagang Dyeing and Weaving Co. Ltd.	39,4 %
Zhejiang Golden time printing and Dying knitwear Co. Ltd.	39,4 %
Zhejiang Golden tree SLK printing Dying and Sandwshing Co. Ltd.	39,4 %
Zhejiang Shaoxiao Printing and Dying Co. Ltd.	39,4 %
All other companies	85,3 %

G. FINAL PROVISION

- (140) 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 duties made for the purposes of this Regulation are provisional and may have to be reconsidered for the purpose of any definitive duty.

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of woven fabrics of synthetic filament yarn containing 85 % or more by weight of textured and/or non-textured polyester filament, dyed or printed, originating in the People's Republic of China, falling within CN codes 5407 52 00, 5407 54 00, 5407 61 30, 5407 61 90 and ex 5407 69 90 (TARIC code 5407 69 90 10).

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

Company	Anti-dumping duty	TARIC Additional code
Fuzhou Fuhua Textile & Printing Dyeing Co. Ltd.	20,00 %	A617
Fuzhou Ta Tung Textile Works Co. Ltd.	20,00 %	A617
Hangzhou Delicacy Co. Ltd.	20,00 %	A617
Far Eastern Industries (Shangai) Ltd.	20,00 %	A617
Hangzhou Hongfeng Textile Co. Ltd.	20,00 %	A617
Hangzhou Jieenda Textile Co. Ltd.	20,00 %	A617
Hangzhou Mingyuan Textile Co. Ltd.	20,00 %	A617
Hangzhou Shenda Textile Co. Ltd.	20,00 %	A617
Hangzhou Yililong Textile Co. Ltd.	20,00 %	A617
Hangzhou Yongsheng Textile Co. Ltd.	20,00 %	A617
Hangzhou ZhenYa Textile Co. Ltd.	20,00 %	A617
Huzhou Styly Jingcheng Textile Co. Ltd.	20,00 %	A617
Nantong Teijin Co Ltd.	20,00 %	A617
Shaoxing Ancheng Cloth industrial Co. Ltd.	20,00 %	A617
Shaoxing County Jiade Weaving and Dyeing Co. Ltd.	20,00 %	A617
Shaoxing County Pengyue Textile Co. Ltd.	20,00 %	A617
Shaoxing County Xingxin Textile Co. Ltd.	20,00 %	A617
Shaoxing Yinuo Printing Dyeing Co. Ltd.	20,00 %	A617
Wujiang Longsheng Textile Co. Ltd.	20,00 %	A617
Wujiang Xiangshen Textile Dyeing Finishing Co. Ltd.	20,00 %	A617
Zhejiang Tianyuan Textile printing and Dying Co. Ltd.	20,00 %	A617
Zhejiang Shaoxing Yongli Printing and Dyeing Co. Ltd.	20,00 %	A617

Company	Anti-dumping duty	TARIC Additional code
Zhejiang Xiangsheng Group Co. Ltd.	20,00 %	A617
Zhejiang Yonglong enterprises Co. Ltd.	20,00 %	A617
Zhuji Bolan Textile Industrial development Co. Ltd.	20,00 %	A617
Wujiang Canhua Import & Export Co. Ltd.	74,80 %	A618
Shaoxing County Huaxiang Textile Co. Ltd.	26,70 %	A619
Shaoxing Ronghao Textiles Co. Ltd.	33,90 %	A620
Shaoxing County Qing Fang Cheng Textile import and export Co. Ltd.	33,90 %	A621
Shaoxing Tianlong import and export Ltd.	63,40 %	A622
Hangzhou CaiHong Textile Co. Ltd.	39,40 %	A623
Hangzhou Fuen Textile Co Ltd.	39,40 %	A623
Hangzhou Jinsheng Textile Co. Ltd.	39,40 %	A623
Hangzhou Xiaonshan Phoenix Industry Co. Ltd.	39,40 %	A623
Hangzhou Zhengda Textile Co. Ltd.	39,40 %	A623
Shaoxing China Light & Textile Industrial City Somet Textile Co. Ltd.	39,40 %	A623
Shaoxing County Fengyi Textile Printing and Dying Co. Ltd.	39,40 %	A623
Shaoxing Nanchi Textile Printing Dyeing Co. Ltd.	39,40 %	A623
Shaoxing Xinghui Textiles Co. Ltd.	39,40 %	A623
Shaoxing Yongda Textile Co. Ltd.	39,40 %	A623
Zhejiang Huagang Dyeing and Weaving Co. Ltd.	39,40 %	A623
Zhejiang Golden time printing and Dying knitwear Co. Ltd.	39,40 %	A623
Zhejiang Golden tree SLK printing Dying and Sandwshing Co. Ltd.	39,40 %	A623
Zhejiang Shaoxiao Printing and Dying Co. Ltd.	39,40 %	A623
All other companies	85,30 %	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 Council 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 30 days 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 30 days of the date of its entry into force.

Article 3

This Regulation shall enter into force on the day following that of 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, 15 March 2005.

For the Commission
Peter MANDELSON
Member of the Commission
