

COMMISSION DECISION

of 6 July 1981

terminating the anti-dumping procedure concerning imports of furfural originating in the Dominican Republic, Spain and the People's Republic of China

(81/493/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 3017/79 of 20 December 1979 on protection against dumped or subsidized imports from countries not members of the European Economic Community⁽¹⁾, and in particular Article 9 thereof,

After hearing the opinions expressed by the Advisory Committee set up under that Regulation,

Whereas, in July 1980, the Commission received a complaint lodged by the firm Agrifurane of Paris on behalf of the French and Italian producers of furfural which account for over 95 % of the Community production of that product;

Whereas, since the complaint provided sufficient evidence of dumping in respect of like products originating in the Dominican Republic, Spain and the People's Republic of China, and of material injury resulting therefrom, the Commission accordingly announced, by a notice published in the *Official Journal of the European Communities*⁽²⁾, the initiation of a procedure concerning imports of furfural originating in the Dominican Republic, Spain and the People's Republic of China, and commenced an investigation of the matter at Community level;

Whereas the Commission officially so advised the exporters and importers concerned, as well as the representatives of the exporting countries and the complainants;

Whereas the Commission has given all parties directly concerned the opportunity to make known their views in writing and to be heard orally; whereas several of the importing and all the exporting parties known to be concerned have taken the opportunity to make known their view in writing;

Whereas the complainants, the importers and the exporters known to be concerned and the representatives of the exporting countries have had the opportunity to inspect non-confidential information made available to the Commission which was relevant to the defence of their interests; whereas some of the parties availed themselves of this opportunity;

Whereas, in order to arrive at a preliminary determination of dumping and injury, the Commission sought all information it deemed to be necessary from all exporters and importers known to be concerned and carried out on-the-spot investigations at the premises of the main exporter, Gulf and Western Americas Corporation (La Romana, Dominican Republic) and of the two principal importers in the Community, Rhône-Poulenc SA (Paris) and Quaker Oats NV (Antwerp); whereas the Commission also carried out inspections at the premises of all complainant Community producers, including, in France, Agrifurane SA (Agen) and SICA-Chimie (Paris), and, in Italy, ALCE SpA (S. Michele Mondovi) and SIF SpA (Milan);

Whereas, in seeking to determine the normal value for Gulf and Western Americas Corporation (GWAC), the Commission had to take account of the fact that there are no sales of the like product on the domestic market of the Dominican Republic and that sales to third countries not members of the European Economic Community were relatively small and did not, therefore, permit a proper comparison; whereas, for these reasons, the Commission determined that the normal value for this company should be established on the basis of its constructed value;

Whereas the Commission determined constructed value for the period of investigation running from August 1979 to July 1980 by taking the company's total cost of materials and manufacture and adding an amount for overheads and an 8 % profit margin considered to be appropriate; whereas, in determining the cost of materials, the Commission had to pay special attention to the value of the raw material, bagasse, used in the production of furfural; whereas bagasse is a by-product of the company's Dominican sugar production; whereas due to disproportionately high transport costs there is no demand for this bagasse in the Dominican Republic or elsewhere and therefore no market price; whereas, however, the company could also use the bagasse as fuel in its sugar mill and thereby reduce the mill's energy costs; whereas the company, therefore, values the bagasse used in the furfural production by taking into account these potential savings; whereas this accounting practice was considered to be reasonable;

(1) OJ No L 339, 31. 12. 1979, p. 1.

(2) OJ No C 219, 27. 8. 1980, p. 3.

Whereas export prices were determined on the basis of the prices actually paid for the product concerned sold for export to the Community ;

Whereas, in seeking a preliminary determination of the existence of dumping, the Commission compared these export prices, transaction by transaction, on an ex-factory basis, with the normal value ; whereas this comparison showed that exports from the Dominican Republic to the Community were not being dumped during the period under consideration ;

Whereas, having established that exports from the Dominican Republic to the Community were not being dumped and bearing in mind the smaller quantities of imports from Spain and the People's Republic of China and the price level of these imports, the Commission examined the question whether material injury was being caused by the allegedly dumped Spanish and Chinese imports ;

Whereas the evidence available to the Commission shows that imports from China to Member States other than Belgium and Luxembourg, import statistics of which are confidential, increased from 5 161 tonnes in 1976, which according to the complainants was the last normal trading year not affected by the allegedly dumped imports, to 6 388 tonnes in 1979 ; whereas imports into the same Member States from Spain increased from 515 tonnes in 1976 to 1 793 tonnes in 1978 and fell again to 423 tonnes in the first six months of 1980 ; whereas the share of the total Community market of Chinese imports rose from 8.1 % in 1976 to 12.4 % in 1979 and to 13.4 % in the first six months of 1980 ; whereas the corresponding share of Spanish imports rose from 1.7 % in 1976 to 3.9 % in 1978 and fell again to 1.4 % in the first six months of 1980 ; whereas one of the three Spanish producers known to the Commission stopped production in 1979 and is at present only selling its remaining stocks and, therefore, a further decline in Spanish exports is to be expected ;

Whereas, in respect of the prices of the allegedly dumped imports, the information available to the Commission shows an undercutting of Community producers' prices by Chinese imports in respect of sales to the only two producers of furfuryl alcohol (Quaker Oats and Rhône-Poulenc), but not in respect of sales to the other users which are mainly doing business in the petro-chemical field and are using furfural for the purpose of cleaning lubricating oils ; whereas no information in respect of resale prices of the Spanish product has been received by the Commission ; whereas, however, the information obtained showed that during the period under consideration the free-at-Community-frontier prices of Spanish exports were generally higher than the cif prices of Chinese imports ; whereas there has been a very considerable increase in prices of furfural throughout the Community since mid-1980 ; whereas this increase is mainly due to a shortage of furfural on the world markets which has been accentuated by the

fact that one of the French producers, for purely technical reasons, stopped its furfural production ; whereas cif prices of Chinese furfural sold to producers of furfuryl alcohol in the Community, which constitute the main outlet for Chinese exports to the EEC, have already increased to a level close to the cost price of the Community producers ;

Whereas total production capacity of EEC producers cannot satisfy more than approximately one-third of Community consumption ; whereas Community production increased from 12 358 tonnes in 1976 to an estimated 14 959 tonnes in 1980 after having reached a peak of 15 346 tonnes in 1978 ; whereas the share of the EEC market held by Community producers has remained relatively stable and amounted to an estimated 19 % in 1980 ;

Whereas, however, due to the low level of prices, and in particular of those prices obtained from the two producers of furfuryl alcohol, three of the four Community producers investigated have been suffering considerable losses ; whereas, however, the recent increase in the overall price level and the level of prices of Chinese imports in particular has already, to a large extent, remedied the situation of the complainant industry ;

Whereas the Commission had to take account of the fact that before and during the period of investigation prices of Dominican exports, which were exclusively sold to the two producers of furfuryl alcohol and which generally accounted for over 60 % of the Community market, have been as low as or lower than prices of Chinese exports ; whereas the quantity of Spanish exports compared to the volume of imports from the Dominican Republic and China was negligible ; whereas, moreover, another increase of the price of Chinese imports is not likely to improve the situation of the Community producers, given the relatively small margin between present prices of the Chinese product and the selling price of furfuryl alcohol, which is hardly sufficient to cover present manufacturing costs of alcohol producers accounting for approximately 75 % of Community consumption of furfural ; whereas an eventual increase in the selling price of furfuryl alcohol to cover higher costs for furfural would be likely to lead to a reduction in consumption of alcohol and its partial substitution by other, less expensive products, and therefore inevitably lead to a fall in Community consumption of furfural ;

Whereas, in these circumstances, it appears that the undumped imports from the Dominican Republic have been the principal cause of any injury suffered by the Community industry ; whereas, in respect of Spanish and Chinese imports, the interests of the Community do not now call for protective measures ; whereas, therefore, no further investigation of the alleged dumping in respect of these imports is necessary and the procedure concerning imports of furfural originating in the Dominican Republic, Spain and the People's Republic of China should be terminated,

HAS DECIDED AS FOLLOWS :

Done at Brussels, 6 July 1981.

Sole Article

For the Commission

The anti-dumping procedure in respect of furfural originating in the Dominican Republic, Spain and the People's Republic of China is hereby terminated.

Étienne DAVIGNON

Vice-President