

COMMISSION

COMMISSION DECISION

of 27 May 1988

accepting undertakings given in connection with the anti-dumping investigation concerning imports of inner tubes and new tyre cases for bicycles originating in the Republic of Korea and Taiwan and terminating the investigation

(88/305/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2176/84 of 23 July 1984 on protection against dumped or subsidized imports from countries not members of the European Economic Community⁽¹⁾, as amended by Regulation (EEC) No 1761/87⁽²⁾, and in particular Article 10 thereof,

After consultations within the Advisory Committee, as provided for under the above Regulation,

Whereas :

A. procedure

(1) In January 1980, the Commission terminated⁽³⁾ an anti-dumping proceeding concerning imports of inner tubes and new tyre cases for bicycles originating in the Republic of Korea and Taiwan on the grounds that the exporters of these products had given undertakings that satisfied the Commission.

In April 1985, the Commission gave notice⁽⁴⁾ of the impending expiry of these undertakings pursuant to Article 15 of Regulation (EEC) No 2176/84.

(2) Following the notice of impending expiry of the undertakings, the Commission received a request for review from the Bureau de Liaison des Industries du Caoutchouc de la Communauté Européenne (BLIC) representing producers responsible for the major proportion of the production of the products concerned in the Community.

In May 1986, the Commission, having decided that there was sufficient evidence to warrant a review, published⁽⁵⁾ notice of the reopening of the

anti-dumping proceeding concerning imports from the Republic of Korea and from Taiwan of inner tubes and new tyre cases for bicycles and tyre cases with sewn-in inner tubes for racing bicycles, falling within subheading 40.11 B II of the Common Customs Tariff, corresponding to NIMEXE codes 40.11-21, 40.11-45 and 40.11-52, and commenced an investigation.

(3) The Commission officially so advised the exporters and importers known to be concerned, the representatives of the exporting countries and the Community producers, and gave the parties directly concerned the opportunity to make known their views in writing and to request a hearing.

(4) No submissions were made on behalf of Community users of inner tubes and new tyre cases.

(5) The Commission carried out investigations at the premises of interested parties, where appropriate, and sought and verified all information it deemed to be necessary from the following :

EEC producers

- Hutchinson Snc, 59 rue Marius Aufan, Levallois-Perret, France,
- Michelin et Cie, Clermont Ferrand, France,
- Wolber, 17 rue de Villeneuve, Soissons, France,
- Continental Gummi-Werke AG, 1 Königswörther Platz, Hannover, Germany,
- Gommitalia Spa, 31 Via Nerviane, Lainate, Italy,
- Michelin Italiana Spa, 66 Corso Sempione, Milan, Italy,
- Pirelli Coordinamento Pneumatic Spa, 5 Piazzale Cadorna, Milan, Italy,
- Vredestein Doetinchem BV, Broekweg, Doetinchem, The Netherlands,
- Companhia Nacional de Pneus Lda, Rua de S. Roque da Lameira, Porto, Portugal,

⁽¹⁾ OJ No L 201, 30. 7. 1984, p. 1.

⁽²⁾ OJ No L 167, 26. 6. 1987, p. 9.

⁽³⁾ OJ No C 15, 19. 1. 1980, p. 27.

⁽⁴⁾ OJ No C 106, 27. 4. 1985, p. 2.

⁽⁵⁾ OJ No C 132, 30. 5. 1986, p. 5.

- Fabrica Portuense de Borracha Lda, 64 Rua Domingos Machado, Porto, Portugal,
- Fabrica de Borrachas das Beiras Lda, Vale de St. Domingo, Vizeu, Portugal,
- España de Neumáticos Michelin SA, 7 Calle Maria de Molina, Valladolid, Spain,
- Firestone Hispania SA, 29 Ramirez de Arellano, Madrid, Spain.

Producers/exporters in the country of origin

Republic of Korea :

- Hung-A Industrial Co. Ltd, Busan,
- Shin Hung Rubber Co. Ltd, Jinju City.

Taiwan :

- Cheng Shin Rubber Industrial Co. Ltd, Yuanlin,
- Hwa Fong Rubber Industrial Co. Ltd, Changhua Hsien,
- Kenda Rubber Industrial Co. Ltd, Yuanlin, Changhua Hsien,
- Li Hsin Rubber Industrial Co. Ltd, Changhua,
- San Jung Rubber Industrial Co. Ltd, Tao-yuan,
- Seven Stars Rubber Co. Ltd, Changhua Hsien,
- Shya Hwa Rubber Industrial Co. Ltd, Tapei,
- Tai Yung Rubber Works Co. Ltd, Tapei,
- Union Rubber Industrial Co. Ltd, Changhua Hsien.

Importers into the Community

- Ralfe Bohle & Co. GmbH, Bergneustadt, Germany,
- Hans Helming GmbH, Cologne, Germany,
- Rodolf Messingschlager, Baunach, Germany,
- Pneuservice, Firenze, Italy,
- Anglo-Dutch Export Company, Hoofddorp, The Netherlands,
- TI Raleigh Ltd, Nottingham, United Kingdom.

- (6) The investigation of dumping covered the period 1 January to 31 December 1985.

B. Normal value

(7) (a) *Republic of Korea*

Normal values were provisionally determined either on the basis of the domestic prices of the two producers in that country, both of whom exported to the Community, or on the basis of the constructed value for models for which there were insufficient sales on the domestic market to provide a sufficient basis for comparison.

(b) *Taiwan*

Normal value was provisionally determined on the basis of the domestic prices of three of the nine producers and exporters concerned whose prices were agreed by the Taiwanese Rubber Association to be representative and who accounted for more than 80 % of exports of inner tubes and new tyre cases from Taiwan to the Community. They were :

- Cheng Shin Rubber Industrial Co. Ltd,
- Hwa Fong Rubber Industrial Co. Ltd,
- Kenda Rubber Industrial Co. Ltd.

For one of the producers involved, the normal value of certain models for which there were insufficient

sales on the domestic market to form a basis for comparison was also provisionally determined on the basis of the constructed value.

C. Export price

- (8) Export prices were determined on the basis of the prices actually paid or payable by independent importers for the products sold for export to the Community.

D. Comparison

- (9) When comparing the normal values and export prices, the Commission took account, where appropriate, of differences affecting price comparability including transport, freight, financial costs and commissions. All comparisons were made at an ex works level.

E. Dumping margins

- (10) The examination of the facts showed the existence of dumping for all the exporters involved, the margin of dumping being equal to the amount by which the normal values as established exceeded the price for export to the Community.
- (11) These margins vary according to the exporter, the type and size of the products concerned and the Member State to which the product was exported, the weighted average being :

	%
<i>Republic of Korea :</i>	
— Hung-A Industrial Co. Ltd :	5,4,
— Shin Hung Rubber Co. Ltd :	5,1 ;
<i>Taiwan :</i>	
— All exporters concerned :	15,0.

F. Injury

- (12) With regard to injury caused by dumped imports, the evidence available to the Commission shows that imports of inner tubes from Korea and Taiwan into the Community increased between 1982 and 1986 from 9,4 to 17,2 million units, thus increasing their share of the Community market from 20,8 to 32,6 %. In addition, imports of new tyre cases from these countries rose from 12,5 to 18,2 million units in the same period, with a consequent increase in their share of the Community market from 27,6 to 35,7 %.
- (13) The evidence also available to the Commission indicated that for the main types of new tyre cases and inner tubes imported from Korea and Taiwan, the resale prices in the Community undercut those of Community producers during the investigation period by between 6 and 26 %, according to the type and size of the product and the Member State involved.
- (14) The consequent impact on the Communitys industry has been a loss of sales, its market share of inner tubes in the Community having declined by 11,9 % between 1982 and 1986 and its market share of new

tyre cases having declined by 14,9 %. In addition, Community producers suffered from price suppression between 1984 and 1986, the average price of inner tubes of the most efficient producers having risen by only 6 % while costs in the period increased by 13 %. Similarly, the average price of new tyre cases of these producers increased by only 2 % compared with an increase in costs of 9 %. As a result, the Community industry is now characterized by falling production, low capacity utilization and reduced profits or losses. In addition, there were works closures between 1982 and 1986 in France, Germany, Italy and the United Kingdom.

(15) The Commission has also considered whether there would be an increase in the injury caused by the dumped imports if no anti-dumping measures were applied. In this connection, it was established that the producers in both countries have the capacity to increase production if required and are already highly export orientated, their main market for sales to the rest of the world being the USA. With the actual and prospective fall in the value of the dollar, there is a strong likelihood that further exports would be made to the Community if the present measures were allowed to lapse and, in view of the trend in increased imports between 1982 and 1986, it is considered that the threat of increased injury would be imminent.

(16) The Commission has also considered whether injury has been caused by other factors such as the values and prices of imports from other sources. It was established that low-priced imports of tyres and tubes from Indonesia and Thailand had taken place in 1985 and 1986 but that their share of the Community market was not significant compared with the share of the Korean and Taiwanese exports and that, in any event, the market share of imports of inner tubes from Thailand declined in 1986.

G. Community interest

(17) In view of the particularly serious difficulties facing the Community industry concerned, the Commission has come to the conclusion that it is in the Community's interest that intervention should be continued.

H. Undertakings

(18) The exporters concerned were informed of the findings of the preliminary investigation and commented on them. On behalf of the Korean

exporters, it was argued that cycle tyres with sewn-in inner tubes for racing bicycles were not included in the measures under review. The Commission has confirmed this to be the case. For other types of inner tubes and new tyre cases, all the exporters concerned have offered price undertakings, the effect of which would be to eliminate the margins of dumping provisionally established. The Commission considers that the undertakings are acceptable and that the investigation may, therefore, be terminated without the imposition of anti-dumping duties.

No objections to this course were raised in the Advisory Committee.

HAS DECIDED AS FOLLOWS:

Article 1

The undertakings given by:

Hung-A Industrial Co. (Korea),
Shin Hung Rubber Co. (Korea),
Cheng Shin Rubber Industrial Co. (Taiwan),
Hwa Fong Rubber Industrial Co. (Taiwan),
Kenda Rubber Industrial Co. (Taiwan),
Li Hsin Rubber Industrial Co. (Taiwan),
San Jung Rubber Industrial Co. (Taiwan),
Seven Stars Rubber Co. (Taiwan),
Shya Hwa Rubber Industrial Co. (Taiwan),
Tai Yung Rubber Works Co. (Taiwan),
Union Rubber Industrial Co. (Taiwan),

in connection with the anti-dumping investigation concerning imports of inner tubes and new tyre cases for bicycles originating in the Republic of Korea and in Taiwan, falling within CN codes 4011 50 90 and 4013 20 00, are hereby accepted.

Article 2

The anti-dumping investigation referred to in Article 1 is hereby terminated.

Done at Brussels, 27 May 1988.

For the Commission

Willy DE CLERCQ

Member of the Commission