

COMMISSION DECISION

of 14 May 1991

accepting undertakings offered in connection with the anti-dumping proceeding concerning imports of welded wire-mesh originating in Yugoslavia and terminating the investigation

(91/256/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2423/88 of 11 July 1988 on protection against dumped or subsidized imports from countries not members of the European Economic Community⁽¹⁾, and in particular Articles 4, 10 and 13 thereof,

After consultation within the Advisory Committee as provided for in the above Regulation,

Whereas :

A. PROCEDURE

- (1) In June 1990 the Commission received a complaint lodged by Mr E. F. Dimou on behalf of Greek producers of welded wire-mesh representing more than 90 % of the welded wire-mesh production in Greece. The complaint contained evidence of dumping of welded wire-mesh used for reinforcement originating in Yugoslavia and of injury to a Community industry, it being understood that the Greek market for welded wire-mesh could be considered an isolated competitive market, according to Article 4 (5) second indent of Regulation (EEC) No 2423/88. The evidence was considered sufficient to justify the initiation of a proceeding.
- (2) The Commission accordingly announced, by a notice published in the *Official Journal of the European Communities*⁽²⁾, the initiation of an anti-dumping proceeding concerning imports into Greece of welded wire-mesh used for reinforcement, falling within CN codes ex 7314 20 00 and ex 7314 30 90, originating in Yugoslavia.
- (3) The Commission officially so advised the producers and exporters and importer known to be concerned, the representatives of the exporting country and the complainants and gave the parties directly concerned the opportunity to make known their views in writing and to request a hearing.

(4) All known producers and exporters, the importer and the complainant Community companies made their views known in writing.

(5) The Commission sought and verified all information it deemed necessary for the purpose of a preliminary determination and carried out investigations at the premises of the following companies :

(a) *EC producers :*

- ABNE O. Daring & Co., Athens, Greece,
- Do. Ple SA, Mandra Attikis, Greece,
- Helliniki Halyvourgia SA, Athens, Greece,
- Domika Plegmata SA, Kifisia, Greece,
- Sider SA, Athens, Greece ;

(b) *Yugoslav producers and/or exporters :*

- DP 'Mesud Mujkic', Bijeljina,
- DP 'RMK-Promet', Zenica ;

(c) *EC importers :*

- Intertech SA, Athens, Greece.

(6) No consumers or processors of welded wire-mesh made their views known to the Commission.

(7) In accordance with Article 7 (4) of Regulation (EEC) No 2423/88 all parties were given the appropriate information.

B. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

(8) Welded wire-mesh is a product made from smooth or ribbed cold drawn iron or steel wires, jointed together at the intersection to form a network, mainly used for reinforcement of concrete constructions, both on the building site and for inclusion in prefabricated components. The product under consideration is welded wire-mesh for reinforcement and thus welded wire-meshes used for fences are excluded from the investigation. The product under consideration exported from Yugoslavia does not show any significant differences with the product produced in the Community and they can therefore be considered like products within the meaning of Article 2 (12) of Regulation (EEC) No 2423/88.

⁽¹⁾ OJ No L 209, 2. 8. 1988, p. 1.

⁽²⁾ OJ No C 188, 28. 7. 1990, p. 7.

C. DUMPING

- (9) Normal value was established on the basis of monthly average prices actually paid or payable in the ordinary course of trade for the product under consideration on the Yugoslav market.
- (10) The export prices were determined on the basis of the monthly average prices paid or payable for the products under consideration sold for export to Greece, it being understood that this method would not materially affect the results of the investigation.
- (11) Normal values were compared to export prices on a monthly basis at the ex-works level, while, where appropriate, the Commission took into account differences in conditions and terms of sale.
- (12) The evidence available to the Commission showed the existence of dumping, the margin being equal to the amount by which the normal values as established exceeded the prices for export to Greece. The weighted average dumping margin thus found is 29,7 % of the cif export price.

D. INJURY**(a) Definition of Community industry**

- (13) The Greek producers of welded wire-mesh sell all or almost all their production of welded wire-mesh on the Greek market, while the demand in that market is not to any substantial degree supplied by producers of welded wire-mesh located elsewhere in the Community. It has also been established that there existed a concentration of dumped imports from Yugoslavia into the Greek market.

Therefore, in accordance with Article 4 (5), second indent of Regulation (EEC) No 2423/88, the Greek market for welded wire-mesh can be considered as an isolated competitive market within the Community, and the Greek production of welded wire-mesh as the Community industry.

(b) Volume and prices of imports

- (14) The imports into Greece of welded wire-mesh originating in Yugoslavia between 1986 and 30 June 1990 rose from 0 tonnes in 1986 to 30 826 tonnes during the investigation period.

Consequently the market share of the Yugoslav products rose to 26 %, wholly to the detriment of the market share of the Greek products.

- (15) The evidence available to the Commission also indicates that the prices of the Yugoslav products undercut the prices of the Greek products at the comparable level of trade. The weighted average

margin of price undercutting was found to be 12,5 %.

(c) Situation of the Community industry

- (16) Community producers did not benefit in full from the strong increase in demand for welded wire-mesh in Greece. Their sales lagged significantly behind the development of consumption to the extent that the Community producers lost more than 25 % of their market to dumped imports.
- (17) The considerable loss of market share was particularly detrimental because in view of the very favourable demand prospects most of the Greek producers increased significantly their capacities or made commitments for investment in new machinery.
- (18) The Community producers were prevented from passing on the cost increases for the intermediate material (1987 to 1990 : 24 %), while they were at the same time faced with additional financial burdens arising from their investment efforts.
- (19) Since the market for the product concerned is price sensitive, the low prices at which the dumped imports were offered forced the Community producers to align their prices and thereby to forego a proper return on investment.

(d) Causality

- (20) There being no imports to any significant degree from other countries, nor a slackening of demand, the Commission has come to the conclusion that the substantial increase in dumped imports and the prices at which they were offered for sale in Greece are causing material injury to the Community industry concerned.

E. COMMUNITY INTEREST

- (21) Since the investigation is being limited to the Greek market in accordance with Article 4 (5), second indent of Regulation (EEC) No 2423/88, the Community interest should be understood primarily as the interest of the Community in a vital Greek industry.

The Greek economy is still in the process of integrating itself into the Community economy as a whole. The process thus far has not been without serious economic and social costs. This is especially true for the Greek steel industry, which depends almost fully on the Greek construction industry for its sales of reinforcing bars, rods and welded wire-mesh. Where the use of reinforcing bars and rods is increasingly being substituted by the use of welded wire-mesh, the sales of this last product are of increasing importance for the Greek steel industry. Loss of profitability in the welded wire-mesh

market will directly affect the profitability of the Greek steel mills, which have just gone through a costly restructuring process.

The Greek welded wire-mesh production itself is in the process of dynamic development in order to cope with the increasing need for its products by the domestic construction industry. Considerable efforts have been made to modernize, to install new equipment and to increase employment in this sector. It is clearly in the interest of the Greek economy that the viability of these new investments and the deepening of its domestic production facilities it not jeopardized by dumped imports.

Action to maintain a free and fair trade in welded wire-mesh is therefore in the interest of the Greek economy and as such in the interest of the Community as a whole.

The Commission also considered that the necessary defensive measures will have a limited effect on the cost of the products concerned to the end users. The measures will mainly lead to a stabilization of the price level for wire-mesh and to the maintenance of regular and qualitatively adequate domestic supplies of the products concerned.

F. UNDERTAKINGS

- (22) In accordance with Article 13 (6) of Regulation (EEC) No 2423/88, the Yugoslav parties were given an opportunity to offer undertakings with respect to the exports of welded wire-mesh to Greece and did subsequently offer undertakings.
- (23) The undertakings will have the effect of removing on average the price undercutting and thereby of bringing the prices of the Yugoslav exports of welded wire-mesh to Greece at a level which the Commission, in view of the considerations above, deems sufficient, to eliminate the injury suffered by the Community industry.

Moreover the Commission notes that in case of breach of these price undertakings it can impose immediate provisional duties and the Council can then impose definitive duties based on the facts

established in the present investigation concerning dumping and injury resulting therefrom.

G. CONCLUSION

- (24) With regard to the imports into Greece of welded wire-mesh originating in Yugoslavia and on the basis of the findings during the investigation, it is considered that the interests of the Community require the imposition of protective measures.
- (25) The Commission is of the opinion that the price undertakings offered can be accepted without anti-dumping duties being imposed on imports of the product in question originating in Yugoslavia.
- (26) The Advisory Committee has been consulted with regard to this course of action and has raised no objection to the proposal,

HAS DECIDED AS FOLLOWS:

Article 1

The undertakings offered by the following Yugoslav producers and/or exporters of welded wire-mesh:

- 'TGA-Podujeva', Podujevo,
- DP 'Mesud Mujkic', Bijeljina,
- DP 'RMK-Promet', Zenica,
- 'Javor-Export', Skopje,

in connection with the anti-dumping investigation concerning imports into Greece of welded wire-mesh, falling under CN codes ex 7314 20 00 and ex 7314 30 90, originating in Yugoslavia are hereby accepted.

Article 2

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

Done at Brussels, 14 May 1991.

For the Commission

Leon BRITTAN

Vice-President