

COMMISSION REGULATION (EEC) No 2477/93

of 6 September 1993

imposing a provisional anti-dumping duty on imports of certain photo albums originating in the People's Republic of China

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 Article 11 thereof,

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

Whereas :

A. PROCEDURE

- (1) In May 1992 the Commission announced, by a notice published in the *Official Journal of the European Communities*⁽²⁾ the initiation of an anti-dumping proceeding concerning imports into the Community of certain photo albums originating in the People's Republic of China, and commenced an investigation.

The proceeding was initiated as a result of a complaint lodged by the Committee of European Photo Album Manufacturers (CEPAM) on behalf of producers whose collective output of photo albums was alleged to represent a major proportion of the Community production of these photo albums.

The complaint contained evidence of dumping of this product originating in the country indicated above, and of material injury resulting therefrom; this evidence was considered sufficient to justify opening a proceeding.

- (2) The Commission officially advised the producers, exporters and importers known to be concerned, the representative of the exporting country, and the complainants, and gave the parties directly concerned the opportunity to make their view known in writing and to request a hearing.

One Hong Kong company which exported book-bound photo albums originating in the People's Republic of China, some importers in the Commu-

nity, and complainant Community producers made their view known in writing. All parties who so requested were granted a hearing.

- (3) The Commission sent questionnaires to parties known to be concerned and received detailed information from the complainant Community producers, one Hong Kong company exporting book bound photo albums originating in the People's Republic of China and a number of Community importers. One non-complainant Community producer failed, even after a request by the Commission, to submit a non-confidential version of his written reply. Pursuant to Article 8 of Regulation (EEC) No 2423/88 (hereinafter referred to as 'the Basic Regulation'), it was considered that the information it submitted should not be taken into account by the Commission. Nevertheless, the remaining Community producers still account for a major proportion of the Community industry.

- (4) The Commission carried out investigations at the premises of the following firms :

(a) *Complainant Community producers*

Germany :

- Walter Aulfes, München.
- Ludwig Fleischmann GmbH & Co. KG, Fulda.
- Karl Walter GmbH & Co. KG, Nettetal.

Netherlands :

- Henzo B.V., Roermond.

(b) *Exporter of book bound photo albums originating in the People's Republic of China*

- Climax Paper Converters Ltd, Hong Kong

(c) *Importer (independent)*

Germany :

- KLS Service Non-Food-Vertriebs-Gesellschaft m.b.H. Kaarst.

- (5) The investigation of dumping covered the period from 1 April 1991 to 31 March 1992 (the investigation period).

- (6) This investigation has exceeded the normal time period of one year because of the time expended in finding an appropriate reference country for the establishment of the normal value.

⁽¹⁾ OJ No L 209, 2. 8. 1988, p. 1.

⁽²⁾ OJ No C 120, 12. 5. 1992, p. 10.

B. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

(i) Description of the product concerned

- (7) The product covered by the complaint and for which the proceeding was opened is photo albums in book bound form (CN Code ex 4820 50 00).
- (8) Book bound photo albums form a specific category of product within the general photo album product range which includes ring bound, post bound and spiral bound albums, as well as flip-up and slip-in type albums. These latter non-book bound albums have characteristics sufficiently different which distinguishes them from book-bound albums. They were excluded from protective measures in the previous anti-dumping proceeding established by Commission Decision 90/241/EEC concerning photo albums originating in South Korea and Hong Kong⁽¹⁾ because the market supply by the Community industry of these albums was insufficient, thereby resulting in a shortage in overall supply. An analysis of the current situation confirms that the market situation for these photo albums has remained unchanged. It is therefore considered that non-book bound photo albums should be excluded from the scope of the proceeding.

The book bound photo album category includes traditional and self-adhesive photo albums. Traditional photo albums are characterized by filler pages of photo card with thin, partly transparent pergamin for the purpose of sticking in photographs with an adhesive. Self-adhesive photo albums are characterized by filler pages provided with an adhesive film, allowing the insertion of photographs without additional aid. All these book bound photo albums have similar physical characteristics and the same use and therefore are considered to form one single product. This is shown by the fact that they are manufactured by binding inner pages within an outer cover by a conventional book binding process. While book bound albums have different formats, cover materials and number of pages they serve the same function, namely to store photographs and keep them in order and can themselves be stored on shelves like books. In addition, traditional and self-adhesive book bound photo albums are interchangeable, directly competing with each other and cannot be differentiated on the market as distinct products.

(ii) Like Product

- (9) All types of book bound photo albums produced and sold in South Korea, which was used as an analogue market economy for establishing normal value (see recital 20 below), and those produced and sold by the Community producers, possess the same technical and physical characteristics as those exported from the People's Republic of China. Therefore, the Commission considers that book bound photo albums produced and sold in the Community constitute a like product relative to the product sold in South Korea and the product imported from the People's Republic of China, within the meaning of Article 2 (12) of the Basic Regulation.
- (10) It was contended by the Hong Kong company, Climax Paper Converters Ltd., that book bound photo albums imported from the People's Republic of China are of lower quality, have a different physical appearance and are made from different materials. As a result, it was said that they occupy the lower segment of the market, as opposed to European Community production which satisfies the higher segment of the Community market. This argument cannot be upheld. As a matter of fact, it was found that Community producers are no longer, as alleged, confining their production to expensive luxury products and that their models cannot be easily distinguished from Chinese models. Moreover, book bound photo albums of both Community and Chinese origin possess similar basic physical and technical characteristics which place them in the same category of like product. While there may be some quality differences between the imported product from China and the Community production, these differences are not such as to render the product fundamentally different. In any event, book bound photo albums are a single product, and the present market for the product sold in the Community book-bound photo album market, whether of Community or Chinese origin, appears to be homogenous and indivisible into segments.

C. INDIVIDUAL TREATMENT

- (11) Only one company replied to the Commission's questionnaire; Climax Paper Converters, based in Hong Kong. Since 1990 this company has been exporting to the Community book bound photo albums originating in the People's Republic of China.

(1) OJ No L 138, 31. 5. 1990, p. 48.

The production operation in the People's Republic of China is, it is alleged — merely a production branch of the Hong Kong company and no invoice is raised for the finished product transferred between the factory in the People's Republic of China and the company in Hong Kong. It is claimed therefore that the company is a fully profit oriented company and that all commercial decision-making with regard to both production and sales policy is freely exercised in Hong Kong. For those reasons and emphasizing that it was the sole cooperating company, the company requested that any assessment of dumping should lead to a separate margin for it.

- (12) Although individual treatment has been given to certain exporters in China in some previous anti-dumping cases, in particular where they have demonstrated their independence from the State in the conduct of their export policy and in establishing their export prices, the Commission has in the course of this proceeding come to the conclusion that for the reasons set out below the utmost prudence is required in this matter.
- (13) Firstly, it must be borne in mind that the Basic Regulation merely requires that anti-dumping regulations specify the country and the product on which the duty is imposed. Individual treatment is therefore not a requirement of the Basic Regulation and is appropriate only where this gives a more proportionate and effective remedy against injurious dumping than a single, country-wide duty.
- (14) Secondly, in the case of those countries referred to in Article 2 (5) of the Basic Regulation (which includes the People's Republic of China), it is not possible to take account of the efficiency or comparative advantage of individual exporters in the establishment of normal value since this must obligatorily be established on the basis of prices or costs in market-economy countries. The only way in which individual treatment could be given to exporters in those countries is by taking account of their individual export prices. This would often tend to give rise to a distorted, and therefore inappropriate, individual result since it would not take account of the efficiency or comparative advantage or the characteristics of the products of individual exporters.
- (15) Thirdly, it is in practice extremely difficult to establish in the case of a country such as the People's Republic of China whether a company really enjoys, both legally and in fact, independence from the State and in particular whether a company has permanent independence when it appears to enjoy independence at a certain point in time. The economy of the People's Republic of China is in transition from a planned, fully State-controlled economy to a partially market-oriented economy.
- State control subsists in very many aspects of economic life and the law and institutions necessary for the functioning of a market economy are not yet fully developed and familiar to the economic operators and officials. It is not therefore possible to be certain that contracts and apparent legal guarantees will be effective and the actions of exporters free from governmental interference. Indeed it is clear that the influence of the State on all economic activity in China is still dominant. The State can at any time change the rules applicable to the employment and payment of workers, it controls the supply of energy and can impose limitations on the convertibility and transfer of currency.
- (16) Fourthly, the Commission is not at present in a position to verify the declarations of exporters on the spot in China, owing mainly to the difficulty of carrying out inspections in centrally planned economies. In particular, it is extremely difficult for the Commission to verify whether certain arrangements which ostensibly guarantee a certain independence from the State in export policy matters are genuine or a mere sham, especially where such arrangements have been made in the knowledge that anti-dumping action may be taken.
- (17) Since the grant of individual treatment may cause inappropriate levels of duty to be imposed and gives rise to an opportunity for the State to circumvent anti-dumping measures by channelling exports through, or concentrating production for export in, the exporter with the lowest duty, the Commission has come to the conclusion that departures from the general rule whereby a single anti-dumping duty is established for State trading countries should only be made where it is completely satisfied that the difficulties outlined above do not arise.
- (18) Further, in the present case the production arrangements in the People's Republic of China are governed by an agreement between the company in Hong Kong and the Chinese authorities. This agreement does not establish that the production operations in China are fully autonomous from State control. This production is carried out in China in premises where the Hong Kong company uses its own machinery and staff but which are owned by, and use managers and labour provided by, a Chinese public entity which has to report on its economic activities to Chinese State authorities and which signed the agreement with the Hong Kong company. The wording of certain provisions of this agreement, notably concerning the management of the production plant and the recruitment and payment conditions of the workforce, suggests that the administration of the production and trade business for the plant concerned is not actually independent of the influence of the Chinese authorities.

Moreover, in the documentation submitted, reference was made to another agreement with the indication that its terms have to be implemented by the parties to the first agreement mentioned above. This second agreement was not submitted to the Commission because, it was alleged, it was concluded between two Chinese parties and was not a public document. However, according to the information submitted, it stipulated the terms and conditions for inviting foreign investment in the Chinese region concerned, and those terms and conditions are relevant for the conduct of the business operations in the Chinese plant producing photo albums.

For those and all the other reasons stated in Recitals (13) to (17) above, the Commission concludes that individual treatment is not appropriate in this case at the present time.

D. DUMPING

(i) Normal Value

- (19) Climax Paper Converters Ltd, based in Hong Kong, was the only company to cooperate fully in the proceeding. This company claimed that the photo albums it sold are produced in a factory located in the People's Republic of China and are exported to the Community through Hong Kong where the sales infrastructure of the company is located. The Commission found that the products concerned were produced in the People's Republic of China and were of Chinese origin. In those circumstances the normal value had to be established by reference to the country of origin, namely the People's Republic of China.

In establishing normal value the Commission had to take into account the fact that China is not a market economy country and, accordingly, had to base its calculations on the normal value of the product in question in a market economy in accordance with Article 2 (5) of Regulation (EEC) No 2423/88. For that purpose the Hong Kong company proposed the use of the Indonesian or South Korean markets as a basis for establishing normal value. While producers in those two countries were contacted no Indonesian producer was ready to cooperate, although one producer supplied information showing that only a limited range of the product concerned is produced there.

- (20) By contrast, two South Korean companies who agreed to cooperate produce models of the product identical or similar to those exported by the Chinese. In this respect South Korea was consi-

dered an appropriate and not unreasonable market where a number of producers compete for sales of the like product. Producers in South Korea and the People's Republic of China have similar access to raw materials and the South Korean market is sufficiently representative compared to the volume of Chinese book bound photo albums exported.

- (21) The book bound photo albums sold on the South Korean domestic market were found to have many additional features compared to the Chinese models exported to the Community. Consequently it was considered that the only practical method of establishing normal value was to construct a value based on the cost of production of the Korean models exported to the Community which were found similar to the Chinese models and by adding an amount for selling, general and administrative expenses (hereinafter 'SGA') and a margin of profit in accordance with Articles 2 (3) (b) and 2 (5) (b) of the Basic Regulation.
- (22) For that reason, all fixed and variable costs incurred in the ordinary course of trade, by the Korean producers exporting similar models were computed. As far as SGA expenses and profit were concerned, average margins of the two Korean producers relating to their domestic sales were established and attributed to the cost of manufacture of each model.

(ii) Export prices

- (23) In establishing the export price the Commission had to take account of the fact that no price for the product sold for export to the Community from the country of origin (the People's Republic of China) was found to exist. Consequently, in order to achieve comparability between the normal value and export price the latter had to be constructed on the basis of the price at which the product concerned was resold by the Hong Kong company to independent Community customers, as provided for by Article 2 (8) (b) of the Basic Regulation. Pursuant to that provision allowance was made for an estimated margin of profit realized on sales via Hong Kong.

Since the Commission did not receive information on all exports of the Chinese product it was considered that export prices for the remaining exports should be determined on the basis of the facts available, in accordance with Article 7 (7) (b) of the Basic Regulation. It would serve as a bonus for non-cooperation if such exports were to be considered to have been sold to the Community at prices higher than the lowest established for the exports for which information was made available. In addition, there is no reasons to believe that they

were sold at such higher prices. Export prices for these remaining exports, which accounted for approximately 40 % of all exports of the product concerned to the Community, were based on a significant volume of the dumped exports for which information was available.

(iii) Comparison

- (24) The comparison was carried out on fob Chinese border term in order to take account of terms and conditions of sale, and normal value and export prices were compared on a transaction-by-transaction basis. Allowances for differences affecting price comparability such as those relating to physical characteristics, import charges and selling expenses were granted where requested and found sufficiently justified in accordance with Article 2 (9) and (10) of the Basic Regulation.

In order to ensure a proper comparison with the Chinese models, account was taken, where appropriate, of differences in physical characteristics, notably number and size of inner sheets and size of outer cover. Normal value was adjusted for an amount corresponding to import charges borne by materials incorporated in the like product and account was taken of the various selling expenses to ensure that a proper comparison with the Chinese export price was made. Adjustments to the Chinese export price were estimated for selling costs directly related to the export sales.

(iv) Dumping margin

- (25) A single dumping margin has been established for the People's Republic of China on the basis of a weighted average of the dumping margin relating to exports for which information was made available and the dumping margin determined on the basis of the facts available, in accordance with Article 7 (7) (b) of the Basic Regulation for the remaining exports for which no information was received. This latter dumping margin, based on a significant volume of the dumped exports of the Hong Kong exporter of the photo albums originating in China amounts to 32,3 %, while the dumping margin established for exports where full information was provided by the Hong Kong exporter is 11,5 %. Consequently, the single dumping margin for exports from the People's Republic of China has been established on a weighted average basis at 19,4 %.

E. COMMUNITY INDUSTRY

- (26) According to the Commission's information there are, in addition to the five producers represented by Cepam, other producers in the Community. From

the information gathered during the investigation it has been possible to establish that the Community producers who are members of Cepam accounted, during the investigation period, for at least 78 % of book bound photo album production in the Community as a whole. In those circumstances the Commission concluded that the five producers who are members of Cepam formed the Community industry within the meaning of Article 4 (5) of the Basic Regulation.

F. INJURY

(i) Volume and market share of the dumped imports

- (27) Since the CN code under which book bound photo albums fall also covers other types of albums, no precise figures concerning total imports and total consumption of the product concerned were available.

However, from the information obtained during the investigation, the Commission established that consumption of the product was fairly stable at roughly 17 000 tonnes annually from January 1990 to March 1992. It increased from 15 528 tonnes in 1989 to 16 900 tonnes during the investigation period.

- (28) Over the same period, dumped Chinese imports increased from 671,5 tonnes to 3 581 tonnes, representing an increase of 433 %. This trend was reflected in an increase in their market share from 4,3 % in 1989 to 21,2 % during the investigation period. During this time the corresponding market share of the Community industry declined from 43,8 % to 40,6 %.

(ii) Prices of dumped imports

- (29) The Commission compared the Chinese prices, customs cleared, of each model of book bound photo album exported to the Community by the Hong Kong exporter, at the same level of trade, with the weighted average ex-factory price of each comparable model sold by Community producers. Each model was found to have been sold at a price below that of the Community producers. After adjustments based on minor differences in physical characteristics had been made the price undercutting ranged from 3 % to 37,9 %. For the remaining Chinese producers it is considered that the price undercutting is not lower than the weighted average undercutting found for the Hong Kong exporter, namely 32,1 %, for the same reasons as were previously mentioned in recital 23.

(iii) **Situation of the Community industry**(a) *Production and capacity utilisation*

- (30) Annual production of the Community industry increased from 6,003 millions units (approximately 7 226 tonnes) in 1989 to 7,094 million units (8 623 tonnes) in 1991. However the quantity produced during the investigation period declined to 6,425 million units (7 802 tonnes), which represents a 9,43 % reduction. The Community industry's rate of capacity utilization was roughly 75 % during the years 1989 to 1991 but declined to 67 % during the investigation period.

(b) *Volume of sales and stocks*

- (31) Sales of the product by the Community industry increased from 5,325 million units (6 808 tonnes) in 1989 to 6,286 million units (7 741 tonnes) in 1991. However this trend was reversed during the investigation period when sales declined to 5,575 (6 854 tonnes) million units. The decline in sales during the investigation period was reflected in an 18,4 % increase in stock from 1991 to the end of the period.

(c) *Prices*

- (32) The weighted average price increase of models representing roughly 70 % of Community production from 1989 to the investigation period was in the order of 0,8 %. While the Community industry succeeded in increasing prices of some models in 1991 by about 4 %, the overall increase was insufficient to prevent a net worsening of the financial results of the Community industry.

(d) *Profitability*

- (33) The total profit generated on sales of the product during the investigation period was less than 0,2 %. The Community industry was unable to increase prices sufficiently to re-establish reasonable profitability. Certain models sold in significant quantities on the Community market, both by the Chinese importer and by Community producers either continued or began to make losses during the investigation period.

(e) *Employment*

- (34) The Community industry experienced a decline in employment of 7 % during the period from 1989 to the end of the investigation period.

(iv) **Conclusion**

- (35) On the basis of all of the abovementioned factors, particularly the inadequate profit generated on significantly reduced sales during the investigation period, the Commission concluded, for the purpose of its preliminary findings, that the Community book bound photo album industry had experienced material injury within the meaning of Article 4 (1) of the Basic Regulation.

G. CAUSATION OF INJURY BY DUMPING

- (36) The Commission examined whether the material injury suffered by the Community industry had been caused by the dumped imports and whether other factors might have caused or contributed to that injury.

(i) The effect of dumped imports

- (37) The effect of Chinese imports of book bound albums has to be considered in the context of the anti-dumping measures imposed in May 1990 on South Korean and Hong Kong imports of book bound photo albums into the Community.

The effect of those measures was clearly a significant and continuous decrease of South Korean and Hong Kong imports from 1990 to the investigation period. However, those imports were only partially replaced by sales of the Community industry, whose growth stopped in the course of 1991. In 1990, the Chinese imports were unique among all imports in showing a significant increase. These imports correspond to imports previously coming from Hong Kong, since Climax Paper Converters Ltd and other exporters which did not cooperate in the proceeding, moved their production from Hong Kong to the People's Republic of China in 1989 or 1990. They also partially replaced imports from South Korea to the continuing detriment of the Community industry. The Community book bound photo album market is a transparent and price-sensitive market. Consequently, during the investigation period, owing to the presence of steadily increasing quantities of Chinese imports sold at prices which undercut considerably the Community producers' prices, the quantities sold albeit at lower profits on higher losses, decreased significantly.

(38) It results from the foregoing that the pressure of the dumped Chinese imports has had the effect of depriving the Community industry of the full benefit of the anti-dumping measures taken in 1990 against other imports of the like product, by exerting an adverse influence upon the volume of sales, market share, stock and profit situation of this industry during the investigation period.

(ii) **The effect of other factors**

(39) In the case of imports of book bound photo albums into the Community from countries other than China the trend in the volume of imports has either been stable or declining. Imports from South Korea and Hong Kong have been declining — most probably due to the anti-dumping measures imposed on the like product in 1990.

(40) Eurostatistics show an increase in imports of albums under CN code 4820 50 00 from Indonesia. Information gathered from Community importers indicates that Indonesian imports of book bound photo albums are negligible, the vast majority of imports under this code consisting of flip-up and slip-in type albums as well as ring bound albums. In the light of the significant volume of Indonesian book bound albums imported into the Community the Commission concludes that they have had in any case a negligible impact on the Community industry.

(41) The Commission therefore concluded that the volume of dumped Chinese imports which coincides with a decrease in Community production from 1991 to the end of the investigation period, combined with the significant price undercutting, must have had a significant deleterious effect on the Community book bound photo album market and, therefore, the material injury suffered by the Community industry must be regarded as being caused by the dumped Chinese imports considered in isolation.

H. COMMUNITY INTEREST

(42) In assessing the Community interest the Commission takes account of certain essential elements. One such element is that it is to the very purpose of anti-dumping measures and is fundamentally in the general Community interest to stop distortions of competition due to unfair commercial practices and thus re-establish open and fair competition on the Community market. Furthermore, failure to

take provisional measures would aggravate the already precarious situation of the Community industry, especially noticeable from the lack of reasonable profitability, which threatens its viability.

(43) Should this industry be forced to cease production the community would be rendered entirely dependent on third country imports to satisfy market demand. Moreover, this could entail serious consequences for the upstream industry, namely the suppliers of paper, board, vinyl and pergamin.

(44) As to the interests of consumers of the product concerned in the Community, their short-term price advantages have to be seen against the background of the longer-term effect of not restoring fair competition. Indeed, to refrain from taking action would seriously threaten the viability of the Community industry, the disappearance of which would in fact reduce supply and competition, to the ultimate detriment of consumers.

(45) The Commission notes that there is no evidence that the re-establishment of open and fair market conditions will prevent Chinese producers from competing in the Community market. Anti-dumping measures would merely remove the distortion of competition due to dumping and are not therefore an obstacle to satisfying the gap in demand with supplies from third countries at fair prices. In the present case the dumping margin is lower than the amount required fully to remove the injury (see recital 50). It is therefore only the unfair element of the exporters' price advantage which will be eliminated. In such a situation, the exporters can fully compete on the basis of their true comparative advantage.

(46) The only Hong Kong company known to the Commission to export Chinese book bound photo albums has argued that it is not in the Community interest to impose measures since such measures can only benefit other third-country producers, particularly Indonesia, and therefore would not afford protection to the complainant industry. However, the investigation has confirmed that the volume of Indonesian book-bound photo album imports is insignificant and, in any event, any displacement of Chinese imports on the Community market would only be the result of normal competitive market forces, since the price advantages which buyers of Chinese book-bound albums enjoyed originated from unfair business practices; consequently, there is no justification for allowing unfairly low prices to prevail.

- (47) After consideration of the general and specific interests involved, it is provisionally concluded that the adoption of measures in the present case will re-establish fair competition by eliminating the injurious effects of dumping practices, and will afford the Community industry the opportunity of benefiting from important investments which is has realized in recent years and thus offer certain safeguards to the upstream supply industry in the Commission.
- (48) The Commission finds, therefore, that it is in the Community interest to adopt anti-dumping measures, in the form of a provisional duty, in order to prevent further injury being caused by the dumped imports concerned during the proceeding.

I. DUTY

- (49) For the purpose of establishing the level of the provisional duty, the Commission took account of the dumping margin found and of the amount of duty necessary to eliminate the injury sustained by the Community industry.
- (50) The injury caused by dumped imports results primarily from price undercutting by those imports. Since the difference between Chinese prices and those of Community producers on a weighted average basis is greater than the dumping margin found, the provisional duty must be aligned to the single dumping margin established in accordance with Article 13 (3) of Basic Regulation (see recital 25).
- (51) In the interest of sound administration, a period should be fixed within which the parties concerned may make their views known and request a hearing. Furthermore, it should be stated that all findings made for the purpose of this Regulation are provisional and may have to be reconsidered for the purpose of any definitive duty which the Commission may propose.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 6 September 1993.

HAS ADOPTED THIS REGULATION:

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of photo albums in book bound form falling within CN code ex 4820 50 00, and originating in the People's Republic of china.
2. The rate of anti-dumping duty applicable to the net free-at-Community-frontier price before duty, shall be as follows:

Product	Rate of duty	Taric Code
Photo Albums in book bound form	19,4 %	4820 50 00*10

3. The provisions in force concerning customs duties shall apply.
4. 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.

Article 2

Without prejudice to Article 7 (4) (b) of Regulation (EEC) No 2823/88, the parties concerned may make known their views in writing and apply to be heard orally by the Commission within one month of the date of entry into force of this Regulation.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Communities*. Subject to Articles 11, 12 and 13 of Regulation (EEC) No 2423/88, Article 1 of this Regulation shall apply for a period of four months, unless the Council adopts definitive measures before the expiry of that period.

For the Commission

Leon BRITTAN

Vice-President