Commission Implementing Regulation (EU) 2020/379 of 5 March 2020 imposing a provisional countervailing duty on imports of continuous filament glass fibre products originating in Egypt

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union[(1)] ('the basic Regulation'), and in particular Articles 12 and 24(1) thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 7 June 2019, the European Commission (the 'Commission') initiated an anti-subsidy investigation with regard to imports into the European Union (the 'Union') of continuous filament glass fibre products ('GFR') originating in Egypt (or the 'country concerned') pursuant to Article 10 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union*[(2)] (the 'Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 24 April 2019 by the European Glass Fibre Producers Association ('the complainant' or 'APFE') on behalf of producers representing more than 25 % of total Union production. Producers representing 71 % of the total Union production of continuous filament glass fibre products supported the complaint.

(3) Prior to the initiation of the anti-subsidy investigation, the Commission notified the Government of Egypt ('GOE') that it had received a properly documented complaint, and invited the GOE for consultations in accordance with Article 10(7) of the basic Regulation. The GOE refused the offer for consultations, which were not held but submitted two set of comments concerning the initiation of the investigation, one before the publication of the Notice of Initiation and one after.

(4) On 3 May 2019 the Commission initiated a separate anti-dumping investigation with regard to imports into the Union of the same continuous filament glass fibre products originating in Egypt and Bahrain[(3)]. The Commission notified all

interested parties on 12 December 2019 that the investigation would continue without imposition of provisional anti-dumping duties.

(5) Prior to the initiation of the investigation the GOE submitted that the complaint did not include sufficient evidence of subsidisation or injury to warrant an opening of a proceeding. Their comments regarding subsidisation were dealt with in the memorandum on sufficiency of evidence which was placed on the open file, and their comments regarding injury are dealt with below.

(6) Following initiation the Commission received further comments from the GOE, again noting their comments on subsidy, but also making a submission regarding the allegations of injury caused by imports from Egypt that were set out in the complaint.

(7) The GOE first analysed the data in the complaint showing prices on the Union market in 2017 and 2018, and noted that EU sales prices did not fall, and import prices from Egypt only dropped by 2 %.

(8) This price analysis, however, only compared two years out of the period considered and thus did not take into account the full set of data in the complaint showing the full evolution of import prices and EU sales prices that show falling import prices and stagnant EU sales prices.

(9) The Commission also noted the data shown in recitals (84) to (91) below on price trends and the Commission's conclusions based on the whole dataset.

(10) The GOE analysed the economic indicators set out in the complaint and concluded that they did not show material injury. This is not the Commission's analysis of the data provided in the complaint which clearly shows injury on the basis of steeply declining profits from 2016 to 2018.

(11) The Commission's analysis of the indicators, both macroeconomic and microeconomic, is set out in detail in the whole of Section 4.4 below.

(12) The GOE then posited other causes of material injury, should the Commission find evidence of it. They allege that injury would be caused by lack of technological development, insufficient production capacity, a contraction in demand, increased costs and imports from other countries.

(13) The complaint already addresses these factors, and provides evidence that the Union industry has invested in their facilities and also that there is no causal link between imports from other countries and the injury suffered by the Union industry.

(14) All of these factors have been investigated and the Commission's provisional findings are set out in the whole of Section 5 below.

(15) The Commission also received a submission regarding the allegations of injury caused by imports from Egypt from a group of users of GFR in the Union.

(16) The group of users, who wished to remain anonymous, commented on the absence of injury in 2015; the volume of imports from Egypt; that the volume of imports was not likely to increase further; and the economic indicators set out in the complaint.

(17) Again all of these factors have been investigated and the Commission's provisional findings are set out in the whole of Section 4 below. The Commission confirmed that, at the initiation stage, the complaint contained sufficient evidence of injurious subsidisation.

(18) The GOE and Jushi Egypt also stated that the remission of import duties on raw materials is not a subsidy to the extent that these imported products are re-exported as such or as processed into a downstream product.

(19) The Commission acknowledged that in particular when the conditions of Article 3(1)(a)(ii) of the basic Regulation and Annexes I, II and III referred to therein are met, only the excess remission of import duties on raw materials constitutes a countervailable subsidy, and paid particular attention to this during the investigation.

(20) The Commission further noted that the GOE's comment did not concern import duty exemptions with respect to production equipment.

1.2. **Amendment to the Notice of Initiation**

(21) On 12 February 2020, the Commission published a Notice amending the Notice of Initiation in the *Official Journal of the European Union*[(4)].

(22) During the investigation, the Commission found additional evidence of relevant subsidies, which were not fully included in the Notice of Initiation of 7 June 2019.

(23) In particular, the Commission identified additional evidence of preferential policy loans by Chinese State-owned or State-controlled entities, granted directly to Jushi Egypt and indirectly via the parent company of Jushi Egypt in the People's Republic of China.

(24) With respect to these loans, the Commission found evidence that they involve a financial contribution that may be attributable to the Government of Egypt and confer a benefit to the exporting producer of the product concerned.

(25) In the course of the investigation, the Commission also identified other elements in the cooperation between Egypt and the People's Republic of China which may be relevant for the examination of other subsidy practices already mentioned in the Notice of Initiation, such as the provision of land for less than adequate remuneration.

(26) Therefore, the Commission decided in accordance with Article 10(7) of the basic Regulation to include these subsidies within the scope of the current investigation and to amend accordingly the Notice of 7 June 2019. A note to the file was added in this respect and the GOE was invited to hold consultations on those additional subsidies.

1.3. **Investigation period and period considered**

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2020/379. (See end of Document for details)*

(27) The investigation of subsidisation and injury covered the period from 1 April 2018 to 31 March 2019 (the 'investigation period' or the 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2016 to the end of the investigation period (the 'period considered'). Where appropriate, the Commission also examined post-IP data.

1.4. **Registration**

(28) The Commission made imports of the product concerned subject to registration for the three-week period of pre-disclosure under Article 24(5a) of the basic Regulation by Commission Implementing Regulation (EU) 2020/199[(5)] ('the registration Regulation').

1.5. **Interested parties**

(29) In the Notice of Initiation, interested parties were invited to contact the Commission in order to participate in the investigation. In addition, the Commission specifically informed the complainant, other known Union producers, the known exporting producers and the GOE, the known importers, suppliers and users, traders, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.

(30) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

(31) Interested parties that had already cooperated in the separate anti-dumping investigation were invited to state that they were cooperating in both investigations, and were considered to be interested parties in both when they had done so. That being said, the Commission considered the anti-dumping and anti-subsidy investigations as two separate proceedings and requested interested parties to clearly specify in their submissions whether they referred to the anti-dumping investigation, the anti-subsidy investigation or both.

1.6. **Sampling**

(32) In its Notice of Initiation, the Commission stated that it might sample interested parties in accordance with Article 27 of the basic Regulation.

1.6.1. *Sampling of Union producers*

(33) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. The Commission selected the sample on the basis of the highest representative quantity of production which could reasonably be investigated within the time available. The sample originally selected was the same as for the separate anti-dumping investigation concerning the same product originating in Egypt and Bahrain.

(34) No comments on the sample selection were received.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2020/379. (See end of Document for details)*

1.6.2. *Sampling of importers*

(35) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(36) Given that only two unrelated importers provided completed sampling forms, sampling was not applied.

(37) The two unrelated importers were also selected for inspection in the separate anti-dumping investigation.

1.6.3. *Sampling of exporting producers in Egypt*

(38) The Commission did not resort to sampling in relation to exporting producers in Egypt as the Jushi Group is the only exporting producer of the product concerned in Egypt.

1.6.4. *Questionnaire replies and verification visits*

(39) The Commission sent questionnaires to the GOE, to the exporting producer, to the three sampled Union producers, and to two unrelated importers. A questionnaire was provided for users to complete, if they so wished, rather than making a submission.

(40) The Commission received questionnaire replies from the GOE, the exporting producer, all sampled Union producers and both unrelated importers. Two completed user questionnaires were also received.

(41) The Commission sought and verified all the information deemed necessary for a determination of subsidy, resulting injury and Union interest. A verification visit took place at the premises of the GOE, the General Authority for the Suez Economic Zone and the General Authority for Investment and Free Zones, during which officials from other relevant ministries also participated.

(42) The methodology and correctness of the data gathered by the complainants for the purposes of the macroeconomic indicators was subject to a verification visit under Article 26 of the basic Regulation carried out at the premises of the lawyers of the complainants.

(43) Verification visits under Article 26 of the basic Regulation were carried out at the premises of the following companies:

Union producers and related companies

— 3B Fibreglass, Battice, Belgium,

— Johns Manville Slovakia a.s., Trnava, Slovak Republic,

— European Owens Corning Fibreglass SPRL, Watermael-Boitsfort, Belgium

Unrelated importers in the European Union

— Euroresins UK Limited, Ellesmere Port, UK,