Commission Implementing Regulation (EU) 2020/199 of 13 February 2020 making imports of continuous filament glass fibre products originating in Egypt subject to registration

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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 Article 24(5a) thereof,

After informing the Member States,

Whereas:

(1) On 7 June 2019, the European Commission ('the Commission') announced, by a notice published in the *Official Journal of the European Union*[(2)] ('the notice of initiation'), the initiation of an anti-subsidy proceeding with regard to imports into the Union of continuous filament glass fibre products originating in Egypt.

(2) This was following a complaint lodged on 24 April 2019 by the European Glass fibre Producers Association 'APFE' ('the complainant') on behalf of producers representing more than 25 % of the total Union production of continuous filament glass fibre products.

(3) This anti-subsidy investigation follows the initiation of a separate investigation by the Commission to examine the existence of injurious dumping with respect to the same product but originating in Egypt and Bahrain, which was initiated on 3 May 2019[(3)].

(4) The investigation of subsidisation and injury covers the period from 1 April 2018 to 31 March 2019 ('the investigation period'). The examination of trends relevant for the assessment of injury covers the period from 1 January 2016 to the end of the investigation period ('the period considered').

1. Product subject to registration

(5) The product subject to registration ('the product concerned') is chopped glass fibre strands, of a length of not more than 50 mm ('chopped strands'); glass fibre rovings, excluding glass fibre rovings which are impregnated and coated and have a loss on ignition of more than 3 % (as determined by the ISO Standard 1887) ('rovings'); and mats made of glass fibre filaments excluding mats of glass wool ('mats') originating in Egypt, currently falling under CN codes 7019 11 00, ex 7019 12 00, 7019 31 00 (TARIC

codes 7019 12 00 22, 7019 12 00 25, 7019 12 00 26 and 7019 12 00 39).The product concerned is known as 'glass fibre reinforcements' or 'GFR'.

2. **Grounds for registration**

(6) According to Article 24(5a) of the basic Regulation, the Commission shall direct the customs authorities to take the appropriate steps to register imports during the period of pre-disclosure under Article 29a, so that measures may subsequently be applied against those imports from the date of such registration, unless it has sufficient evidence that the requirements either under Article 16(4)(c) or Article 16(4)(d) of the basic Regulation are not met.

(7) The Commission therefore analysed the requirements of Article 16(4)(c) and (d) of the basic Regulation as to whether imports should be registered during the period of pre-disclosure.

(8) These Articles require the Commission to examine:

— whether there are critical circumstances where, for the subsidised product in question, injury which is difficult to repair is caused by massive imports in a relatively short period of a product benefitting from countervailable subsidies, and

— whether it is deemed necessary to assess countervailing duties retroactively on those imports in order to preclude the recurrence of such injury.

2.1. *Product benefiting from countervailable subsidies*

(9) As regards subsidisation, the Commission has at its disposal sufficient evidence at this stage that exports of the product concerned from Egypt are being subsidised, and that the exporting producer Jushi in Egypt benefited from these subsidies during the investigation period.

(10) The subsidy practices alleged in the complaint include:

— Direct transfer of funds,

— Government revenue foregone or not collected, and

— Government provision of goods or services for less than adequate remuneration.

(11) As set out in the Notice of Initiation, the complainant alleged that those measures are subsidies since they involve a financial contribution from the Government of Egypt (including public bodies) and confer a benefit to the exporting producer of the product concerned. They are alleged to be limited to certain enterprises or industries or group of enterprises and/or contingent upon export performance and are therefore specific and countervailable.

(12) The evidence of subsidisation was made available in the open version of the complaint and was further analysed in the memorandum on sufficiency of evidence.

(13) The Commission at this stage therefore has sufficient evidence which tends to indicate that exports of GFR from Egypt are benefiting from countervailable subsidies.

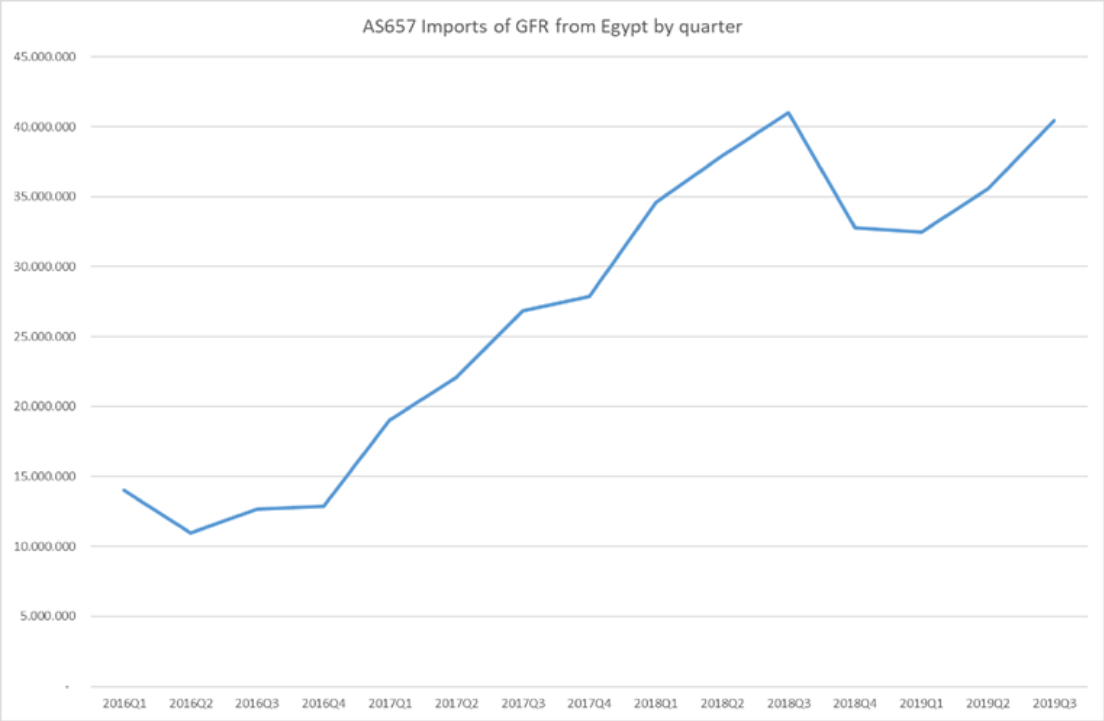
***Changes to legislation:** There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2020/199. (See end of Document for details)*

2.2. *Massive imports of GFR from Egypt in a relatively short period*

(14) The extraction from the Surveillance 2 database, together with the 2015 data from the complaint, shows massive imports of Egyptian GFR from 2015 to 2018. Imports have increased in volume in this period by 200 % and their market share has increased from 4,6 % in 2015 to 12,8 % in 2018.

(15) Having regard to more recent data, the graph below shows the quantity of GFR imported from Egypt per quarter from January 2016 to September 2019. This covers the period considered (Q1 2016 to Q1 2019) and two quarters after the investigation period ('IP') (Q2 and Q3 2019).

(16) For the period considered there is a significant increase of 130 %, from just over 14 000 tonnes in Q1 2016 to 32 000 tonnes in Q1 2019, being an increase in market share from 5 % to 14 %:



(17) Since the separate anti-dumping investigation mentioned in recital 3 concerns import of the same product from, among others, Egypt, such initiation may have already affected trade flows for the assessment at issue. Thus, the date of initiation of that case, namely 3 May 2019, will be considered as the beginning of the post-initiation period to assess the evolution of imports also in this investigation.

(18) An analysis of imports from Egypt during the post-initiation period does not suggest that massive imports have ceased, but rather that they remain at the same or a higher level:

Changes to legislation: *There are currently no known outstanding effects for the Commission Implementing Regulation (EU) 2020/199. (See end of Document for details)*

Import quantities from Egypt (tonnes)						
	Monthly average (IP)	**Post-initiation total[a]**	**Same period in the IP total[b]**	**Monthly average (post-initiation)**	**Difference period IP – post-initiation (total)**	**Difference IP – post-initiation (monthly average)**
Egypt	12 014	91 319	92 286	13 045	-1 %	+9 %

Source: Surveillance 2 database

a May to November 2019.

b May to November 2018.

(19) Indeed, having regard to the investigation period and afterwards, the average volume of monthly imports between May and November 2019 is 9 % greater than that during the investigation period.

(20) The total quantity of GFR originating in Egypt imported into the Union between May and November 2019 is almost at the same level than the total quantity imported during the same period in 2018.

(21) Based on the analysis above, the Commission concluded that massive imports from Egypt have taken place. These quantities, together with the increase in market share throughout the period considered, amount to massive imports in a relatively short period within the meaning of Article 16(4) of the basic Regulation.

(22) The increase in imports in fact coincided with the initiation of the anti-dumping investigation on the same product concerned, following a declining and a more stable import trend in the previous two quarters. This may be due to the possibility of the product concerned being subject to trade defence measures.

2.3. *Critical circumstances and injury difficult to repair*

(23) The complaint contains sufficient evidence that the Union industry is suffering material injury caused by the imports from Egypt which is difficult to repair, and that these constitute critical circumstances.

(24) Imports from Jushi Egypt to the EU have increased substantially since 2015, when the Commission considered that the Union industry was not injured[(4)].

(25) The Commission has sufficient evidence that the exporting producers' subsidisation is causing material injury to the Union industry, which is difficult to repair. This evidence consists of detailed data, contained in the complaint, concerning the key injury factors set out in Article 8(4) of the basic Regulation.

(26) Evidence of such circumstances includes the rapid deterioration of the situation of the Union industry characterised by a decline in profit from a peak of 13