# Commission Regulation (EC) No 988/2004 of 17 May 2004 imposing provisional anti-dumping duties on imports of okoumé plywood originating in the People's Republic of China

## COMMISSION REGULATION (EC) No 988/2004

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## imposing provisional anti-dumping duties on imports of okoumé plywood originating in the People's Republic of China

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community[(1)] ('basic Regulation'), as last amended by Regulation (EC) No 461/2004[(2)], and in particular Article 7 thereof,

After consulting the Advisory Committee,

Whereas:

A. PROCEDURE

1. INITIATION

(1) On 19 August 2003, the Commission announced by a notice ('notice of initiation') published in the Official Journal of the European Union[(3)], the initiation of an anti-dumping proceeding with regard to imports into the Community of okoumé plywood originating in the People's Republic of China ('PRC').

(2) The anti-dumping proceeding was initiated following a complaint lodged on 7 July 2003 by the European Federation of the Plywood Industry (FEIC) ('the complainant') on behalf of producers representing a major proportion, in this case more than 50 %, of the Community production of okoumé plywood. The complaint contained evidence of dumping of the said product and of material injury resulting there from, which was considered sufficient to justify the initiation of a proceeding.

2. PARTIES CONCERNED BY THE PROCEEDING

(3) The Commission officially advised the exporting producers in the PRC, importers/traders and their associations, suppliers and users known to be concerned, the representatives of the exporting country concerned and the complainant Community producers of the initiation of the proceeding. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set in the notice of initiation.

**Changes to legislation:** *There are currently no known outstanding effects for the Commission Regulation (EC) No 988/2004. (See end of Document for details)*

(4) In view of the large number of Chinese exporting producers listed in the complaint, and the large number of Community producers of the like product, sampling was envisaged in the notice of initiation for the determination of dumping and injury, in accordance with Article 17 of the basic Regulation.

(5) In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, all exporting producers and Community producers were asked to make themselves known to the Commission and to provide, as specified in the notice of initiation, basic information on their activities related to the product concerned during the investigation period (1 July 2002 to 30 June 2003).

(6) After examination of the information submitted by exporting producers and due to the low number of replies to the sampling questions, it was decided that sampling was not necessary with regard to exporters.

(7) With regard to the Community producers, the Commission selected, in accordance with Article 17 of the basic Regulation, a sample based on the largest representative volume of production and sales of the Community industry which could be reasonably investigated within the time available. On the basis of the replies received from the Community producers, the Commission selected five companies in three Member States. The selection was based on both production and sales volume. The sample chosen on the basis of the aforementioned criteria is also representative in terms of geographic coverage.

(8) In order to allow exporting producers in the PRC to submit a claim for market economy treatment ('MET') or individual treatment ('IT'), if they so wished, the Commission sent claim forms to the Chinese exporting producers known to be concerned. Claims for MET, or for IT in case the investigation establishes that they do not meet the conditions for MET, were received from eight exporting producers.

(9) The Commission sent questionnaires to all parties known to be concerned and to all the other companies that made themselves known within the deadlines set out in the notice of initiation. Replies were received from six Chinese exporting producers, from the five sampled Community producers, and from one producer in the analogue country, Morocco.

(10) The Commission sought and verified all the information it deemed necessary for the purpose of a preliminary determination of dumping, resulting injury and Community interest. Verification visits were carried out at the premises of the following companies:

(a) *Community producers*

— Indústrias Jomar – Madeiras e Derivados SA, Portugal;

— Joubert SAS, France;

— Plysorol SAS, France;

— Reni Ettore spa., Italy;

— Schauman Wood SA, France

(b) *Exporting producers in the People's Republic of China*

— Zhejiang Deren Bamboo-Wood Technologies Co., Ltd.

— Jiaxing Jinlin Lumber Co., Ltd.

— Nantong Zongyi Plywood Co., Ltd.

— Zhonglin Enterprise (Dangshan) Co., Ltd.

(c) *Producer in the analogue country*

(11) In view of the need to establish a normal value for exporting producers in the PRC to which MET might not be granted, a verification visit to establish normal value on the basis of data from an analogue country, Morocco, took place at the premises of the following company:

— CEMA Bois de l'Atlas, Casablanca, Morocco.

3. INVESTIGATION PERIOD

(12) The investigation of dumping and injury covered the period from 1 July 2002 to 30 June 2003 ('investigation period' or 'IP'). The examination of trends in the context of the injury analysis covered the period from 1 January 1999 to the end of the IP ('period under consideration').

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. GENERAL

(13) Plywood is a wood based panel, which has at the same time good mechanical strength and a light weight. It consists of sheets (plies) of wood veneer, which are glued together. It is constructed with an odd number of plies, which are cross-bonded. The outer plies usually have the grain direction going parallel to the long dimension of the panel. This construction guarantees the strength and stability of plywood.

(14) Plywood can be made of different species of wood. The main wood species used for the production of European plywood are beech, birch, spruce, poplar and okoumé.

(15) Okoumé wood only grows in Gabon, Equatorial Guinea and Cameroon, and has therefore to be imported by European as well as Chinese plywood manufacturers. Okoumé gives the plywood an excellent, smooth surface quality, and also good mechanical properties mainly due to the absence of knots. Okoumé plywood has therefore specific features relating to its appearance and to its mechanical properties, which means that the product can be distinguished from other types of plywood.

(16) Okoumé plywood has a large range of end-uses. It is used in the building industry in exterior joinery and carpentry applications for boarding, shutter boards, exterior basements and balustrades and riverside panelling. It is also used for more decorative purposes in, inter alia, road transports (e.g. cars, coaches, caravans, camping cars), maritime transports (yachts), furniture industry and doors.

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(17) There are two types of okoumé plywood, plywood made solely with okoumé ('full okoumé') and plywood with at least one of the outer faces made of okoumé ('faced okoumé'), the rest being made of other wood. Both okoumé plywoods have the same external appearance. Despite differences in mechanical properties, they all share the same basic physical characteristics, and are basically used for the same purposes.

2. PRODUCT CONCERNED

(18) The product concerned is plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness, with at least one outer ply of okoumé, originating in the PRC, currently classifiable within CN code ex 4412 13 10. This definition covers full okoumé and faced okoumé as defined above.

(19) During the verification visit, it was found that one company exported film faced okoumé plywood to the Community during the IP. This product is faced okoumé (with layers of other wood inside) covered by a plastic film. It was considered that this product was not the product concerned, as it did not consist only of sheets of wood and does not present the same external appearance as other okoumé plywood. It therefore did not share the same physical and technical characteristics. It is consequently not covered by the present proceeding.

3. LIKE PRODUCT

(20) The product concerned and the okoumé plywood manufactured in the PRC and sold domestically, the product produced and sold on the domestic market of the analogue country (Morocco) as well as the one manufactured and sold in the Community by the Community industry were found to have basically the same physical and technical characteristics and the same uses. Therefore, these products are provisionally considered to be alike within the meaning of Article 1(4) of the basic Regulation.

C. DUMPING

1. MARKET ECONOMY TREATMENT (MET)

(21) Pursuant to Article 2(7)(b) of the basic Regulation, in anti-dumping investigations concerning imports originating in the PRC, normal value shall be determined in accordance with paragraphs 1 to 6 of the said Article for those producers which were found to meet the criteria laid down in Article 2(7)(c) of the basic Regulation.

(22) Briefly, and for ease of reference only, these criteria, fulfilment of which the applicant companies have to demonstrate, are set out in summarised form below:

(1) business decisions and costs are made in response to market conditions, and without significant State interference;

(2) accounting records are independently audited in line with international accounting standards and applied for all purposes;

(3) there are no significant distortions carried over from the former non-market economy system;

(4) legal certainty and stability are provided by bankruptcy and property laws;

(5) currency exchanges are carried out at the market rate.

(23) Eight exporting producers in the PRC requested MET pursuant to Article 2(7)(b) of the basic Regulation and replied to the MET claim form for exporting producers.

(24) The application of one company (company 2 in table below) was rejected on the basis of a first analysis of the reply to the MET claim form which failed to show that all the criteria were met. The application of another company (company 4 in table below) was rejected because it withdrew its co-operation before the verification visit took place. It was therefore not possible to verify whether the company fulfilled the criteria set in Article 2(7)(c) of the basic Regulation.

(25) For the six remaining companies, the Commission sought and verified at the premises of these companies all information submitted in the MET applications and deemed necessary.

(26) The investigation showed that four of the six companies mentioned above fulfilled all the criteria required and they were therefore granted MET. These four exporting producers in the PRC which were granted MET are:

— Zhejiang Deren Bamboo-Wood Technologies Co., Ltd.

— Jiaxing Jinlin Lumber Co., Ltd.

— Nantong Zongyi Plywood Co., Ltd.

— Zhonglin Enterprise (Dangshan) Co., Ltd.

(27) The remaining two claims had to be rejected. The following table summarizes the determination for the four companies for which MET was not granted against each of the five criteria as set out in Article 2(7)(c) of the basic Regulation.

| **Company** | **Criteria** | | | | |
|---|---|---|---|---|---|
| | **Article 2(7)(c) indent 1** | **Article 2(7)(c) indent 2** | **Article 2(7)(c) indent 3** | **Article 2(7)(c) indent 4** | **Article 2(7)(c) indent 5** |
| 1 | Not met | Not met | Not met | Not met | Met |
| 2 | Not met | | | | |
| 3 | Non co-operation | | | | |
| 4 | Non co-operation | | | | |

*Source:* Verified questionnaire replies of co-operating Chinese exporters