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COMMISSION REGULATION (EC) No 1695/2002

of 27 September 2002

terminating certain safeguard proceedings, and establishing a system of monitoring, in relation to certain steel products and providing for the refund of certain duties

(OJ L 261, 28.9.2002, p. 124)

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terminating certain safeguard proceedings, and establishing a system of monitoring, in relation to certain steel products and providing for the refund of certain duties

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 3285/94 of 22 December 1994 on common rules for imports and repealing Regulation (EC) No 518/94 [1], as last amended by Council Regulation (EC) No 2474/2000 [2], and in particular Articles 7 and 11 thereof,

Having regard to Council Regulation (EC) No 519/94 of 7 March 1994 on common rules for imports from certain third countries and repealing Regulations (EEC) No 1765/82, (EEC) No 1766/82 and (EEC) 3420/83 [3], as last amended by Regulation (EC) No 1138/98 [4], and in particular Articles 6 and 9 thereof,

After consultations within the Advisory Committee established under Article 4 of Regulation (EC) No 3285/94 and of Regulation (EC) No 519/94 respectively,

Whereas:

PROCEDURE

(1) On 6 March 2002, certain Member States ('the Member States concerned') informed the Commission that trends in imports appeared to call for safeguard measures, submitted information containing the evidence available as determined on the basis of Article 10 of Regulation (EC) No 3285/94 and Article 8 of Regulation (EC) No 519/94, and requested the Commission to impose provisional safeguard measures and to open a safeguard investigation.

(2) The Member States concerned claimed that there had been recent substantial increases in imports of certain steel products and that the closure of the US market implied by US trade defence measures not only substantially denied the Community producers an important outlet for their exports, but also created the conditions for a huge diversion of steel trade from the US to the European Community ('the Community'). They claimed that steel destined for the US would be re-directed to the Community. This could lead to a dramatic increase in the existing high level of imports at low prices, exacerbating the already serious disruption on the Community steel market due to previous increased imports which threatened serious injury to the Community producers.

(3) The Member States concerned advised that the Community producers had submitted relevant information and urged the adoption of Community safeguard measures as a matter of urgency because any delay in their adoption would cause damage which it would be difficult to repair.

(4) The Commission informed all Member States of the alleged situation and consulted with them on the terms and conditions of imports, import trends and the serious injury or threat thereof to each of the sectors concerned, and the various aspects of the economic and commercial situation with regard to the Community products in question.

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[1] OJ L 349, 31.12.1994, p. 53.
[2] OJ L 286, 11.11.2000, p. 1.
[3] OJ L 67, 10.3.1994, p. 89.
[4] OJ L 159, 3.6.1998, p. 1.

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(5) On 28 March 2002, the Commission initiated an investigation relating to serious injury or threat thereof to the Community producers of products like or directly competing with certain imported steel products. The 21 steel products covered by the investigation are (1) non alloy hot rolled coils, (2) non alloy hot rolled sheets and plates, (3) non alloy hot rolled narrow strip, (4) alloy hot rolled flat products, (5) cold rolled sheets, (6) electrical sheets (other than GOES), (7) metallic coated sheets, (8) organic coated sheets, (9) tin mill products, (10) quarto plates, (11) wide flats, (12) non alloy merchant bars and light sections, (13) alloy merchant bars and light sections, (14) rebars, (15) stainless bars and light shapes, (16) stainless wire rod, (17) stainless steel wire, (18) fittings (< 609,6 mm), (19) flanges (other than of stainless steel), (20) gas pipes and (21) hollow sections.

(6) On the same day, on the basis of information gathered and verified prior to the initiation, provisional measures were imposed on 15 of the steel products covered by the investigation. These are the product numbers 1, 2, 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 17, 18 and 19 referred to in recital (5) above.

(7) The Commission proceeded to a full investigation in relation to each of the 21 products. The Commission officially advised and the exporting producers and importers as well as their representative associations known to be concerned, the representatives of exporting countries and the Community producers. The Commission sent questionnaires to all these parties and to those who made themselves known within the time limits set in the Notice of Initiation. Pursuant to Articles 5 of Council Regulation (EC) No 519/94 and 6 of Council Regulation (EC) No 3285/94 the Commission also gave parties directly concerned the opportunity to make their views known in writing and to request a hearing.

(8) Certain exporting producers, Community producers, importers and users, their respective associations, as well as third country governments submitted comments in writing. All interested parties who requested a hearing within the time limit set and who indicated that they were likely to be affected by the result of the proceeding and that there were particular reasons why they should be heard, were granted such a hearing. The oral and written comments submitted by the parties were considered and taken into account in reaching the definitive findings. The Commission sought and verified all the information which it deemed necessary for the purpose of a definitive determination. Verification visits were carried out at the premises of 30 Community producers, 12 exporting producers and 2 importers.

(9) The results of the investigation in relation to product numbers 6, 7, 8, 11, 12, 13, 15, 16, 17, 20 and 21 are set out below. In relation to product numbers 9, 10 and 14, no final conclusions have, as yet, been reached. The results of the investigation in relation to the remaining products are set out in a separate regulation imposing definitive safeguard measures on those products.

RESULTS OF THE INVESTIGATIONS

1. PRODUCT 6: Electrical Sheets (other than GOES)

1.1. *Product Concerned*

(10) The product concerned is certain electrical sheets, other than grain oriented electrical sheets (GOES), hereinafter referred to as ‘electrical sheets’. The product concerned is currently classified under the following CN codes:

7209 16 10, 7209 17 10, 7209 18 10, 7209 26 10, 7209 27 10, 7209 28 10, 7211 23 91, 7225 19 90, 7226 19 30 and 7226 19 90.

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1.2. *Increase In Imports*

(11) The Commission analysed imports of the product concerned over the period 1997 to 2001, in absolute terms and relative to production destined for sales and to total Community production including captive use ('total production'). The following table shows the development of imports in absolute terms and against both Community production destined for sales and total production, for each of the years 1997 to 2001.

CONSUMPTION

	1997	1998	1999	2000	2001
Volume (in tonnes)	1 221 672	1 256 812	1 177 443	1 372 316	1 294 506

IMPORT DATA

	1997	1998	1999	2000	2001
Total imports					
Volume (in tonnes)	104 924	135 528	94 068	142 393	170 338
Rate of increase (in %)		29,2 %	– 30,6 %	51,4 %	19,6 %
Market share (in %)	8,6 %	10,8 %	8,0 %	10,4 %	13,2 %
Ratio — imports to total production (%)	8,2 %	10,4 %	7,7 %	10,2 %	13,1 %
Ratio — imports to production sold (%)	8,2 %	10,4 %	7,7 %	10,2 %	13,2 %
Unit prices (in Euro/tonne)	448	444	436	446	458

	1998/1997	1999/1998	2000/1999	2001/2000
Volume as moving averages (in tonnes)	120 226	114 798	118 231	156 366

(12) Imports of the product concerned rose in absolute terms from 1997 to 2001, except for 1999. The largest increase occurred between 1999 and 2000, when imports increased 51 % in only one year. In addition, significant increases can be noted in relation to both total production and production destined for sales.

1.3. *Serious Injury And Causation*

(13) In respect of product no 6, the Commission further examined whether the Community producers have suffered serious injury caused by the increased imports.

Taking the period 1997-2001 as a whole, the following was observed:

— Capacity remained stable at 1,55 million tonnes.

— Production remained stable at around 1,30 million tonnes.

— Sales in the Community fluctuated but were around 1,12 million tonnes in both 1997 and 2001.

— The unit price of Community sales increased from 480 to 513 (EUR/tonne).

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— Net profit on Community sales (%) increased from 1,7 % to 3,5 %.

— Employment remained stable at around 2 200.

— Productivity increased from 576 to 589 (t/employee).

— The Community producers' market share declined from 91 % to 86,8 %.

In spite of the fall in market share, the other economic indicators of the Community producers' situation do not demonstrate a negative evolution over the five year period as a whole. Furthermore, profitability has increased from 1,7 % to 3,5 %, and there has also been an increase in prices. Therefore, the Commission concludes that the conditions for the adoption of definitive safeguard measures are not met.

2. PRODUCT 7: Metallic Coated Sheets

2.1. *Product Concerned*

(14) The product concerned is certain metallic coated sheets of iron, alloy, or non-alloy steel (hereinafter referred to as 'metallic coated sheets'). The product concerned is currently classified under CN codes 7210 20 10, 7210 20 90, 7210 30 10, 7210 30 90, 7210 41 10, 7210 41 90, 7210 49 10, 7210 49 90, 7210 61 10, 7210 61 90, 7210 69 10, 7210 69 90, 7210 90 38, 7210 90 90, 7212 20 11, 7212 20 19, 7212 20 90, 7212 30 11, 7212 30 19, 7212 30 90, 7212 50 31, 7212 50 51, 7212 50 58, 7212 50 75, 7212 50 91, 7212 50 93, 7212 50 97, 7212 50 99, 7225 91 10, 7225 91 90, 7225 92 10, 7225 92 90, 7225 99 90, 7226 93 20, 7226 93 80, 7226 94 20, 7226 94 80, 7226 99 80.

(15) Metallic coated sheets are manufactured by cladding, coating or plating cold-rolled sheets.

2.2. *Increase In Imports*

(16) The Commission analysed imports of the product concerned over the period 1997 to 2001, in absolute terms and relative to production destined for sales and to total Community production including captive use ('total production'). The following table shows the development of imports in absolute terms and against both Community production destined for sales and total production, for each of the years 1997 to 2001.

COMSUMPTION

	1997	1998	1999	2000	2001
Volume (in tonnes)	17 185 728	19 120 025	20 210 092	22 996 423	22 276 718

IMPORT DATA

	1997	1998	1999	2000	2001
Total imports:					
Volume (in tonnes)	572 836	1 624 588	1 314 020	2 106 199	1 264 606
Rate of increase (in %)		183,6 %	– 19,1 %	60,3 %	– 40,0 %
Market share (in %)	3,3 %	8,5 %	6,5 %	9,2 %	5,7 %
Ratio between imports and total production (in %)	2,9 %	7,7 %	6,1 %	8,3 %	5,1 %