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**ANTIDUMPING 90
COMER 230**

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL IMPLEMENTING REGULATION imposing a definitive anti-dumping duty on imports of chamois leather originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009

COUNCIL IMPLEMENTING REGULATION (EU) No [...] /2012

of

**imposing a definitive anti-dumping duty on imports of chamois leather
originating in the People's Republic of China
following an expiry review pursuant to Article 11(2)
of Council Regulation (EC) No 1225/2009**

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community¹ ('the basic Regulation'), and in particular Articles 9(4) and 11(2) thereof,

Having regard to the proposal submitted by the European Commission ('the Commission') after consulting the Advisory Committee,

¹ OJ L 343, 22.12.2009, p. 51.

Whereas:

A. PROCEDURE

1. Measures in force

- (1) The Council, following an anti-dumping investigation ('the original investigation'), imposed by Regulation (EC) No 1338/2006¹ a definitive anti-dumping duty on imports of chamois leather currently falling within CN codes 4114 10 10 and 4114 10 90 originating in the People's Republic of China (the 'PRC' or 'the country concerned') ('the definitive anti-dumping measures'). The measures took the form of an *ad valorem* duty at the level of 58,9 %.

2. Request for an expiry review

- (2) Following the publication of a notice of impending expiry of the definitive anti-dumping measures in force², the Commission received on 14 June 2011 a request for the initiation of an expiry review of these measures pursuant to Article 11(2) of the basic Regulation. The request was lodged by the UK Leather Federation ('the applicant'), representing more than 50% of the total Union production of chamois leather.
- (3) The application submitted was based on the grounds that the expiry of the definitive anti-dumping measures would be likely to result in a continuation of dumping and injury to the Union industry.

¹ OJ L 251, 14.9.2006, p. 1.

² OJ C 19, 20.1.2011, p. 9.

3. Initiation of an expiry review

- (4) Having determined, after consulting the Advisory Committee, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 13 September 2011, by a notice published in the *Official Journal of the European Union*¹ ('the Notice of initiation'), the initiation of an expiry review pursuant to Article 11(2) of the basic Regulation.

4. Investigation

4.1. Review investigation period and period considered

- (5) The investigation of a continuation of dumping covered the period from 1 July 2010 to 30 June 2011 ('the review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of a continuation of injury covered the period from 1 January 2008 to the end of the review investigation period ('the period considered').

4.2. Parties concerned by the investigation

- (6) The Commission officially advised the applicant and other known Union producers, exporting producers in the country concerned, unrelated importers, users in the Union known to be concerned, and the representatives of the exporting country of the initiation of the expiry review. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time limit set out in the Notice of initiation.

¹ OJ C 270, 13.9.2011, p. 6.

- (7) In view of the apparent large number of Union producers, exporting producers in the country concerned and unrelated importers, it was considered appropriate, in accordance with Article 17 of the basic Regulation, to examine whether sampling should be used. In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, those parties were requested, pursuant to Article 17 of the basic Regulation, to make themselves known within 15 days of the initiation of the review and to provide the Commission with the information requested in the Notice of initiation.
- (8) Sampling for Union producers has been applied, and out of three known Union producers two groups of producers have been sampled.
- (9) Six known exporting producers in the PRC were contacted. However, none of these companies cooperated in the investigation.
- (10) With regard to importers, 35 unrelated importers of chamois leather in the Union were identified and invited to provide sampling information. Only two of them came forward and were willing to cooperate in the current review. Consequently, no sampling was necessary for unrelated importers.

- (11) The Commission sent questionnaires to all parties known to be concerned and to those who made themselves known within the deadlines set in the Notice of initiation. Replies were received from the sampled groups of Union producers and two cooperating unrelated importers. None of the exporting producers in the PRC cooperated in the review and no relevant consumer association supplied the Commission with any information or made itself known in the course of the investigation.
- (12) The Commission sought and verified all the information it deemed necessary for a determination of the likelihood of a continuation of dumping and resulting injury and of the Union interest. Verification visits were carried out at the premises of the following interested parties:

Union producers

- Hutchings & Harding Ltd, Cambridge, United Kingdom; and
- Marocchinerie e Scamoscerie Italiane Spa, Turin, Italy.

B. PRODUCT CONCERNED AND LIKE PRODUCT

- (13) The product concerned by this review is the same as the one in the original investigation, namely chamois leather and combination chamois leather, whether or not cut to shape, including crust chamois leather and combination crust chamois leather originating in the People's Republic of China ('the product concerned'), currently falling within CN codes 4114 10 10 and 4114 10 90.

- (14) The investigation confirmed that, as in the original investigation, the product concerned and the products manufactured and sold on the domestic market in the PRC, as well as those manufactured and sold in the Union by the Union producers, have the same basic physical and technical characteristics as well as the same uses and are, therefore, considered to be like products within the meaning of Article 1(4) of the basic Regulation.

C. LIKELIHOOD OF A CONTINUATION OF DUMPING

- (15) In accordance with Article 11(2) of the basic Regulation, it was examined whether the expiry of the existing measures would be likely to lead to a continuation of dumping.

1. Preliminary remarks

- (16) As stated in recital (9) above, none of the six exporting producers in the PRC contacted cooperated with the investigation and findings on the likelihood of a continuation of dumping had to be based on facts available, in particular information submitted by the applicant, including information in the review request, and statistics in accordance with Article 18 of the basic Regulation.

2. Dumping of imports during the RIP

2.1. Analogue country

- (17) In accordance with the provisions of Article 2(7)(a) of the basic Regulation, normal value had to be determined on the basis of the price or constructed normal value obtained in an appropriate market economy third country (the 'analogue country'), or the price from the analogue country to other countries, including the Union, or, where those are not possible, on any other reasonable basis, including the price actually paid or payable in the Union for the like product, duly adjusted if necessary to include a reasonable profit margin.
- (18) In the original investigation, the USA served as an analogue country for the purpose of establishing the normal value. The only chamois leather producer operating in the USA at the time of the original investigation has since closed its production site. Since then, its chamois leather has been imported from a joint venture company in Turkey. As there is no more significant production of chamois leather left in the USA, other countries, i.e. New Zealand, Turkey and India, were envisaged as analogue countries in the Notice of initiation of the present review. Potential analogue country producers located in New Zealand, Turkey and India were contacted, but no cooperation could be obtained.

- (19) Regarding the normal value, in the absence of cooperation from an analogue country producer, it was determined on the basis of information on the average price of Indian imports into the Union as available in the import statistics from Eurostat for the RIP (India being the country with the highest volume of imports into the Union). Regarding the export price, in the absence of cooperation from the exporting producers from the PRC, it was based on the information on the average price of the Chinese imports into the Union as available in the import statistics from Eurostat for the RIP. On those bases, the dumping margin was established as the difference between the average price of the Indian imports into the Union used as normal value and the average price of the Chinese imports used as export price. The dumping calculation resulted in a dumping margin of 64 %.

2.2. Development of imports should measures be repealed

- (20) Further to the analysis of the existence of dumping during the RIP, the likelihood of continuation of dumping should measures be repealed was investigated. Given the fact that no exporting producer in the PRC cooperated in this investigation, the conclusions below rely on facts available in accordance with Article 18 of the basic Regulation, namely information provided in the review request, data provided by the applicant, as well as Eurostat data.

- (21) In this respect, the following elements were analysed: development of imports from the PRC, production and spare capacity of the exporting producers and attractiveness of the Union market in terms of prices and volumes.
- (22) As indicated in recital (32) below, the price comparison between imports from the PRC in the RIP and Union industry prices shows significant undercutting (51,6 %). The Union market continues to be attractive for Chinese exporting producers, both in terms of price and volumes. This is reinforced by the fact that there are significant production capacities available in the PRC since the imposition of measures when imports from the PRC were reduced. Already prior to the imposition of measures the PRC tripled its Union market share for this product - from 10,7 % market share of the Union market in 2001 to 31,7 % in 2004. Furthermore, Chinese export prices to the Union are still higher than those on the markets of certain other third countries, making the Union market attractive to the Chinese exporting producers.
- (23) The foregoing analysis demonstrates that Chinese exports continued to enter the Union market at dumped prices with very high dumping margins. Given most notably the analysis of price levels in the Union as well as capacities available in the PRC, it can be concluded there is a likelihood of a continuation of dumping should measures be removed.

D. INJURY

1. Union industry

- (24) Within the Union, the like product is manufactured by three (groups of) companies. Two of them are represented by the applicant and are based in the UK and Italy with some processing in Poland and Romania. A third producer is based in Italy and is supporting the request. All other chamois leather producers are reported to have closed their manufacturing sites since 2006 when the original measures were introduced.
- (25) The total Union production within the meaning of Article 4(1) of the basic Regulation was established on the basis of the questionnaire replies from the sampled Union producers and the basic macro data submitted by the third producer in the standing/sampling exercise. Those companies constitute the Union industry within the meaning of Article 4(1) and Article 5(4) of the basic Regulation, and will hereafter be referred to as the Union industry'. The two sampled producers account for 80 % of Union production.
- (26) Since the microeconomic injury indicators are based on data of two companies only, they are presented in an indexed format in order to preserve confidentiality, pursuant to Article 19 of the basic Regulation.

2. Consumption in the Union market

- (27) Union consumption was established on the basis of the sales volumes of the Union industry on the Union market and import data from Eurostat.
- (28) It is also noted that since 2010, there have been significant volumes of low-priced chamois leather exported to the rest of the Union via Spain (some 31 % in terms of market share). It is noted that Spain has no longer any production of the like product and the sales of chamois leather from Spain to the rest of the Union exceed imports. Those volumes have been added to the consumption figure. Between 2008 and the RIP, Union consumption increased by 26 %, with the main increase occurring between 2009 and 2010.

Table 1

	2008	2009	2010	RIP
Total Union consumption ('000 sq ft)*	22 107	22 300	28 434	27 827
<i>Index (2008=100)</i>	<i>100</i>	<i>101</i>	<i>129</i>	<i>126</i>

* Data from Eurostat and questionnaire replies

3. Imports from the PRC

(a) Volume and market share

- (29) Following the imposition of measures in 2006, the Chinese imports decreased significantly and are still rather limited, corresponding to a market share of some 4 % during the RIP. Notwithstanding this, over the period considered the volume of imports originating in the PRC has increased by 9 percentage points and reached a level of 1 103 330 square feet during the RIP. However, Chinese imports did not increase at the same rate as Union consumption and the market share of Chinese imports decreased over the period considered.

Table 2

	2008	2009	2010	RIP
Volume of imports from the country concerned ('000 sq ft)*	1 010,00	786,67	883,33	1 103,33
<i>Index (2008=100)</i>	<i>100</i>	<i>78</i>	<i>87</i>	<i>109</i>
Market share of imports from the country concerned*	5 %	4 %	3 %	4 %

* Data from Eurostat

(b) Prices

(i) Price evolution

- (30) The average price of the Chinese imports has varied over the period considered. Compared to 2008, the price initially increased in 2009 before dropping by 13 % in 2010 and climbing back to its 2008 level during the RIP.

Table 3

	2008	2009	2010	RIP
Price of imports from the country concerned (EUR/sq ft)*	0,45	0,61	0,39	0,46
<i>Index (2008=100)</i>	<i>100</i>	<i>136</i>	<i>87</i>	<i>102</i>

* Data from Eurostat

(ii) Price undercutting

- (31) For the purpose of analysing price undercutting, the weighted average sales prices of the Union industry to unrelated customers on the Union market were compared to the corresponding weighted average CIF prices of exporters from the PRC. Therefore, the sales prices of the Union industry have been adjusted in particular for credit costs, delivery costs, packaging and commissions to an ex-works level. The CIF prices of exports from the PRC have been obtained from Eurostat and adjusted to cover all costs related to customs clearance, i.e. customs tariff and post-importation costs (landed price).

(32) The comparison showed that during the RIP the imports of the product concerned undercut the Union industry's prices by around 51,6 %.

4. Economic situation of the Union industry

(33) Pursuant to Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic factors and indices having a bearing on the state of the Union industry during the period considered.

(34) For the purpose of the injury analysis, the injury indicators have been established at the following two levels:

- The macroeconomic indicators (production, capacity, sales volume, market share, growth, employment, productivity, average unit prices and magnitude of dumping margins and recovery from the effects of past dumping) were assessed at the level of the whole Union industry, on the basis of the information collected from the full questionnaire replies by the sampled companies and the macro data provided by the third Union producer.

- The analysis of microeconomic indicators (stocks, wages, profitability, return on investments, cash flow, ability to raise capital and investments) was based on the information derived from the duly verified questionnaire replies provided by the sampled companies. This information is considered to be representative of the whole Union industry. Given that these indicators relate to two companies only, the absolute figures cannot be disclosed for confidentiality reasons, pursuant to Article 19 of the basic Regulation, and only indices are provided below.

(a) Macroeconomic indicators

4.1. Production

- (35) Since 2008, the Union production decreased continuously and during the RIP fell to 12 % below its 2008 level, despite the fact that consumption was increasing at the same time by 26 %.

Table 4

	2008	2009	2010	RIP
Production ('000 sq ft)*	7 659	7 223	7 100	6 753
<i>Index (2008=100)</i>	<i>100</i>	<i>94</i>	<i>93</i>	<i>88</i>

* Data from questionnaire replies

4.2. Production capacity and capacity utilisation rates

- (36) Production capacity remained stable between 2008 and the RIP. While capacity utilisation was already at a low level in 2008, the decrease in production between 2008 and the RIP led to a further significant decrease of capacity utilisation by 7 percentage points between 2008 and the RIP.

Table 5

	2008	2009	2010	RIP
Production capacity ('000 sq ft)*	13 290	13 290	13 290	13 290
<i>Index (2008=100)</i>	100	100	100	100
Capacity utilisation*	58 %	54 %	53 %	51 %
<i>Index (2008=100)</i>	100	94	93	88

* Data from questionnaire replies

4.3. Sales volume

- (37) The sales by the Union industry on the Union market to unrelated customers increased by 5 % between 2008 and 2009, before dropping 2 % in 2010 and rising again during the RIP. Overall, the sales volume increased by 9 % over the period considered.

Table 6

	2008	2009	2010	RIP
Union Sales volume to unrelated customers ('000 sq ft)*	5 144	5 393	5 324	5 627
Index (2008=100)	100	105	103	109

* Data from questionnaire replies

4.4. Market share

- (38) Between 2008 and 2009, the Union industry managed to slightly regain 1 % market share from its already low level of 23 % in 2008, before its market share declined by 4 percentage points to only 20 % in the RIP.

Table 7

	2008	2009	2010	RIP
Market share of the Union industry*	23 %	24 %	19 %	20 %
Index (2008=100)	100	104	80	87

* Data from Eurostat and questionnaire replies

4.5. Growth

- (39) Between 2008 and the RIP, whilst the Union consumption increased by 26 %, the volume of sales by the Union producers on the Union market increased only by 9 %, and the Union producers' market share decreased by 3 percentage points. It is thus concluded that the Union producers could hardly benefit from the growth of the market.

4.6. Employment

- (40) After a first significant 9 % drop of employment between 2008 and 2009, the level of employment of the Union industry continued to decline. From 74 employees in 2008, only 59 employees are left in the RIP, which means an overall drop of 19 %.

Table 8

	2008	2009	2010	RIP
Employment product concerned (persons)*	74	67	62	59
<i>Index (2008=100)</i>	<i>100</i>	<i>91</i>	<i>84</i>	<i>81</i>

* Data from questionnaire replies

4.7. Productivity

- (41) Productivity of the Union industry's workforce, measured as output per person employed per year, increased by 9 % between 2008 and the RIP. This is a reflection of the fact that employment declined at a faster pace than production.

Table 9

	2008	2009	2010	RIP
Productivity (sq ft per employee)*	104 031	107 536	114 512	113 655
<i>Index (2008=100)</i>	<i>100</i>	<i>103</i>	<i>110</i>	<i>109</i>

* Data from questionnaire replies

4.8. Sales prices and factors affecting domestic prices

- (42) Unit sales prices of the Union industry remained stable between 2008 and the RIP. As mentioned above, the Union industry prices were significantly undercut by the dumped Chinese imports. However, the maintained prices level has been at the expense of the Union Industry's market share.

Table 10

	2008	2009	2010	RIP
Unit price Union market (EUR/sq ft)*	1,01	0,97	1,01	1,01
<i>Index (2008=100)</i>	<i>100</i>	<i>96</i>	<i>100</i>	<i>100</i>

* Data from questionnaire replies

4.9. Magnitude of dumping margin

- (43) Given the volume, market share and prices of the imports from the PRC, the impact on the Union industry of the actual margin of dumping cannot be considered to be negligible.

4.10. Recovery from the effects of past dumping

- (44) The indicators examined above show that, notwithstanding the imposition of the anti-dumping measures in 2006, the economic and financial situation of the Union industry has remained substantially fragile and injurious. Thus, no actual recovery from the past dumping could be established and it is considered that the Union industry remains vulnerable to the injurious effect of any dumped imports in the Union market.

(b) Microeconomic indicators

4.11. Stocks

- (45) The level of closing stocks of the Union industry increased significantly by 31 % between 2008 and the RIP. Further analysis allowed the fine-tuning of the assessment of the evolution of the number of months of production being stocked. In this respect, in 2008 the sampled producers kept around five months of production (43 %), but the pressure of the dumped imports forced them to increase stocks to more than seven months of production (corresponding to 63 % of total yearly production) during the RIP. The conclusion that the trend of stocks shows an injurious situation is therefore confirmed.

Table 11

	2008	2009	2010	RIP
Closing stock (sq ft)*	Business confidential data			
<i>Index (2008=100)</i>	<i>100</i>	<i>116</i>	<i>135</i>	<i>131</i>

* Data from questionnaire replies

4.12. Wages

- (46) The average wage per employee was stable between 2008 and 2009 as well as between 2010 and the RIP. The sharp increase by 20 % between 2009 and 2010 is due to a significant increase in labour cost by two of the sampled companies despite the fact that employment has been reduced.

Table 12

	2008	2009	2010	RIP
Annual labour cost per employee ('000 EUR)*	Business confidential data			
<i>Index (2008=100)</i>	<i>100</i>	<i>100</i>	<i>120</i>	<i>120</i>

* Data from questionnaire replies

4.13. Investments

- (47) The sampled companies' annual investments in the production of the like product were predominantly for the maintenance, and increased by 21% between 2008 and the RIP. The sharp increase between 2010 and the RIP is due to the purchase of some equipment by one of the sampled companies in 2011.

Table 13

	2008	2009	2010	RIP
Net investments (EUR)*	Business confidential data			
<i>Index (2008=100)</i>	<i>100</i>	<i>102</i>	<i>72</i>	<i>121</i>

* Data from questionnaire replies

4.14. Profitability and return on investments

- (48) The Union industry was loss-making throughout the whole period considered. Between 2008 and the RIP, the losses (both in absolute terms and expressed as percentage of turnover) more than doubled.
- (49) Similarly, the return on investments ('ROI') was negative throughout the whole period considered, and worsened by -131 percentage points between 2008 and the RIP.

Table 14

	2008	2009	2010	RIP
Net Profit of EU sales to unrelated customers (% of net sales)*	Business confidential data			
<i>Index (2008=100)</i>	-100	-95	-73	-203
ROI (net profit in % of net book value of investments)*	Business confidential data			
<i>Index (2008=100)</i>	-100	-95	-73	-231

* Data from questionnaire replies

4.15. Cash flow and ability to raise capital

- (50) The net cash flow from operating activities remained negative throughout the whole period considered, and worsened by nearly -300 percentage points between 2008 and the RIP.

Table 15

	2008	2009	2010	RIP
Cash flow (EUR)*	Business confidential data			
<i>Index (2008=100)</i>	<i>-100</i>	<i>-115</i>	<i>-77</i>	<i>-398</i>

* Data from questionnaire replies

- (51) There were no indications that the Union industry encountered difficulties in raising capital.

(c) Impact of dumped imports and other factors

4.16. Impact of the dumped imports

- (52) Following the imposition of measures, the Chinese imports decreased significantly and are still rather limited, corresponding to a market share of some 4 % during the RIP. The price comparison between these imports and Union industry prices, however, shows significant undercutting (51,6 %). Given that chamois leather is a standardised product, that the product scope is very limited and that the Chinese goods are in terms of quality similar to the European, the relatively small market share of Chinese imports combined with significant undercutting points to significant impact those imports have on the situation of the Union industry.

4.17. Imports from other countries

- (53) There are significant imports from India, Turkey and New Zealand as well as some imports from other countries, which together account for a market share of 46 % in the RIP (down from 60 % in 2008).
- (54) With regard to imports from India, it is noted that their volumes are significant and that their market share has increased from 11 % in 2008 to 16 % in the RIP. At the same time, the average prices of Indian imports are somewhat below the average prices of the Union producers. Given the significant volumes and price differential, it is considered that Indian imports are contributing to some extent to the negative economic situation of the Union industry. At the same time, it is noted that prices of Indian imports are more than 60 % higher than the dumped Chinese imports. Consequently, it is considered that this limited impact on the current situation of the Union industry would in all likelihood not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.

Table 16

	2008	2009	2010	RIP
Volume of imports from India (`000 sq ft)*	2 330,00	2 123,33	4 276,67	4 436,67
Market share of imports from India*	11 %	10 %	15 %	16 %
<i>Average price of imports from India (EUR/sq ft)</i>	0,79	0,82	0,66	0,75

* Data from Eurostat and questionnaire replies

(55) There are also significant imports from Turkey, which account for a market share of 10 % in the RIP (down from 18 % in 2008). At the same time, the average prices of these imports are much higher than the chamois leather from the PRC and are very close to the price level of the Union industry. Given the declining trend of the imports from Turkey and their relatively high prices, it is considered that they would not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.

Table 17

	2008	2009	2010	RIP
Volume of imports from Turkey ('000 sq ft)*	4 063,33	2 623,33	2 933,33	2 700,00
Market share of imports from Turkey*	18 %	12 %	10 %	10 %
<i>Average price of imports from Turkey (EUR/sq ft)</i>	0,77	0,89	1,05	1,20

* Data from Eurostat and questionnaire replies

(56) There are also significant imports from New Zealand, which account for a market share of 7 % in the RIP and which have increased from 3 % in 2008. However, the average prices of these imports are much higher than the chamois leather from the PRC and even higher than the price level of the Union industry. Given the relatively high prices of imports from New Zealand, it is considered that they, too, would not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.

Table 18

	2008	2009	2010	RIP
Volume of imports from New Zealand ('000 sq ft)*	716,67	2 426,67	1 966,67	1 883,33
Market share of imports from New Zealand*	3 %	11 %	7 %	7 %
<i>Average price of imports from New Zealand (EUR/sq ft)</i>	1,29	1,43	1,43	1,48

* Data from Eurostat and questionnaire replies

(57) Imports from the rest of the world account for a market share of 13 % in the RIP (down from 27 % in 2008). At the same time, the average prices of these imports are much higher than the chamois leather from the PRC and are close to the price level of the Union industry. Given the declining trend of the imports from rest of the world and their relatively high prices compared to chamois leather imports from the PRC, it is considered that they, too, would not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.

Table 19

	2008	2009	2010	RIP
Volume of imports from rest of the world ('000 sq ft)*	5 896,67	4 013,33	4 480,00	3 556,67
Market share of imports from rest of the world*	27 %	18 %	16 %	13 %
<i>Average price of imports from rest of the world (EUR/sq ft)</i>	0,63	0,84	0,81	0,84

* Data from Eurostat and questionnaire replies

(58) Imports from all other third countries taken together account for a market share of 46 % in the RIP (down from 60 % in 2008). At the same time, the average prices of these imports are much higher than the chamois leather from the PRC and are very close to the price level of the Union industry. Given the declining trend of the imports from third countries and their relatively high prices, it is considered that they, taken as a whole, would also not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.

Table 20

	2008	2009	2010	RIP
Volume of imports from other countries (sq ft)*	13 006,67	11 186,67	13 656,67	12 576,67
<i>Index (2008=100)</i>	<i>100</i>	<i>86</i>	<i>105</i>	<i>97</i>
Market share of imports from other countries*	60 %	51 %	49 %	46 %
<i>Average price of imports from other countries (EUR/sq ft)</i>	<i>0,74</i>	<i>0,98</i>	<i>0,91</i>	<i>0,98</i>

5. Conclusion on the situation of the Union industry

(59) There are only three producers (all of them SMEs) left in the Union. All other chamois leather producers are reported to have closed their manufacturing sites since 2006 when the original measures were introduced. That can be seen as resulting from the increased pressure that the Chinese dumped imports have been exercising on the Union market, even in a situation of increasing consumption.

- (60) The injury analysis shows that the situation of the Union industry deteriorated in the period considered. In particular, production dropped by some 12 %, and even if the sales increased slightly, that increase was less than the increase in consumption, and consequently the market share of the Union producers decreased by 3 percentage points.
- (61) At the same time, the analysis of microeconomic indicators show that profitability, return on investment and cash flow of the Union industry remained negative throughout the period considered and further deteriorated towards the RIP.
- (62) Imports from India, Turkey, New Zealand and the rest of the world have been analysed. With regard to each of those imports flows, as well as all of them taken together, it is considered that they would not break the causal link between dumped imports and injury in the event of the likely increase in the dumped Chinese imports and further deterioration of the Union industry's situation resulting therefrom if measures would be repealed.
- (63) In the light of the foregoing, it is concluded that the Union industry has continued to suffer material injury within the meaning of Article 3(5) of the basic Regulation, and that its situation is very fragile and vulnerable and far from the condition that could be expected had it recovered from the injury found in the original investigation.
- (64) It is also concluded that the injurious situation of the Union industry has been predominantly caused by the continued existence (even if in lower quantities) of the dumped and low priced imports from the PRC.

E. LIKELIHOOD OF A CONTINUATION OF INJURY

1. Impact of the projected volume of imports and price effects in case of repeal of measures

- (65) Although the import volumes from the PRC decreased significantly after the imposition of measures in 2006, it is considered that there remain significant production capacities in the PRC (see recital 22). These spare capacities may be easily diverted to the Union market if measures would be repealed.
- (66) It is considered that should measures be repealed, the Chinese exporting producers would in all likelihood strive to regain any lost market share in the Union. Indeed, the significant undercutting established by the investigation shows that the level of prices in the Union makes it a very interesting market for the Chinese imports (see recital 22).

2. Conclusion on the continuation of injury

- (67) On this basis, it is concluded that the repeal of measures on the imports from the PRC would in all likelihood result in the continuation of injury to the Union industry.

F. UNION INTEREST

1. Introduction

- (68) In accordance with Article 21 of the basic Regulation, it was examined whether the maintenance of the existing anti-dumping measures would not be against the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of the various interests involved, i.e. those of the Union industry on the one hand, and those of importers and users on the other hand.
- (69) It should be recalled that, in the original investigation, the adoption of measures was considered not to be against the interest of the Union. Furthermore, the fact that the present investigation is a review, thus analysing a situation in which anti-dumping measures have already been in place, allows for the assessment of any undue negative impact on the parties concerned by the current anti-dumping measures.
- (70) On this basis it was examined whether, despite the conclusions on the likelihood of a continuation of injurious dumping, it could be clearly concluded that it would not be in the Union interest to maintain measures in this particular case.

2. Interest of the Union industry

- (71) The Union industry, composed of SMEs, has consistently lost market share and has suffered material injury during the period considered. Should measures be repealed, the Union industry would in all likelihood be in an even worse situation.

3. Interest of importers

- (72) There are two unrelated importers cooperating in the investigation. The chamois leather related business constitutes only a limited part of their respective turnovers. There are no indications that a continuation of measures would have any significant negative effect on their activities.

4. Interest of users and consumers

- (73) No user or consumer associations made themselves known within the time-limit set in the Notice of initiation, as was also the case in the original investigation. Given that in the original investigation it was considered that the measures in question would not unduly affect the interest of these parties, and considering their continuous non-cooperation, it can be concluded that their interest will remain unaffected by the maintenance of the measures. Indeed, the existence of significant imports from other sources and at competitive prices will ensure that users and consumers continue to have a wide choice of different suppliers of the product in question and at reasonable prices.

5. Conclusion

- (74) Taking into account all of the factors outlined above, it is concluded that there are no compelling reasons against the maintenance of the current anti-dumping measures.

G. ANTI-DUMPING MEASURES

- (75) All parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to submit comments subsequent to that disclosure. The submissions and comments were, where warranted, duly taken into consideration.
- (76) It follows from the above that, as provided for by Article 11(2) of the basic Regulation, the anti-dumping measures applicable to imports of chamois leather originating in the PRC should be maintained. It is recalled that these measures consist of an *ad valorem* duty at the level of 58,9 %,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is hereby imposed on imports of chamois leather and combination chamois leather, whether or not cut to shape, including crust chamois leather and combination crust chamois leather, currently falling within CN codes 4114 10 10 and 4114 10 90 and originating in the People's Republic of China.
2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, for the products described in paragraph 1 shall be 58,9 %.
3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

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

Done at Brussels,

For the Council

The President
