



EUROPEAN  
COMMISSION

Brussels, 24.6.2013  
COM(2013) 444 final

2013/0212 (NLE)

Proposal for a

## **COUNCIL REGULATION**

**imposing a definitive anti-dumping duty on imports of ironing boards originating in the People's Republic of China, and repealing the anti-dumping measures on imports of ironing boards originating in Ukraine following an expiry review pursuant to Article 11(2) and a partial interim review pursuant to Article 11(3) of Council Regulation (EC) No 1225/2009**

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

#### **Grounds for and objectives of the proposal**

This proposal concerns the application of Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community<sup>1</sup> ('the basic Regulation') in the expiry review investigation concerning the anti-dumping duty in force in respect of imports of ironing boards originating in the People's Republic of China the PRC and Ukraine and in the partial interim review investigation concerning the anti-dumping measures applicable to imports of ironing boards originating in Ukraine.

#### **General context**

This proposal is made in the context of the implementation of the basic Regulation and is the result of the investigations which were carried out in line with the substantive and procedural requirements laid out in the basic Regulation.

#### **Existing provisions in the area of the proposal**

By Regulation (EC) No 452/2007<sup>2</sup> the Council imposed a definitive anti-dumping duties ranging from 9.9% to 38.1% on imports of ironing boards originating in the People's Republic of China and Ukraine. By Regulation (EU) No 1243/2010<sup>3</sup> the Council imposed a definitive duty on imports of the product concerned by Since Hardware (Guangzhou) Co, a Chinese exporting producer of ironing boards.

#### **Consistency with other policies and objectives of the Union**

Not applicable.

### 2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENTS

#### **Consultation of interested parties**

Interested parties concerned by the proceeding have had the possibility to defend their interests during the investigation, in line with the provisions of the basic Regulation.

#### **Collection and use of expertise**

There was no need for external expertise.

#### **Impact assessment**

This proposal is the result of the implementation of the basic Regulation.

The basic Regulation does not provide for a general impact assessment but contains an

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1 OJ L 343, 22.12.2009, p. 51.

2 OJ L 109, 26.4.2007, p.12

3 OJ L 338, 22.12.2010, p.10.

exhaustive list of conditions that have to be assessed.

### **3. LEGAL ELEMENTS OF THE PROPOSAL**

#### **Summary of the proposed action**

On 25 April 2012, the Commission announced by a notice, published in the *Official Journal of the European Union*, the initiation of an expiry review of the anti-dumping measures applicable to imports of ironing boards originating in the People's Republic of China and Ukraine.

The review was initiated following a substantiated request by three Union producers representing a major proportion, in this case more than 40%, of the Union production of ironing boards.

In parallel, on 12 June 2012, the Commission announced by notice, published in the *Official Journal of the European Union*, the initiation of a partial interim review of the anti-dumping measures applicable to imports of ironing boards originating in Ukraine for the sole exporting producer of ironing boards in Ukraine.

The expiry review investigation found continuation of dumped imports from the People's Republic of China and likelihood of recurrence of injury. Neither dumping nor likelihood of recurrence of dumping was found in respect of the imports of the product concerned from Ukraine. It was further established that the continuation of measures applicable to imports of ironing boards originating in the People's Republic of China and repeal of the measures applicable to imports of ironing boards originating in Ukraine was not against the interest of the Union.

The partial interim review investigation did not show the existence of dumping in respect of the imports of the product concerned from the Ukrainian exporting producer concerned, which was found representative for the whole country.

Therefore, it is suggested that the Council adopts the attached proposal for a Regulation in order to prolong the existing measures with regard to imports of the product concerned from the People's Republic of China and to terminate the existing measures with regard to imports of the product concerned from Ukraine, which should be published in the Official Journal of the European Union by 25 July 2013 at the latest.

#### **Legal basis**

Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community.

#### **Subsidiarity principle**

The proposal falls under the exclusive competence of the European Union. The subsidiarity principle therefore does not apply.

#### **Proportionality principle**

The proposal complies with the proportionality principle for the following reasons:

The form of action is described in the above-mentioned basic Regulation and leaves no scope for national decision.

Indication of how financial and administrative burden falling upon the Union, national governments, regional and local authorities, economic operators and citizens is minimized and proportionate to the objective of the proposal is not applicable.

#### **Choice of instruments**

Proposed instruments: regulation.

Other means would not be adequate for the following reason:

The basic Regulation does not provide for alternative options.

#### **4. BUDGETARY IMPLICATION**

The proposal has no implication for the Union budget.

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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 Community<sup>4</sup> ('the basic Regulation'), and in particular Articles 9(4) and 11(2), (3) and (6) thereof,

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

Whereas:

### **A. PROCEDURE**

1. Measures in force

- (1) By Regulation (EC) No 452/2007 of 23 April 2007<sup>5</sup>, the Council imposed definitive anti-dumping duties ranging from 9.9% to 38.1% on imports of ironing boards originating in the People's Republic of China ('PRC' or 'China') and Ukraine; by Regulation (EU) No 1243/2010<sup>6</sup>, the Council imposed a definitive anti-dumping duty on imports of ironing boards of Since Hardware (Guangzhou) Co, a Chinese exporting producer of ironing boards, following a new investigation pursuant to Article 5 of the basic Regulation ('the original investigations').
- (2) By Regulation (EU) No 270/2010<sup>7</sup>, the Council imposed a definitive anti-dumping duty on imports of ironing boards of Guangzhou Power Team Houseware Co. Ltd., a Chinese exporting producer of ironing boards.
- (3) By Regulation (EU) No 580/2010<sup>8</sup>, the Council amended the definitive anti-dumping duty in force with regard to imports of ironing boards originating in Ukraine to 7%, following a partial interim review limited in scope to dumping pursuant to Article 11(3) of the basic Regulation.

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4 OJ L 343, 22.12.2009, p. 51.

5 OJ L 109, 26.4.2007, p.12.

6 OJ L 338, 22.12.2010, p.10.

7 OJ L84, 31.3.2010, p. 13.

8 OJ L 168, 2.7.2010, p.12.

- (4) By Regulation (EU) No 77/2010<sup>9</sup>, the Council imposed a definitive anti-dumping duty on imports of ironing boards of Greenwood Houseware (Zhuhai) Ltd Co, a Chinese exporting producer of ironing boards, following a new exporter review pursuant to Article 11(4) of the basic Regulation.
- (5) By Regulation (EU) No 805/2010<sup>10</sup>, the Council re-imposed a definitive anti-dumping duty on import of ironing boards of Foshan Shunde Yongjian Housewares and Hardware Co. Ltd, Foshan, a Chinese exporting producer of ironing boards, as a measure to comply with the judgment of the Court of Justice in case C-141/08 P<sup>11</sup>.
- (6) By Regulation (EU) No 987/2012<sup>12</sup>, the Council re-imposed a definitive anti-dumping duty on imports of ironing boards originating in the People's Republic of China, manufactured by Zhejiang Harmonic Hardware Products Co. Ltd, as a measure to comply with the judgment of the Court of justice in case T-274/07<sup>13</sup>.
- (7) The above investigations are hereinafter also referred to as ‘the previous investigations’.

## 2. Requests for review

### 2.1. Expiry review of the anti-dumping measures in force against Ukraine and the PRC

- (8) Following the publication of a notice of impending expiry<sup>14</sup> of the anti-dumping measures in force, the Commission received on 25 January 2012 a request for the initiation of an expiry review of these measures pursuant to Article 11(2) of the basic Regulation.
- (9) The request was lodged by three Union producers representing a major proportion, in this case more than 40% of the Union production of ironing boards ‘(the applicants of the expiry review’).
- (10) The request for the expiry review related to all countries currently covered by the measures in force, namely the PRC and Ukraine, and was based on the grounds that the expiry of the measures would be likely to result in a continuation of dumping and injury to the Union industry.
- (11) Having determined, after consulting the Advisory Committee, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 25 April 2012 the initiation of an expiry review pursuant to Article 11(2) of the basic Regulation, by a notice published in the Official Journal of the European Union<sup>15</sup> (‘expiry review notice of initiation’).

### 2.2. Partial interim review of the anti-dumping measures in force against Ukraine as far as the sole exporting producer in Ukraine is concerned

- (12) On 17 March 2012 the Commission received a request for the initiation of a partial interim review, limited in scope to dumping, pursuant to Article 11(3) of the basic Regulation. The request was lodged by Eurogold Industries Ltd., the only exporting

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9 OJ L 24, 28.1.2010, p.24.

10 OJ L 242, 15.09.2010, p.1.

11 OJ 2009/C 282/16

12 OJ L 297, 26.10.2012, p. 5.

13 OJ C 223, 22.9.2007.

14 OJ C 187, 28.6.2011, p. 21.

15 OJ C 120, 25.4.2012, p. 9.

producer of the product concerned from Ukraine ('the applicant of the interim review').

- (13) According to the applicant of the interim review, the circumstances on the basis of which the measures have been established had changed and these changes were of lasting nature. On the basis of these changes it was alleged that the existing anti-dumping measures were no longer necessary to offset dumping.
- (14) Having determined, after consulting the Advisory Committee, that sufficient evidence existed for the initiation of a partial interim review, the Commission initiated this review on 12 June 2012<sup>16</sup> ('interim review notice of initiation').

### 3. Investigation

#### 3.1. Expiry review

##### *(a) Investigation period and period considered in the expiry review investigation*

- (15) The investigation of dumping and injury for the expiry review covered the period from 1 January 2011 to 31 December 2011 ('the expiry review investigation period' or 'ERIP'). The examination of trends in the context of the analysis of injury covered the period from January 2008 to the end of the ERIP ('the period considered').

##### *(b) Parties concerned by the investigation and sampling*

- (16) The Commission officially advised the applicants, other known Union producers, exporting producers, importers, users in the Union known to be concerned and their associations, and the representatives of the exporting countries concerned 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 in the expiry notice of initiation. All interested parties, who so requested and showed that there were particular reasons why they should be heard, were granted a hearing.
- (17) In view of the apparent large number of Chinese exporting producers and Union producers, sampling was envisaged in the expiry review notice of initiation in accordance with Article 17 of the basic Regulation.
- (18) In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a representative sample, Chinese exporting producers were requested to make themselves known to the Commission and to provide the information specified in the expiry notice of initiation. Only two exporting producer in the PRC made themselves known and provided the Commission with the information requested in the expiry review notice of initiation. Therefore, sampling was not considered necessary.
- (19) The sole Ukrainian exporting producer cooperated in the parallel partial interim review and requested that the data verified and collected in the context of the interim review are used for the purpose of this expiry review (see recital (31) below).
- (20) The Commission announced in the expiry review notice of initiation that it had provisionally selected a sample of Union producers. This sample consisted of three companies, out of the estimated 20-30 Union producers that were known prior to the initiation of the investigation to produce the like product. The three sampled companies were selected on the basis of their sales and production volume of the like

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OJ C 166, 12.6.2012, p.3.

product in 2011 as well as their geographic location in the Union. The sample represented over 40% of the total estimated Union production and sales during the ERIP and was therefore considered representative. Interested parties were invited to consult the file and to comment on the appropriateness of this choice within 15 days of the date of publication of the notice of initiation. No interested party commented on the proposed sample.

- (21) No unrelated importers in the Union made themselves known and cooperated in the expiry review investigation.

*(c) Questionnaires and verification*

- (22) The Commission sought and verified all the information it deemed necessary for the determination of the likelihood of a continuation or recurrence of dumping and resulting injury and for the determination of the Union interest.

- (23) Questionnaires were sent to both Chinese exporting producers that came forward in the sampling exercise. Only one of these Chinese exporting producers cooperated and provided a questionnaire reply.

- (24) Questionnaire replies were received from the three sampled Union producers. In addition, four cooperating Union producers provided general data for the injury analysis.

- (25) Verification visits were carried out at the premises of the following companies:

- PRC
  - Greenwood Houseware (Zhuhai) Limited, Guangdong, the PRC
  - Brabantia S&S, Hong Kong
- Union producers
  - Colombo New Scal SpA, Italy
  - Rörets Polska Spółka z.o.o., Poland
  - Vale Mill (Rochdale) Ltd, United Kingdom

- (26) In light of the need to establish a normal value for exporting producers in the PRC to which MET was not granted in the original investigations, a verification visit to establish normal value on the basis of data from an analogue country took place at the premises of the following company:

- Ukraine
  - Eurogold Industries Ltd., Zhytomyr, Ukraine

*(d) Disclosure*

- (27) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend imposing a definitive anti-dumping duty on imports of the product concerned originating in the PRC and to terminate the investigation concerning the anti-dumping measures applicable to imports of the product concerned originating in Ukraine. The parties were also granted a period within which they could make representations subsequent to this disclosure. No comments were received.

3.2. Partial interim review

*(a) Investigation period in the interim review investigation*

(28) The investigation period for the partial interim review pursuant to Article 11(3) of the basic Regulation concerning imports originating in Ukraine covered the period from 1 April 2011 to 31 March 2012 ('the interim review investigation period'). A less recent investigation period, such as the one used for the expiry review, would not have been consistent with the requirements of Article 6(1) of the basic Regulation. Furthermore, a similar investigation period has been used in a parallel refund proceeding.

*(b) Parties concerned by the investigation*

(29) The Commission officially advised the applicant of the interim review and the representatives of the exporting country concerned of the initiation of the partial interim review. 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 interim review notice of initiation. All interested parties, who so requested and showed that there were particular reasons why they should be heard, were granted a hearing.

*(c) Questionnaires and verification*

(30) The Commission sought and verified all the information it deemed necessary for a determination of dumping of the applicant of the interim review and the need of continued imposition of the measures.

(31) The applicant of the interim review represented all the imports of the product concerned from Ukraine. A questionnaire was sent to this company that cooperated and provided a questionnaire reply. A verification visit was carried out at the following premises:

- Ukraine
  - Eurogold Industries Ltd., Zhytomyr, Ukraine

*(d) Disclosure*

(32) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to terminate the investigation concerning the anti-dumping measures applicable to imports of the product concerned originating in Ukraine. The parties were also granted a period within which they could make representations subsequent to this disclosure. No comments were received.

## **B. PRODUCT CONCERNED AND LIKE PRODUCT**

(33) The product subject to both the expiry and the partial interim reviews is the same as that covered by Council Regulation (EC) No 452/2007 and Council Regulation (EU) No 1243/2010, namely ironing boards, whether or not free-standing, with or without a steam soaking and/or heating top and/or blowing top, including sleeve boards, and essential parts thereof, i.e. the legs, the top and the iron rest, originating in the People's Republic of China and Ukraine ('the product concerned'), currently falling within CN codes ex 3924 90 00, ex 4421 90 98, ex 7323 93 00, ex 7323 99 00, ex 8516 79 70 and ex 8516 90 00.

(34) The current review investigations confirmed that, as in the original investigations, the product concerned and ironing boards produced and sold on the domestic markets in the countries concerned, ironing boards produced and sold by the Union industry on the Union market and those produced and sold on the analogue country market of Ukraine have the same basic physical and technical characteristics and the same basic uses.

- (35) Therefore these products are considered to be like products within the meaning of Article 1(4) of the basic Regulation.

### **C. DUMPING, LIKELIHOOD OF A CONTINUATION AND/OR RECURRENCE OF DUMPING AND LASTING NATURE OF THE CHANGED CIRCUMSTANCES**

#### 1. Dumping - expiry review– the PRC

##### 1.1. General remarks

- (36) As mentioned above, only one Chinese exporting producer cooperated in the investigation, representing only a negligible amount of total Chinese exports during the ERIP. The findings for this company were therefore not considered representative for the country.

- (37) Therefore, the Chinese authorities and non-cooperating Chinese exporting producers were notified of the application of Article 18(1) of the basic Regulation and were given an opportunity to present their comments in accordance with Article 18(4) of the basic Regulation. No comments were received in this regard.

- (38) In accordance with Article 18(1) of the basic Regulation, the findings in relation to dumping and likelihood of a continuation of dumping set out below had to be based on facts available, in particular, information in the request for the expiry review and the statistics available to the Commission found to be the most accurate, i.e. the monthly data transmitted by Member States under Article 14 (6) of the basic Regulation ('the 14.6 database'). Other statistical sources such as the Chinese export database and Eurostat (8 digits) were found unreliable as the respective custom codes covered other products than the product concerned.

##### 1.2. Normal value

###### *(a) Analogue country*

- (39) According to Article 2(7)(a) of the basic Regulation, normal value for the exporting producers not granted market economy treatment (MET) has to be established on the basis of the domestic prices or constructed normal value in an analogue country.

- (40) For this purpose, in the expiry review notice of initiation the Commission suggested Ukraine as analogue country. Ukraine was one of the countries used in the previous investigations as an appropriate market economy third country for the purpose of establishing a normal value in respect of the PRC. All interested parties were given the opportunity to comment on the choice of the analogue country envisaged. No comments were received in this regard.

- (41) In addition, the Commission tried to obtain cooperation from other potential analogue countries, namely Malaysia, Bosnia and Herzegovina, India, Israel and Turkey. Only the Turkish authorities came forward with a list of known producers to be contacted, without indicating whether any of them would cooperate with the investigation. At the same time, the sole Ukrainian exporting producer agreed for its data submitted and verified in the context of the parallel interim review to be used for the purposes of the expiry review. The data is representative for the whole country.

- (42) In the light of the above facts and of the requirements of Article 2(7)(a) of the basic Regulation, it was concluded that Ukraine was an appropriate analogue country.

###### *(b) Determination of normal value in analogue country*

(43) The sole Ukrainian exporting producer did not cooperate in the expiry review but it cooperated in the parallel partial interim review and made its data, collected and verified in the framework of the partial interim review, available for the purpose of the expiry review.

(44) Given the significant overlap between the expiry and interim investigation periods and considering that the Ukrainian exporter in question represented 100% of the exports from Ukraine to the Union, normal value was therefore established on the basis of the data collected and verified in the framework of the parallel partial interim review (see recitals (77) to (83) below).

#### 1.3. Export price

(45) The export price for the non-cooperating Chinese exporting producers was based on facts available in accordance with Article 18 of the basic Regulation. The export price was thus established on the basis of the import statistics available to the Commission (i.e. 14 (6) database) calculated on a weighted average basis.

(46) In case of the cooperating Chinese exporting producer the export prices were based on the price at which the imported products were first resold to an independent buyer, in accordance with Article 2(9) of the basic Regulation.

#### 1.4. Comparison

(47) For the non-cooperating Chinese exporting producers the comparison between the normal value and the export price was made on an ex-works basis. For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. Adjustments were made, where appropriate, in respect of freight and transport costs, in all cases where demonstrated to affect price comparability, determined on the basis of the data collected from the cooperating Chinese exporting producer.

(48) In the case of the cooperating Chinese exporting producer, the comparison was made between the weighted average normal value and the weighted average export price established on the basis of the reported and verified data compared on an ex-works basis per product type and at the same level of trade. For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. Adjustments up to 5.9% were made, where appropriate, in respect of freight and transport costs, in all cases where demonstrated to affect price comparability.

#### 1.5. Dumping margin

(49) As provided for under Article 2(11) of the basic Regulation, the dumping margin for the cooperating Chinese exporting producer was established on the basis of a comparison of the weighted average normal value by type with the weighted average export price of the corresponding type of the product concerned. This indicative comparison did not show the existence of dumping. Since the imports of this company represented only a marginal proportion of total Chinese imports in volume, the findings for this company are not considered representative for whole PRC

(50) In the case of the non-cooperating Chinese exporting producers the dumping margin was established on the basis of a comparison of the weighted average normal value with the weighted average export price. Given the lack of cooperation, the comparison

per product type was not possible. Instead the comparison had to be based on the statistical data as explained in recitals (44) and (45) above. The comparison showed existence of an indicative dumping margin of 11.5%.

1.6. Likelihood of a continuation of dumping PRC

- (51) In view of the low cooperation no information concerning Chinese domestic market was available during the investigation. The cooperating Chinese exporter was set up to produce for the Union market only and had no information on the domestic situation.
- (52) The findings in respect of likelihood of continuation of dumping had to rely mainly on the information available in the expiry review request and the information verified and published in the framework of the sunset review of June 2010 carried out by the US International Trade Commission ('US sunset review')<sup>17</sup> which the Commission considered relevant for the purpose of its investigation.

*(a) Volume and prices of dumped imports from the PRC*

- (53) Despite the measures in place and despite a decrease of Chinese imports during the period considered as established below (see recital (106)), they continued to have a significant market share in the Union market of around 15-20% during the ERIP, undercutting the Union prices by close to 20% during the same period (see recital (109) below).
- (54) Given the substantial market share and continued significant undercutting in ERIP, it can be reasonably expected that the Chinese imports of substantial volumes would continue exercising significant price pressure on the Union industry should the measures be lifted.

*(b) Production capacity and spare capacity in the PRC*

- (55) The data published in the US sunset review shows significant capacity in the PRC representing around 80% of the Union consumption (2009). The Commission did not identify more recent information that would contradict the information collected by the US investigating authority. Given the lack of cooperation, the exact unused capacity could not be established.
- (56) Based on the information in the expiry review request, the number of existing producers in the PRC remained high. Therefore, no indication on the decrease of the production capacity in the PRC was thus identified.
- (57) In addition, based on the information collected by the Commission from the US sunset review and confirmed by the findings of the current expiry review with regard to the cooperating Chinese exporting producer, additional capacity can be easily installed to meet an increase in demand as the production is mainly labour based. Furthermore, the investigation revealed that the producers manufacturing also other products than the product concerned were able to switch easily between the production of other products and the production of the product concerned depending on demand. Therefore, if the anti-dumping duty was revoked the Chinese producers would most likely be able to increase their production of ironing boards relatively quickly without any substantial investments required.

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(58) Therefore, on the basis of the information available, it was concluded that there are at least potentially high capacities available in the PRC, which could be re-directed to the Union market should the anti-dumping measures be allowed to lapse.

*(c) Attractiveness of the Union market and other third markets*

(59) Due to the low cooperation and unavailability of reliable data price comparison between the imports to the Union and to other third export markets as well as the Chinese domestic prices could not be carried out. The indicative comparison based on facts available revealed significant undercutting of the average Union prices by the Chinese imports (see recital (109) below). The Union market is therefore considered attractive for the Chinese exporting producers in terms of price.

(60) Moreover, based on the findings in the US sunset review, against which no contradicting information was found, it can be considered that the Union is currently the largest export market for the Chinese producers. The second largest export market, the US, remains closed to the Chinese exporting producers as the anti-dumping duties are substantial and have been recently extended until 2015.

(61) The relatively stable and substantial market share of the Chinese imports despite the measures in place indicates that the Union continues to be an attractive export market for the Chinese exporting producers. The closure of the US market, the second largest export market, shows that the absorption capacity of third markets is limited. Therefore, the Union market is likely to be targeted by the Chinese exporting producers should the anti-dumping measures against the PRC be lifted.

*(d) Past behaviour*

(62) The information collected in the framework of the US sunset review shows that the Chinese producers are highly export oriented. This seems to be partly confirmed by the findings of the current expiry review where the sole exporting producer was not active in the Chinese domestic market, but exclusively export oriented.

(63) The extension of the anti-dumping measures by the US following the US sunset review is an indication that the dumping practice of Chinese exporting producers on other markets may be replicated on the Union market if the existing measures were to be lifted.

(64) Also, the behaviour of a Chinese exporter that had benefitted in the past from a 0% duty rate, Since Hardware (Guangzhou) Co, can be considered to be a strong indication of the likely behaviour of the Chinese exporters, if the duties were lifted. Since Hardware, one of the largest Chinese exporting producers increased its market share on the Union market by approximately 64% in volume, with established dumping of around 52% and an undercutting of the Union industry prices of 16%<sup>18</sup>. In view of the attractiveness of the Union market and available capacity in the PRC, this past behaviour indicates that the dumped imports are likely to recur in substantial volumes if the measures were to be lifted.

#### 1.7. Conclusion of the likelihood of a continuation of dumping -the PRC

(65) In view of the findings described above, it can be concluded that considering the significant production capacity available in the PRC, the ability of Chinese producers to increase rapidly their production volumes and direct them for export, the significant

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18 See recitals 57 and 67 of Regulation (EU) No 1243/2010

level of dumping and undercutting of such exports and the attractiveness of the Union market for such exports, it is reasonable to assume that a repeal of the measures would result in increased exports at dumped levels of ironing boards from the PRC to the Union.

## 2. Dumping - expiry review – Ukraine

### 2.1. General remarks

(66) In case of Ukraine, the sole known Ukrainian exporting producer did not cooperate in the expiry review therefore the facts available had to be used. Given the overlap between the expiry review and interim review investigation periods and considering that the Ukrainian exporting producer represented 100% of imports from Ukraine, the data collected and verified in the context of the interim review was used as facts available in the parallel expiry, in agreement with that producer.

### 2.2. Findings

(67) The findings of the interim review described in the section 6 below were used as facts available for the purpose of the expiry review.

### 2.3. Dumping margin

(68) As provided for under Article 2(11) of the basic Regulation, the dumping margin was established on the basis of a comparison of the weighted average normal value by type with the weighted average export price of the corresponding type of the product concerned. This comparison did not show the existence of dumping

### 2.4. Likelihood of recurrence of dumping

(69) In respect of likelihood of recurrence of dumping the following elements were analysed: the volume and prices of dumped imports from Ukraine, attractiveness of the Union market and other third markets, production capacity and excess capacity available for exports of the Ukrainian producer.

#### *(a) Volume and prices of dumped imports from Ukraine*

(70) Imports of ironing boards originating in Ukraine increased by 24%. The corresponding market share increased slightly from 8% in 2008 to 10% in the expiry review investigation period.

(71) Throughout the period considered, imports prices followed the same trends as the sales prices of the Union industry on the Union market. Overall, imports prices increased from 2008 to the expiry review investigation period by 14%.

#### *(b) Attractiveness of the Union market and other third markets*

(72) During the period considered, Ukrainian export prices to third countries were generally lower than its prices on the Union market. This price difference was more than 10% of the export price level during the expiry review investigation period.

(73) Ukrainian export prices to third countries were generally below the price of Ukrainian exports to the Union which supports the conclusion that the Union market is attractive as the Union market may generate higher profits.

#### *(c) Production capacity and excess capacity available for exports of the Ukrainian producer*

(74) During the expiry review investigation period, Ukraine had only a small part of its production capacity available for exports.

(75) According to the information collected during the investigation, Ukrainian capacity is not projected to increase further. Therefore there is no likelihood that exports to the Union would increase should the measures be repealed.

*(d) Conclusion on the likelihood of recurrence of dumping - Ukraine*

(76) In view of the above, in particular the findings concerning the expected evolution of capacity, it was considered that there is no likelihood that Ukrainian exporting producer will resume exporting injurious quantities at dumped prices to the Union market in the short to medium term should measures be repealed.

3. Dumping - interim review – Ukraine

3.1. Normal value

(77) In accordance with Article 2(2) of the basic Regulation, it was examined whether the total domestic sales volume of the like product to independent customers were representative during the interim review investigation period, i.e. if the total volume of such sales represented 5 % or more of their export sales volume of the product concerned to the Union. On that basis, the domestic sales of the cooperating Ukrainian producer were considered to be overall representative.

(78) The Commission subsequently identified those product types sold domestically that were identical or comparable with the types sold for export to the Union.

(79) For each product type sold by the exporting producer on its domestic market and found to be identical or comparable with the product type sold for export to the Union, it was examined whether the domestic sales were sufficiently representative for the purposes of Article 2(2) of the basic Regulation. Domestic sales of a particular product type were considered sufficiently representative when the total volume of that product type sold on the domestic market to independent customers during the interim review investigation period represented at least 5% of the total volume of the comparable product type sold for export to the Union.

(80) It was subsequently examined whether the domestic sales of the like product could be regarded as being made in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation, by establishing for each product type the proportion of profitable sales to independent customers on the domestic market.

(81) Where the sales volume of a product type, sold at a net sales price equal to or above the calculated cost of production, represented more than 80% of the total sales volume of that type, and where the weighted average sales price of that type was equal to or higher than the unit cost of production, normal value was based on the actual domestic price calculated as the weighted average of the prices of all domestic sales of that type made during the interim review investigation period, irrespective of whether those sales were profitable or not.

(82) Where the volume of profitable sales of a product type represented 80 % or less of the total sales volume of that type, or where the weighted average price of that type was below the unit cost of production, normal value was based on the actual domestic price, which was calculated as a weighted average price of only the profitable domestic sales of that type made during the interim review investigation period.

(83) As regards the types of product that were not profitable, normal value was constructed in accordance with Article 2(3) and 2(6) of the basic Regulation. The normal value was constructed by adding to the cost of manufacturing of the Ukrainian producer during the expiry review investigation period the weighted average selling, general

and administrative expenses (SG&A) incurred in the ordinary course of trade and the weighted average profit realised for the product types that were profitable.

### 3.2. Export price

- (84) As the Ukrainian exporting producer made export sales to the Union directly to independent customers in the Union, the export prices were based on the prices actually paid or payable for the product concerned, in accordance with Article 2(8) of the basic Regulation.

### 3.3. Comparison

- (85) The normal value and export price were compared on an ex-works basis. For the purpose of ensuring a fair comparison between the normal value and the export price, due allowance in the form of adjustments was made for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. Adjustments were made in respect of transport, insurance, handling and ancillary costs, packing, credit, bank charges and commissions in all cases where demonstrated to affect price comparability.

### 3.4. Dumping margin

- (86) As provided for under Article 2(11) of the basic Regulation, the dumping margin was established on the basis of a comparison of the weighted average normal value by type with the weighted average export price of the corresponding type of the product concerned. This comparison did not show the existence of dumping.

## 4. Lasting nature of the changed circumstances – Ukraine

- (87) In accordance with Article 11(3) of the basic Regulation, it was also examined whether the changed circumstances could reasonably be considered to be of a lasting nature.

### 4.1. Lasting nature of the changed circumstances

- (88) The Ukrainian producer has restructured its sales organisation so that, since December 2010, all its export sales of the product concerned to the Union has been made directly to the independent customer without involving any related sales company. The calculation of the export prices was therefore adjusted to take into account these new circumstances.

- (89) These changes are considered to be of lasting nature since the tasks previously carried out by the related company were effectively transferred to the Ukrainian producer for a period of about one year. No indications pointing to possible future changes in the sales structure were found. Therefore, it is concluded that the changed circumstances are of a lasting nature.

## **D. DEFINITION OF THE UNION INDUSTRY**

### **Union production and Union Industry**

- (90) The like product was manufactured by an estimated 20-30 producers in the Union. They constitute the Union industry within the meaning of Article 4(1) of the basic Regulation.
- (91) Annual production of the Union industry was estimated on the basis of the findings made in the investigation mentioned in recital (1) above concerning imports of ironing boards of Since Hardware (Guangzhou) Co, a Chinese exporting producer of ironing boards and of the basis of the data submitted by the cooperating Union producers. As

mentioned in recital (65) of Council Regulation (EU) No 1243/2010 imposing anti-dumping measures on imports of the before mentioned exporting producer, the annual Union production of ironing can be estimated at above 5 million pieces in 2009. Thus, and in the absence of any other information, it was considered reasonable to assume that the total annual Union production amounted to 5 million pieces at the beginning of the period considered of the current expiry review (2008). The development of the production volume over the period considered was established on the basis of the trends in production volume of the cooperating Union producers. The Union production volume thus established amounted to an estimated 5,2 million pieces during the ERIP.

- (92) As indicated in recital (20) above, three Union producers were selected in the sample representing more than 40 % of the total Union production of the like product. These sampled producers provided questionnaire replies.
- (93) In addition, four other Union producers submitted basic information on their production and sales data.
- (94) The above seven Union producers were found to account for more than 55%, of the total Union production of the like product.
- (95) The Union market for ironing boards is characterised by mostly small and medium producers located in a number of Member States including Germany, Italy, the Netherlands, Poland, Portugal, Spain and the United Kingdom.

#### **E. SITUATION ON THE UNION MARKET**

- (96) Since there is only one exporting producer in Ukraine, Union consumption and some of the macroeconomic indicators are presented in indexed form or ranges, so as to protect confidentiality pursuant to Article 19 of the basic Regulation

##### **5. Union consumption**

- (97) Union consumption was established on the basis of the sales volumes of the Union industry on the Union market as described in recital (100) and the import volume as recorded in the 14(6) database.
- (98) As far as import volumes from the PRC are concerned, the data of the only cooperating Chinese exporter could not be used to extrapolate the total amount of imports from the PRC as they represented only a very small part of total imports from the PRC. Total import volume had therefore to be established on the basis of the facts available in accordance with Article 18 of the basic Regulation. As the relevant CN codes in Eurostat cover more products than the product concerned, Eurostat was not considered suitable either to establish import volumes from the PRC. Thus, in light of the extremely low cooperation of the Chinese exporting producers and the lack of cooperation of unrelated importers, the only reliable statistical source to determine import volumes was the information contained in the 14(6) database. As import volumes in the 14(6) database are however only reported in kg, the data had to be converted in pieces (units) by using the conversion rate established for the imports from Ukraine in the parallel interim review. This was considered reasonable since the imports of the Chinese cooperating company were not considered representative and in addition, as mentioned above in recital (36), Ukraine was also used as an analogue country for determining normal value for the PRC and therefore data were considered representative for the determination of the level of Chinese imports.

- (99) In case of imports from Ukraine the verified data reported in the questionnaire reply in the parallel interim review were used. Although the interim investigation period was set from 1 April 2011 to 31 March 2012 and therefore did not cover the first quarter of the expiry review investigation period, it was found that that information is nevertheless suitable for the determination of the import volumes. Indeed, that information had been verified and was found accurate and representative for the determination of import volumes from Ukraine in the expiry review investigation period.
- (100) The sales volumes of the Union industry on the Union market were estimated by extrapolating the ratio between total production volume and total sales volume of the seven cooperating Union producers to the total estimated production volume of the Union industry for each year of the period considered.
- (101) On this basis, Union consumption decreased between 2008 and the ERIP by 11 %. In details, the apparent demand decreased by 7 percentage points between 2008 and 2009, where after it increased by 9 percentage point between 2009 and 2010. During the ERIP the Union consumption totalled 9 to 10 million pieces, representing a decrease of 13 percentage points as compared to the previous year.

Table 1

Volume ('000 pieces)	2008	2009	2010	ERIP (2011)
Consumption	10,000 - 11,000	9,000 - 10,000	10,000 - 11,000	9,000 - 10,000
Index	100	93	102	89

Source: 14(6) database, questionnaire replies

## 6. Imports from countries concerned

### **Cumulative assessment of the effects of the imports from the countries concerned**

- (102) In the original investigation concluded in 2007, imports originating in the PRC and Ukraine were assessed cumulatively in accordance with Article 3(4) of the basic Regulation. It was examined whether a cumulative assessment was also appropriate in the current expiry review.
- (103) In this respect, it was found that the dumping margin established for imports from the PRC was above the de minimis level (11,5%) as defined in Article 9(3) of the basic Regulation. As regards the imports from Ukraine, no dumping was established for the ERIP and no likelihood of recurrence of dumping. On these grounds the imports from Ukraine should be de-cumulated from the imports from The PRC, since the criteria set out in Article 3(4) of the basic Regulation are not met.

## 7. Imports from the PRC

### 7.1. Volume and market share

- (104) As mentioned above in recital (98), given the extremely low cooperation of the Chinese exporting producers, total imports volume from the PRC was established on the basis of the information available in the 14(6) data base in accordance with Article 18 of the basic Regulation.

- (105) On this basis, imports of the product concerned from the PRC decreased in absolute terms from [4 to 4,5 million pieces] in 2008 to [1,5 to 2,0 million pieces] in the ERIP, which represented a decrease of 59% during the period considered. This decrease was particularly pronounced between 2010 and the ERIP where imports from the PRC decreased from [3 to 3,5 million] in 2010 to [1,5 to 2,0 million pieces] in the ERIP, by 36 percentage points. This decrease coincides with the re-introduction of the anti-dumping duty on Since Hardware in December 2010 (see recital (64) above).
- (106) While market shares of Chinese imports decreased by 22 percentage points during the period considered, the market share held during the ERIP, i.e. 15-20%; was substantial.

*Table 2*

	2008	2009	2010	ERIP (2011)
Volumes of imports subject to measures from the PRC ('000 pieces)	4,000 - 4,500	3,000 - 3,500	3,000 - 3,500	1,500 - 2,000
Index	100	73	76	40
Market share of imports subject to measures from the PRC	40% - 45%	30% - 35%	30% - 35%	15% - 20%

*Source: Article 14(6) database*

## 7.2. Prices and price undercutting

- (107) Due to the extremely low cooperation of the Chinese exporting producers, the average import price regarding imports from the PRC had to be established on the basis of the facts available in accordance with Article 18 of the basic Regulation, i.e. on the basis of the information contained in the 14(6) database. Information recorded therein were converted into price/piece following the above mentioned methodology (see recital (104) above). Import prices established under that methodology increased from 7,0 EUR/piece in 2008 to 8,2 EUR/piece during the ERIP, i.e. by 17%.

*Table 3*

Price of imports subject to measures in EUR/piece	2008	2009	2010	ERIP (2011)
The PRC	7.0	8.3	8.4	8.2
Index	100	119	121	117

*Source: Article 14(6) database*

- (108) In order to determine price undercutting during the ERIP, the weighted average sales price of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level (i.e. excluding freight costs in the Union and after deduction of discounts and rebates), were compared to the corresponding weighted average price of the imports as established above in recital (107), on a CIF basis, with appropriate adjustments for customs duties.

(109) The comparison showed that, when expressed as a percentage of the sampled Union producers' turnover during the ERIP, imports from the PRC were undercutting the prices of the Union industry close to 20%.

8. Imports from Ukraine

(110) As mentioned above in recital (99) import volumes and prices from Ukraine were established on the basis of the verified questionnaire reply submitted by the Ukrainian exporting producer in the parallel on-going interim review.

(111) The following table shows the development of imports from Ukraine during the period considered in terms of volume and market shares.

*Table 4*

	2008	2009	2010	ERIP (2011)
Volumes of imports subject to measures from Ukraine ('000 pieces)	700-900	800-1000	900-1100	900-1100
Index	100	104	128	124
Market share of imports subject to measures from Ukraine	6% - 9%	7% - 10%	8% - 11%	9% - 12%

Source: Verified questionnaire reply

(112) Imports of ironing boards originating in Ukraine increased by 24% between 2008 and 2011. Ukraine was able to increase its imports mainly because of the higher anti-dumping duty on imports of ironing boards originating in the PRC. Moreover, the amendment of the anti-dumping duty for Ukraine in July 2010 from 9,9% to 7,7% contributed to this development making the Ukrainian imports more competitive on the Union market.

(113) The following table shows the development of the average CIF Union frontier prices of imports under measures from Ukraine.

*Table 5*

Price of imports subject to measures in EUR/piece	2008	2009	2010	ERIP (2011)
Ukraine	8 - 10	9 - 11	10 - 12	9 - 11
Index	100	110 - 115	115 - 120	110 - 115

Source: Verified questionnaire reply

(114) As shown in table 5 above, the average import price increased by 10-15% during the period considered, and almost reached the price level of the Union industry in the Union market during the ERIP.

9. Imports from other third countries not subject to measures

(115) Import volumes from other third countries not subject to measures were established on the basis of the 14(6) database converted into pieces following the same methodology than for the determination of import volumes from the PRC as described in recital (98) above. This was considered reasonable as the relevant CN codes in Eurostat covered

also other products than the product concerned and were therefore not found suitable to establish import volumes from other third countries.

- (116) The following table shows the development of imports from other third countries during the period considered in terms of volume and market share, as well as the average price of these imports.

Table 6

Volumes of imports from other third countries in '000 pieces	2008	2009	2010	ERIP (2011)
Turkey	300-500	500-700	700-900	800-1,000
Index	100	160-170	215-225	225-235
other third countries	400-600	600-800	900-1100	700-900
Index	100	130-140	190-200	150-160
Total all other countries	700-1,100	1,100-1,500	1,600-2,000	1,500-1,900
Index	100	140-150	200-210	180-190
Market share of imports from all other third countries	5% - 10%	10% - 15%	15% - 20%	15% - 20%
Price of imports from all other countries (EUR/piece)	7.7	8.1	8.2	9.0

Source: Article 14(6) database

- (117) The volume of imports from other third countries increased overall during the period considered. While it increased and even more than doubled between 2008 and 2010, it decreased again between 2010 and the ERIP. On this basis, the volume of imports from other third countries increased considerably in the period considered and reached [1,5-1,9] million pieces in the ERIP, translating in a market share of in the range of 15-20% during the ERIP. Most of these imports came from Turkey where imports increased from [0,3 – 0,5] million pieces in 2008 to [0,8 – 1,0] million pieces in the ERIP.

- (118) The average price of imports from other third countries without measures increased from 7,7 EUR/piece in 2008 to 9,0 EUR/piece during the ERIP, i.e. an increase of 17%.

#### 10. Economic situation of the Union industry

- (119) 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.

- (120) As mentioned above in recital (20) sampling was used for the examination of the possible injury suffered by the Union industry.

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

- the macroeconomic indicators (production, production capacity, capacity utilisation, productivity, sales volume, market share, growth, employment, and

magnitude of dumping margins and recovery from past dumping) were assessed at the level of the whole Union production, estimated on the basis of the information collected from the producers that came forward;

- the analysis of microeconomic indicators (average unit prices, unit costs, stocks, labour costs, profitability, return on investments, cash flow, ability to raise capital and investments) was carried out on the basis of information provided by the three sampled Union producers.

#### 10.1. Macroeconomic indicators

##### (a) Production

- (122) Total Union production was estimated as described above in recital (91) On this basis, the Union production increased by 4% between 2008 and the ERIP. More specifically, it decreased by 2% between 2008 and 2009 but increased by 6 percentage points between 2009 and ERIP to around 5,2 million units.

*Table 7*

in '000 pieces	2008	2009	2010	ERIP (2011)
Production	5,000	4,887	5,072	5,194
Index	100	98	101	104

*Source: Questionnaire replies*

##### (b) Production capacity and capacity utilisation

- (123) Production capacity was estimated by applying the ratio between total production volume and total capacity of the seven cooperating Union producers for each year of the period considered to the total production of the Union industry as established above in recital (122) above.
- (124) The production capacity of the Union industry increased by 17 % throughout the period considered. However this increase is only related to one of the Union producers whereas the other cooperating Union producers had stable capacities over the period considered. The findings of the investigation indicate that some of the non-cooperating Union producers may have closed down their production facilities thereby decreasing the total Union production capacity during the period considered which is not reflected in table 8 below. The investigation revealed also that the Union industry produced other products than the product concerned (such as dryers) partly on the same production lines. Furthermore, the investigation has shown that Union producers can switch easily between production of the product concerned and other products. It was therefore not possible to clearly establish production capacity of the product concerned.
- (125) Capacity utilisation was 66% in 2008 and dropped slightly to 58% during the ERIP. As indicated in the preceding recital, total production capacity in the Union could not be reliably established. As capacity utilisation is established on the basis of total capacity, likewise, it cannot necessarily be considered as a meaningful injury indicator in this case.

*Table 8*

in '000 pieces	2008	2009	2010	ERIP (2011)
Production capacity	7,592	7,962	8,375	8,906
Index	100	105	110	117
Capacity utilisation	66%	61%	61%	58%
Index	100	93	92	89

Source: Questionnaire replies

(c) Sales volume

(126) Sales volume of the Union industry was established as described in recital (100) above. Thus, sales volume of the Union industry to unrelated customers on the Union market increased by 10 % between 2008 and the ERIP. This increase was particularly pronounced between 2010 and the ERIP, where sales volumes increased by 7 percentage points. This coincides with a decrease in imports from the PRC due to the imposition of the anti-dumping duty on Since Hardware (Guangzhou) Co.

Table 9

in '000 pieces	2008	2009	2010	ERIP (2011)
Sales to unrelated customers in the Union	4,300 - 4,500	4,300 - 4,500	4,500 - 4,700	4,800 - 5,000
Index	100	99	103	110

Source: Questionnaire replies

(d) Market share

(127) During the period considered, the Union industry regained market share, which increased from 40-45% in 2008 to 50-55% in the ERIP, i.e. by 24%. This increase is mainly due to the decrease in consumption as well as the Chinese import volume and the parallel increase in sales volume of the Union industry.

Table 10

	2008	2009	2010	ERIP (2011)
Market shares of the Union producers	40% - 45%	45% - 50%	40% - 45%	50% - 55%
Index	100	107	101	124

Source: Questionnaire replies and 14(6) database

(e) Growth

(128) The Union consumption declined between 2008 and the ERIP. In parallel, the volume of sales by the Union industry on the Union market increased by 10% and the Union industry market share increased by 24%. Likewise, production of the Union industry increased by 4%, investment more than doubled (recital (141) below) and employment

increased 10% (recital (129) below) during the same period. Therefore, it can be concluded that the Union industry experienced some growth over the period considered.

(f) Employment

- (129) Employment and trends in employment for the total Union industry were estimated by extrapolating the figures available with regard to the cooperating Union producers. In line with the increase in sales, the employment level of the Union industry shows an increase of 10% between 2008 and the ERIP.

Table 11

	2008	2009	2010	ERIP (2011)
Employment for the like product	655	672	736	722
Index	100	102	112	110

Source: Questionnaire replies

(g) Productivity

- (130) Productivity of the Union industry workforce, measured as output (pieces) per person employed per year, decreased by 6% in the period considered. This is linked to the fact that the production increased to a lesser extent than the employment.

Table 12

	2008	2009	2010	ERIP (2011)
Productivity (000 pieces per employee)	7.6	7.3	6.9	7.2
Index	100	95	90	94

Source: Questionnaire replies

(h) Magnitude of the dumping margin and recovery from past dumping

- (131) The dumping margin found was significantly above the de minimis level. As regards the impact of the magnitude of the actual dumping margins on the Union industry, given in particular the volumes and prices of imports from the PRC, the impact cannot be considered negligible.
- (132) Regarding the effects of past dumping, while the indicators examined above show some improvement, they also provide evidence that the Union industry is still fragile and vulnerable.

10.2. Microeconomic indicators

(a) Prices and other factors effecting prices

- (133) The average sales price of the sampled Union producers to unrelated customers in the Union developed as shown in the table below. Average prices remained relatively stable during the period considered, albeit with a slight increase in the ERIP. As above, this increase coincided with the imposition of anti-dumping measures with regard to Since Hardware (Guangzhou) Co.

Table 13

	2008	2009	2010	ERIP (2011)
Unit price Union market (EUR/piece)	10.9	10.7	10.9	11.2
Index	100	98	100	103
Unit cost of production (EUR/piece)	10.9	10.5	11.0	11.4
Index	100	96	101	105

Source: Questionnaire replies

(134) The sales prices follow the price trends of the main raw materials (i.e. steel). Sales prices and costs remained relatively stable over the period considered, though costs increased slightly more than sales prices, which negatively impacted the profitability situation of the Union industry between 2008 and the ERIP. However, the Union industry was not in a position to increase its prices to sustainable levels but was forced to match prices with the low priced Chinese imports to re-gain market share in a period of declining consumption.

(b) Labour cost

(135) The average wages were stable over the period considered, while the unit cost of production increased by 3% (table 13 above).

Table 14

EUR / employee	2008	2009	2010	ERIP (2011)
Average wage	20,669	19,377	19,885	20,523
Index	100	94	96	99

Source: Questionnaire replies

(c) Stocks

(136) Volume of stocks increased during the period considered. The level of stocks was 56% higher in the ERIP in relation with their levels in 2008.

Table 15

in '000 pieces	2008	2009	2010	ERIP (2011)
Closing stock	94	137	184	146
Index	100	147	197	156

Source: Questionnaire replies

(d) Profitability and return on investments

(137) The Union industry was able to increase its profitability slightly between 2008, where it was at break even, and 2009 where it increased to 2%. However, profitability decreased again in 2010 and even further during the ERIP where it reached -1.7%.

Overall, the profitability decreased by almost 2% over the period considered. As mentioned above in recital (134) this was mainly due to the fact, that the Union industry was not able to increase its sales prices in line with the increase in costs as it was forced to match the low Chinese import prices to re-gain its market share.

- (138) The return on investments (ROI), expressed as the profit in percent of the net book value of investments, broadly followed the profitability trend. It increased between 2008 and 2009, and from 2009 to the ERIP it decreased. The decrease in ROI was more pronounced than the decrease in profitability levels as a result of increased investments as shown in recital (141) below.

Table 16

	2008	2009	2010	ERIP (2011)
Profitability (% of net sales)	0.0%	2.0%	-0.8%	-1.7%
Index	100	102	99	98
ROI (profit in % of net book value of investments)	-4%	96%	-20%	-82%
Index	100	200	84	22

Source: Questionnaire replies

(e) Cash flow and ability to raise capital

- (139) The net cash flow from operating activities, which is the ability of the industry to self-finance its activities, expressed as a percentage of the turnover of the like product, improved in line with the profitability from break-even level in 2008 to 5 % in 2009. It dropped to 3% in 2010 and was negative during the ERIP.

Table 17

	2008	2009	2010	ERIP (2011)
Cash flow (% of turnover)	0%	5%	3%	-1%

Source: Questionnaire replies

- (140) There were no particular indications that the Union industry would have encountered difficulties in raising capital.

(f) Investments

- (141) The sampled producers' annual investments in the production of the like product more than doubled between 2008 and the ERIP. It increased sharply between 2008 and 2009. The increase in investments can be explained by the restructuring efforts made by the Union industry by investing in their production process to make it more competitive. Between 2010 and the ERIP there was a decrease while the level of investments remained considerably higher when compared to 2008.

Table 18

	2008	2009	2010	ERIP (2011)
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Net investments ( 000 EUR)	239	504	1046	569
Index	100	211	438	239

Source: Questionnaire replies

#### 11. Conclusion on injury

- (142) The analysis of the macro-economic indicators showed signs of improvement in particular in terms of production and sales volumes as well as the Union industry's market share over the period considered. At the same time some of the relevant micro-economic indicators decreased such as profitability and return on investments. Sales prices, although increasing slightly could not reach sustainable levels and match the increase in the production cost. This is mainly explained by the fact that the market share of the Chinese imports remained at high levels throughout the period considered, whereas the Chinese imports also were at low prices which the Union industry had to follow to re-gain market share.
- (143) Therefore, the measures against the PRC had only partly helped the Union industry to recover from the injury suffered.
- (144) In view of the above analysis, the situation of the Union industry has improved and no material injury was taking place. Nevertheless, despite apparent positive trends and the significant restructuring efforts, the Union industry is still fragile and vulnerable.

### F. LIKELIHOOD OF RECURRENCE OF INJURY

#### 12. Preliminary remarks

- (145) As mentioned above in recital (51) to (52), in view of the low cooperation of the Chinese exporting producers, the analysis concerning the Chinese domestic market and the exports from the PRC to other third countries, had to rely on information available, i.e. the information published in the framework of the sunset review of June 2010 carried out by the US International Trade Commission ('US sunset review').
- (146) During the period considered, the Union industry was in a fragile vulnerable situation, still exposed to the injurious effect of the dumped imports from the PRC.
- (147) In accordance with Article 11(2) of the basic Regulation, imports from the country concerned were assessed in order to establish if there was a likelihood of recurrence of injury, should measures be allowed to lapse.

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

- (148) As mentioned above, regarding imports from the PRC, there was a likelihood of continuation of dumping should measures be allowed to lapse. The import volumes of the product concerned from the PRC would most likely increase without measures at prices significantly undercutting the Union industry's sales prices on the Union market. The investigation has shown that the main customers of the Union industry are retailers, i.e. large supermarkets which are in a strong negotiation position and will increasingly source ironing boards from the PRC that will very likely enter the market at very low dumped prices. Therefore, the price pressure on the Union industry would likely aggravate, and it will be forced to lower its prices with disastrous effect on their profitability situation which was already negative during the ERIP.

- (149) Thus, against the fragile and vulnerable situation of the Union industry, the increased volumes and price effects of the dumped imports from the PRC would result in heavy financial losses and decrease of market share.
- (150) The behaviour of a Chinese exporter that had benefitted in the past from a 0% duty rate, Since Hardware (Guangzhou) Co, can be considered to be a strong indication of the likely behaviour of Chinese exporters, if the duties were lifted. It is recalled that Since Hardware (Guangzhou) Co, which benefitted from a 0% duty in the past (from April 2007 to December 2010) significantly increased its exports to the Union at substantially dumped prices undercutting the Union industry prices during that period. As mentioned before, an anti-dumping investigation regarding this company resulted in the imposition of a definitive anti-dumping duty of 35,8%. This investigation also concluded that the volume of imports from this company during the investigation period of that investigation (2009) had doubled when compared to the imports of the same company during the investigation period of the original investigation concluded in 2007 (2005). The investigation with regard to Since Hardware (Guangzhou) Co concluded that as a consequence the Union industry suffered material injury.
- (151) In addition, the investigation showed that, prior to the initiation of the present expiry review, Chinese exporting producers already approached potential customers in the Union with price offers significantly undercutting the Union industry's sales price. This shows that it is very likely that the Chinese exporting producers would attempt to enter the Union market in increased quantities by lowering their current price levels if measures would be allowed to lapse.

14. Attractiveness of the Union market, existing measures in other third countries and spare capacity

- (152) As mentioned above in recitals (55) to (57), the Chinese industry of ironing boards is highly export oriented and, even after the imposition of the measures, the Union remains their largest and most attractive market.
- (153) For the Chinese exporting producers the US the second largest export market. However, access to the US market remains restricted due to the existence of high anti-dumping measures which were extended until 2015. This reinforces the likelihood that imports from the PRC would be directed to the Union market in increased quantities should measures not be maintained.
- (154) According to the information collected by the Commission from the US sunset review, there are potentially substantial spare capacities available in the PRC and further additional capacity can be easily increased in case the anti-dumping duties were revoked as the production of ironing boards in the PRC is labour intensive and any increase in production does not require important investments or specific skills. Therefore, on the basis of all the information available, it was concluded that there are at least potentially substantial spare capacities available in the PRC, which could be re-directed to the Union market should the anti-dumping measures be allowed to lapse.

15. Other factors

15.1. Non-dumped imports from the PRC

- (155) As mentioned above, during the ERIP no dumping was found for the only cooperating Chinese exporter which has an individual duty of 22,7%. However, since the imports of this company represented only a minimal proportion of the total Chinese import volume, they could not be considered as significant and could not be considered as having contributed to the fragile situation of the Union industry during the ERIP.

(156) It was also established that imports from this company were not undercutting the prices of the Union industry during the ERIP.

#### 15.2. Imports from Ukraine

(157) As mentioned above, imports of ironing boards originating in Ukraine increased by 24%. This resulted in a slight increase of the corresponding market over the period considered.

(158) However, the average import price increased from 2008 to the ERIP by 14%, and reached the same price level than the Union industry in the Union market during the ERIP.

(159) Therefore, the fragile situation of the Union industry cannot be explained by the imports of ironing boards from Ukraine. Likewise, it is not likely that imports from the Ukraine would contribute to the recurrence of injury should measures be allowed to lapse.

#### 1.1. 15.3. Imports from other third countries not subject to measures

(160) Import volume from other third countries not subject measures increased over the period considered, though there was a slight decrease between 2010 and the ERIP. This increase in import volume also translated into an increase in market share during the same period, from 5-10% to 15-20%.

(161) Although price levels of other third countries' imports were below the average prices of the Union industry, they were above the average import prices from The PRC as established during the current investigation.

(162) Despite the above, Chinese imports are likely to increase significantly at dumped prices undercutting the Union industry's prices. Indeed, the investigation revealed that the average import prices from the PRC without anti-dumping duty were undercutting the Union industry's sales prices on the Union market by about 20%. Thus, Chinese imports are expected entering the Union market at prices lower than the average price of the imports from other third countries, should measures be allowed to lapse, as it was already the case during the ERIP. Therefore, it was concluded that imports from third country markets although having had some impact on the situation of the Union industry, cannot invalidate the conclusion of the likelihood of recurrence of injurious dumping from Chinese imports should measures be allowed to lapse.

#### 15.4. Decrease in consumption

(163) It is noted that the apparent decrease in consumption between 2010 and the ERIP is mainly the statistical effect of the decrease in imports caused the imposition of anti-dumping measures against Since Hardware (Guangzhou) Co. During the same period, the Union industry was able to increase its sales volume and market share. Therefore, the decrease in consumption could not have had an impact on the situation of the Union industry.

#### 16. Conclusion on the likelihood of recurrence of injury

(164) The investigation established a likelihood of recurrence of injury should measures be allowed to lapse.

(165) Taking into account the level of dumping still exercised by the Chinese exporting producers, the attractiveness of the Union market, the past behaviour of the Chinese exporting producer Since Hardware (Guangzhou) Co evidenced in the investigation concluded in December 2010, the possibility for Chinese producers to increase

capacity easily in case of increased demand, the strong export orientation of Chinese producers and their price strategies, in the event that measures were allowed to lapse, it is likely that the Union industry would be confronted with an increase of dumped Chinese imports, significantly undercutting the Union industry's prices. In such case, not only the already difficult situation of the Union industry in terms of profitability is expected to worsen, but also some of the recent improvements in the overall performance of the Union industry are likely to reverse.

## **G. UNION INTEREST**

### **17. Introduction**

- (166) In compliance with Article 21 of the basic Regulation, it was examined whether the imposition of anti-dumping measures on imports of ironing boards originating in the PRC following the findings of the present expiry review would not be in the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of all the various interests involved. All interested parties were given the opportunity to make their views known pursuant to Article 21(2) of the basic Regulation.
- (167) The present investigation is a review that analyses a situation in which anti-dumping measures have already been in place. Therefore, it allows the assessment of any undue negative impact on the parties concerned by the current anti-dumping measures.
- (168) It is also noted that it is proposed to terminate the anti-dumping proceeding with regards to imports of ironing boards originating in Ukraine which leads to an increased access of imports of third countries without restrictions to the Union market.
- (169) On this basis, it was examined whether, despite the conclusions on the likelihood of recurrence of injurious dumping, compelling reasons existed which would lead to the conclusion that it is not in the Union interest to maintain measures against imports originating in the PRC.

### **18. Interest of the Union industry**

- (170) The Union industry has proven to be a viable industry. This was confirmed by the positive development of its economic situation observed during the period considered partly due to its efforts to be more competitive and the measures in place. It can reasonably be expected that the Union industry will continue to benefit from the measures to be maintained. Should the measures against imports originating in the PRC not be maintained, it is likely that the Union industry will suffer material injury from substantial volumes of dumped imports from the PRC, causing a serious deterioration of its financial situation given the undercutting margins established during the ERIP. The currently already negative profitability rates, return on investments and stocks will further decline and ultimately lead to the likely disappearance of the Union industry.
- (171) Accordingly, it is concluded that the maintenance of anti-dumping measures against the PRC would be clearly in the interest of the Union industry.

### **19. Interest of other parties**

- (172) None of the 15 contacted importers/traders cooperated. None of other potential interested parties made themselves known during the investigation. There is no evidence suggesting that the measures in force would considerably affect the importers or consumers of the product concerned. In this context, it can be reasonably assumed that the main customers, i.e. large retail stores, will be able to pass on any price

increase resulting from anti-dumping duties to the final consumer without impacting substantially on consumer's perception.

20. Conclusion on Union interest

(173) On this basis, it can be concluded that there are no compelling reasons clearly indicating that maintaining the measures against the PRC would be against the overall Union interest.

**H. ANTI-DUMPING MEASURES**

(174) All parties were informed of the essential facts and considerations on the basis of which it is intended to recommend that the existing measures be maintained on imports of the product concerned originating in the PRC and the repeal of the measures in force on imports of the product concerned originating in Ukraine. They were also granted a period to make representations.

(175) It follows from the above that, as provided for by Article 11(2) and Article 11(3) of the basic Regulation, the anti-dumping measures applicable to imports of ironing boards originating in the People's Republic of the PRC should be maintained and the anti-dumping duty in force on imports of ironing boards originating in Ukraine should be allowed to lapse.

HAS ADOPTED THIS REGULATION:

*Article 1*

1. A definitive anti-dumping duty is hereby imposed on imports of ironing boards, whether or not free-standing, with or without a steam soaking and/or heating top and/or blowing top, including sleeve boards, and essential parts thereof, i.e. the legs, the top and the iron rest, currently falling within CN codes ex 3924 90 00, ex 4421 90 98, ex 7323 93 00, ex 7323 99 00, ex 8516 79 70 and ex 8516 90 00 (TARIC codes 3924 90 00 10, 4421 90 98 10, 7323 93 00 10, 7323 99 00 10, 8516 79 70 10 and 8516 90 00 51) 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 products described in paragraph 1 and manufactured by the companies listed below shall be as follows:

<b>Country</b>	<b>Manufacturer</b>	<b>Rate of duty(%)</b>	<b>TARIC additional code</b>
People's Republic of China	Foshan City Gaoming Lihe Daily Necessities Co. Ltd., Foshan	34,9	A782
	Guangzhou Power Team Houseware Co. Ltd., Guangzhou	39,6	A783
	Since Hardware (Guangzhou) Co., Ltd., Guangzhou	35,8	A784
	Foshan Shunde Yongjian Housewares and Hardware Co. Ltd.,	18,1	A785

	Foshan		
	Zhejiang Harmonic Hardware Products Co. Ltd., Guzhou	26,5	A786
	Greenwood Houseware (Zhuhai) Ltd, Guangdong	22,7	A953
	All other companies	42,3	A999

3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

*Article 2*

The anti-dumping proceeding concerning imports of ironing boards originating in Ukraine is hereby terminated and anti-dumping measures imposed on Ukraine by Regulation (EC) No 452/2007 are herewith repealed.

*Article 3*

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*