



EUROPEAN COMMISSION

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Proposal for a

**COUNCIL IMPLEMENTING REGULATION**

**extending the definitive anti-dumping duty imposed by Council Implementing Regulation (EU) No 791/2011 on imports of certain open mesh fabrics of glass fibres originating in the People's Republic of China to imports of certain open mesh fabrics of glass fibres consigned from Malaysia, whether declared as originating in Malaysia or not**

## **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 ('the basic Regulation') in the investigation of possible circumvention of the anti-dumping measures imposed by Council Implementing Regulation (EU) No 791/2011 on imports of certain open mesh fabrics of glass fibres originating in the People's Republic of China ('the PRC') by imports consigned from Malaysia.

#### **General context**

This proposal is made in the context of the implementation of the basic Regulation and is the result of an investigation which was carried out in line with the substantive and procedural requirements laid out in the basic Regulation and in particular Article 13 thereof.

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

The measures currently in force were imposed by Council Implementing Regulation (EU) No 791/2011 imposing a definitive anti-dumping duty on imports of open mesh fabrics of glass fibres originating in the People's Republic of China.

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

Not applicable.

### **2. RESULTS OF CONSULTATIONS WITH THE 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 exhaustive list of conditions that have to be assessed.

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

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

On 10 November 2011 the Commission, by Regulation (EU) No 1135/2011, initiated an investigation concerning the possible circumvention of anti-dumping measures imposed by Council Implementing Regulation (EU) No 791/2011 on imports of certain open mesh fabrics of glass fibres originating in the PRC by imports consigned from Malaysia, whether declared as originating in Malaysia or not.

The Commission has received a request pursuant to Articles 13(3) and 14(5) of the basic Regulation which contained sufficient prima facie evidence that the anti-dumping measures on imports of certain open mesh fabrics of glass fibres were being circumvented by means of transshipment via Malaysia.

The request was lodged on 27 September 2011 by Saint Gobain Adfors CZ s.r.o., Tolnatek Fonalfeldolgozo es Muszakiszovet-gyarto Bt., Valmieras "Stikla Skiedra" AS and Vitruvan Technical Textiles GmbH, four Union producers of certain open mesh fabrics of glass fibres.

The attached proposal for a Council Implementing Regulation is based on the findings of the investigation, which has confirmed that transshipment of certain Chinese-origin open mesh fabrics of glass fibres was taking place via Malaysia and that all other criteria for the establishment of circumvention as set out in Article 13(1) of the basic Regulation are met.

It is therefore proposed to extend the anti-dumping measures in force on certain open mesh fabrics of glass fibres originating in the PRC to imports of the same product consigned from Malaysia. The duty corresponds to the country-wide duty on imports of certain open mesh fabrics of glass fibres from the PRC (62,9%). The duty shall be levied from the date of initiation of the investigation.

Three cooperating producers in Malaysia requested exemption from the possible extended measures. For these three companies which did not fully cooperate and who were found to be engaged in circumvention practices, it is proposed to deny exemptions.

The relevant Council Regulation should be published in the *Official Journal of the European Union* no later than 9 August 2012.

#### **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 and in particular Article 13 thereof.

#### **Subsidiarity principle**

The proposal falls under the exclusive competence of the 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 the 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 above-mentioned basic Regulation does not provide for alternative options.

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

The proposal has no implication for the Union budget.

Proposal for a

## COUNCIL IMPLEMENTING REGULATION

**extending the definitive anti-dumping duty imposed by Council Implementing Regulation (EU) No 791/2011 on imports of certain open mesh fabrics of glass fibres originating in the People's Republic of China to imports of certain open mesh fabrics of glass fibres consigned from Malaysia, whether declared as originating in Malaysia or not**

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>1</sup> (‘the basic Regulation’), and in particular Article 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

### 1. PROCEDURE

#### 1.1. Existing measures

(1) By Regulation (EU) No 791/2011<sup>2</sup>, (‘the original Regulation’), the Council imposed a definitive anti-dumping duty of 62,9% on imports of certain open mesh fabrics of glass fibres originating in the People’s Republic of China (‘the PRC’) for all other companies than the ones mentioned in Article 1(2) and Annex 1 of that Regulation. These measures will hereinafter be referred to as ‘the measures in force’ and the investigation that led to the measures imposed by the original Regulation will be hereinafter referred to as ‘the original investigation’.

#### 1.2. Request

(2) On 27 September 2011, the European Commission (‘the Commission’) received a request pursuant to Article 13(3) and 14(5) of the basic Regulation to investigate the possible circumvention of the anti-dumping measures imposed on imports of certain open mesh fabrics of glass fibres originating in the PRC and to make imports of certain open mesh fabrics of glass fibres consigned from Malaysia, whether declared as originating in Malaysia or not, subject to registration.

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<sup>1</sup> OJ L 343, 22.12.2009, p. 51.

<sup>2</sup> OJ L 204, 9.8.2011, p. 1.

- (3) The request was lodged by Saint-Gobain Adfors CZ s.r.o., Tolnatek Fonalfeldolgozes Muszakiszovet-gyarto Bt., Valmieras "Stikla Skiedra" AS and Vitrolan Technical Textiles GmbH, four Union producers of certain open mesh fabrics of glass fibres.
- (4) The request contained sufficient *prima facie* evidence that following the imposition of the measures in force, a significant change in the pattern of trade involving exports from the PRC and Malaysia to the Union occurred, for which there was insufficient due cause or economic justification other than the imposition of the measures in force. This change in the pattern of trade stemmed allegedly from the transshipment of certain open mesh fabrics of glass fibres originating in the PRC via Malaysia.
- (5) Furthermore, the evidence pointed to the fact that the remedial effects of the measures in force were being undermined both in terms of quantity and price. The evidence showed that these increased imports from Malaysia were made at prices below the non-injurious price established in the original investigation.
- (6) Finally, there was evidence that prices of certain open mesh fabrics of glass fibres consigned from Malaysia were dumped in relation to the normal value established for the like product during the original investigation.

### 1.3. Initiation

- (7) Having determined, after consulting the Advisory Committee, that sufficient *prima facie* evidence existed for the initiation of an investigation pursuant to Articles 13(3) and 14(5) of the basic Regulation, the Commission, initiated an investigation by Commission Regulation (EU) No 1135/2011<sup>3</sup> ('the initiating Regulation'). Pursuant to Articles 13(3) and 14(5) of the basic Regulation, the Commission, by the initiating Regulation, also directed the customs authorities to register imports of certain open mesh fabrics of glass fibres consigned from Malaysia.

### 1.4. Investigation

- (8) The Commission officially advised the authorities of the PRC and Malaysia, the exporting producers in those countries, the importers in the Union known to be concerned and the Union industry of the initiation of the investigation. Questionnaires were sent to the producers/exporters in the PRC and Malaysia known to the Commission or which made themselves known within the deadlines specified in recital 14 of the initiating Regulation. Questionnaires were also sent to importers in the Union. 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 initiating Regulation.
- (9) Three exporting producers in Malaysia, and three unrelated importers in the Union made themselves known and submitted replies to the questionnaires.
- (10) The following exporting producers submitted replies to the questionnaires and verification visits were subsequently carried out at their premises.

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<sup>3</sup> OJ L 292, 10.11.2011, p. 4.

*Exporting producers in Malaysia:*

- GFTex Fiberglass Manufacturer Sdn Bhd, Selangor,
- Gold Fiberglass Sdn. Bhd, Selangor, and
- GRI Fiberglass Industries, Selangor.

1.5. Investigation Period

- (11) The investigation period covered the period from 1 January 2008 to 30 September 2011 ('the IP'). Data were collected for the IP to investigate, *inter alia*, the alleged change in the pattern of trade. More detailed data were collected for the reporting period 1 October 2010 to 30 September 2011 ('the RP') in order to examine the possible undermining of the remedial effect of the measures in force and existence of dumping.

2. RESULTS OF THE INVESTIGATION

2.1. General considerations

- (12) In accordance with Article 13(1) of the basic Regulation, the assessment of the existence of circumvention was made by analysing successively whether there was a change in the pattern of trade between the PRC, Malaysia and the Union; if this change stemmed from a practice, process or work for which there was insufficient due cause or economic justification other than the imposition of the duty; if there was evidence of injury or that the remedial effects of the duty were being undermined in terms of the prices and/or quantities of the like product; and whether there was evidence of dumping in relation to the normal values previously established for the like product, if necessary in accordance with the provisions of Article 2 of the basic Regulation.

2.2. Product concerned and the product under investigation

- (13) The product concerned is as defined in the original investigation: Open mesh fabrics of glass fibres, of a cell size of more than 1,8 mm both in length and in width and weighing more than 35 g/m<sup>2</sup>, excluding fibreglass discs, originating in the People's Republic of China, currently falling within CN codes ex 7019 51 00, and ex 7019 59 00.
- (14) The product under investigation is the same as that defined in the previous recital, but consigned from Malaysia, whether declared as originating in Malaysia or not.
- (15) The investigation showed that open mesh fabrics of glass fibres, as defined above, exported from the PRC to the Union and those consigned from Malaysia to the Union have the same basic physical and technical characteristics and have the same uses, and are therefore to be considered as like products within the meaning of Article 1(4) of the basic Regulation

### 2.3. Degree of cooperation and determination of the trade volumes

#### Malaysia

- (16) As stated in recital (10), three exporting producers in Malaysia submitted questionnaire replies.
- (17) On the spot verification visits were subsequently carried out to these three exporting producers.
- (18) The three Malaysian exporting producers covered 75% of the total exports of the product under investigation from Malaysia to the Union in the RP as reported in COMEXT<sup>4</sup>. The overall export volumes were based on COMEXT.
- (19) One of the three Malaysian exporting producers, following the first day of the verification visit, ceased cooperation therefore Article 18 of the basic Regulation was applied.
- (20) For the other two companies the application of Article 18(1) of the basic Regulation was also found to be warranted for the reasons explained in recitals (34) and (52) to (59) below.

#### People's Republic of China

- (21) There was no cooperation from the Chinese exporting producers. Therefore, findings in respect of imports of certain open mesh fabrics of glass fibres from PRC into the Union and exports of the product concerned from the PRC to Malaysia had to be made partially on the basis of facts available in accordance with Article 18(1) of the basic Regulation. COMEXT data was used to determine overall import volumes from the PRC to the Union. Chinese and Malaysian national statistics were used for the determination of the overall exports from the PRC to Malaysia. Data were also cross-checked with detailed import and export data that were provided by the customs authorities of Malaysia.
- (22) The import volume recorded in Malaysian and Chinese statistics covered a larger product group than the product concerned or the product under investigation. However, in view of COMEXT data and the data provided by the three Malaysian exporting producers, it could be established that a significant part of this import volume covered the product concerned. Accordingly, these data could be used to establish a change in the pattern of trade.

### 2.4. Change in the pattern of trade

#### *Imports of certain open mesh fabrics of glass fibres into the Union*

- (23) Imports of the product concerned from the PRC to the Union dropped dramatically subsequent to the imposition of the provisional measures in February 2011<sup>5</sup>]and of the definitive measures in August 2011 (the original Regulation).

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<sup>4</sup> COMEXT is a database on Foreign Trade Statistics managed by EUROSTAT.

<sup>5</sup> OJ L 43, 17.2.2011, p. 9.

- (24) On the other hand, total exports of the product under investigation from Malaysia to the Union increased significantly in 2011. Based on COMEXT, exports from Malaysia to the Union increased sharply in the last year whereas they were at insignificant levels in previous years. The trend is also confirmed by the corresponding Malaysian statistics with regard to exports of open mesh fabrics of glass fibres to the Union from Malaysia.
- (25) Table 1 shows import quantities of certain open mesh fabrics of glass fibres from the PRC and Malaysia into the Union from 1 January 2008 to 30 September 2011.

Import volumes in millions of m <sup>2</sup> .	2008	2009	2010	1/10/2010 – 30/9/2011
<b>PRC</b>	307,82	294,98	383,76	282,03
<b>Malaysia</b>	0,02	0,04	0,02	76,10

Source: COMEXT statistics

- (26) The data above clearly show that imports from Malaysia into the Union were at negligible levels for the period from 2008 to 2010. However, in 2011, following the imposition of the measures, the imports surged suddenly and to some extent replaced the exports from the PRC on the Union market in terms of volume. Moreover, since the imposition of the measures in force, the decrease of the exports from PRC to the Union has been significant (26%).

*Exports from the PRC to Malaysia*

- (27) A dramatic increase of exports of open mesh fabrics of glass fibres can also be observed from the PRC to Malaysia within the same period. From a relatively small amount in 2008 (4,65 million m<sup>2</sup>) exports increased to 32,78 million m<sup>2</sup> in the RP. The trend is also confirmed by the corresponding Malaysian statistics with regard to imports of open mesh fabrics of glass fibres in Malaysia from the PRC.

*Table 2: Exports of open mesh fabrics of glass fibres from the PRC to Malaysia from 1 January 2008 to 30 September 2011*

	2008	2009	2010	1/10/2010 – 30/9/2011
<b>Quantity (million m<sup>2</sup>)</b>	4,65	5,78	5,94	32,78
<b>Yearly change (%)</b>		24%	2,8%	452%
<b>Index (2008=100)</b>	100	124	128	705

Source: Chinese statistics

- (28) To establish the trend of the trade flow of certain open mesh fabrics of glass fibres from PRC to Malaysia, both Malaysian and Chinese statistics were considered. Both of these data are only available at a higher product group level than the product concerned. However, in view of COMEXT data and the data provided by the three

initially cooperating Malaysian exporters, it could be established that a significant part covered the product concerned. Therefore, these data could be taken into account.

- (29) Tables 1 and 2 above clearly demonstrate that the sharp drop of Chinese exports of open mesh fabrics of glass fibres to the Union was followed by a significant increase of Chinese exports of open mesh fabrics of glass fibres to Malaysia with a subsequent drastic increase of Malaysian exports of open mesh fabrics of glass fibres to the Union in the IP. The investigation revealed also that additional quantities of open mesh fabrics of glass fibres from the PRC to Malaysia were misdeclared at the time of importation to Malaysia under different codes than the ones covered by the investigation. According to the customs import declarations those additional quantities were declared under codes 7019 11 000 and 7019 40 000.

#### *Production volumes in Malaysia*

- (30) The three initially cooperating companies were established between November 2010 and March 2011 and they started production and exports to the Union only after the imposition of the provisional measures in February 2011. Prior to February 2011 there was no production of open mesh fabrics of glass fibres in Malaysia.

#### 2.5. Conclusion on the change in the pattern of trade

- (31) The overall decrease of the exports from the PRC to the Union and the parallel increase of exports from Malaysia to the Union and of exports from the PRC to Malaysia after the imposition of provisional measures in February 2011 and of definitive measures in August 2011 constituted a change in the pattern of trade between the above mentioned countries, on the one hand, and the Union, on the other hand.

#### 2.6. Nature of the circumvention practice

- (32) Article 13(1) of the basic Regulation requires that the change in the pattern of trade stems from a practice, process or work for which there is insufficient due cause or economic justification other than the imposition of the duty. The practice, process or work includes, *inter alia*, the consignment of the product subject to measures via third countries and the assembly of parts by an assembly operation in the Union or a third country. For this purpose the existence of assembly operations is determined in accordance with Article 13(2) of the basic Regulation.

#### *Transshipment*

- (33) Declared exports of the initially cooperating Malaysian companies amounted to some 75% of the total Malaysian exports to the Union. The remaining exports can be attributed to Malaysian producers which have not cooperated with the investigation or to transshipment practices. One of the cooperating importers in the Union had sourced open mesh fabrics of glass fibres from a Malaysian exporter who had not cooperated in this investigation.
- (34) As set out in detail in recitals (52) to (59) below, the three initially cooperating companies were informed on the spot that they might be subject to the application of Article 18 of the basic Regulation as it was found that they had provided misleading information. In particular, evidence suggested that two of the initially cooperating

exporting producers did not disclose the relationship between them. Also, the companies manipulated and altered documents such as bank statements while there are doubts as to whether some of their purchase invoices, and bank payment vouchers are genuine. Also two of them failed to demonstrate the origin of the raw materials used for the production of open mesh fabrics of glass fibres exported to the Union. Finally, based on information obtained by the Malaysian authorities, goods could qualify for the certificate of origin at the time of their export if there is a change in the code classification between the imported raw materials used in the production process and the exported finished goods. Evidence seen during the verification visits suggested that some quantities of open mesh fabrics of glass fibres from the PRC are misdeclared under codes not covered by the investigation at the time of their importation to Malaysia while at the time of their export to the Union they were classified under the two CN codes covered by the investigation. This explains the additional quantities of open mesh fabrics of glass fibres exported from Malaysia to the Union as confirmed by the findings with regard to the change in the pattern of trade as described in recital (29) above.

- (35) The existence of transshipment of Chinese-origin products via Malaysia is therefore confirmed.

*Assembly and/or completion operations*

- (36) As Article 18 of the basic Regulation was applied to all three initially cooperating companies, it could not be established whether they are involved in assembly operations.

2.7. Insufficient due cause or economic justification other than the imposition of the anti-dumping duty

- (37) The investigation did not bring to light any other due cause or economic justification for the transshipment than the avoidance of the measures in force on certain open mesh fabrics of glass fibres originating in the PRC. No elements were found, other than the duty, which could be considered as a compensation for the costs of transshipment, in particular regarding transport and reloading, of the product concerned from the PRC via Malaysia.

2.8. Undermining of the remedial effect of the anti-dumping duty

- (38) To assess whether the imported products had, in terms of quantities and prices, undermined the remedial effects of the measures in force on imports of certain open mesh fabrics of glass fibres originating in the PRC, COMEXT data was used as the best data available concerning quantities and prices of exports by the three initially cooperating exporting producers, where Article 18 of the basic Regulation was applied, and by the non-cooperating companies. The prices so determined were compared to the injury elimination level established for Union producers in recital (74) of the original Regulation.

- (39) The increase of imports from Malaysia to the Union from 20 000 m<sup>2</sup> in 2010 to 76 million m<sup>2</sup> in the period April to September 2011 was considered to be significant in terms of quantities.

(40) The comparison of the injury elimination level as established in the original Regulation and the weighted average export price (adjusted for post importation costs and quality adjustments established in the original investigation) showed significant underselling. It was therefore concluded that the remedial effects of the measures in force are being undermined in terms of both quantities and prices.

### 2.9. Evidence of dumping

(41) Finally, in accordance with Article 13(1) and (2) of the basic Regulation it was examined whether there was evidence of dumping in relation to the normal value previously established for the like products.

(42) In the original Regulation the normal value was established on the basis of prices in Canada, which in that investigation was found to be an appropriate market economy analogue country for the PRC. In line with Article 13(1) of the basic Regulation it was considered appropriate to use the normal value as previously established in the original investigation.

(43) The export prices from Malaysia was based on facts available, i.e. on the average export price of certain open mesh fabrics of glass fibres during the RP as reported in COMEXT. This was due to the application of Article 18 of the basic Regulation to all three initially cooperating exporters, thus their data could not be used to establish the export prices.

(44) For the purpose of a fair comparison between the normal value and the export price, due allowance, in the form of adjustments, was made for differences which affect prices and price comparability in accordance with Article 2(10) of the basic Regulation. Accordingly, adjustments were made for differences in transport, insurance, ancillary expenses, packing costs and bank charges. Taken that Article 18 of the basic Regulation was applied to all three initially cooperating producers, the adjustments had to be established on the best facts available. Thus, the adjustment for these allowances was based on a percentage calculated as the difference between the total CIF value over the total ex-works value of all the transactions provided by the three Malaysian producers in the RP.

(45) In accordance with Articles 2(11) and 2(12) of the basic Regulation, dumping was calculated by comparing the weighted average normal value as established in the original Regulation and the weighted average export prices during this investigation's RP, expressed as a percentage of the CIF price at the Union frontier duty unpaid.

(46) The comparison of the weighted average normal value and the weighted average export price as established showed dumping.

### 3. MEASURES

(47) Given the above, it was concluded that the definitive anti-dumping duty imposed on imports of certain open mesh fabrics of glass fibres originating in the PRC was circumvented by transshipment from Malaysia pursuant to Article 13(1) of the basic Regulation.

(48) In accordance with the first sentence of Article 13(1) of the basic Regulation, the measures in force on imports of the product concerned originating in the PRC, should

be extended to imports of the same product consigned from Malaysia, whether declared as originating in Malaysia or not.

- (49) In light of the non cooperation in this investigation, the measures to be extended should be the measures established in Article 1(2) of Regulation (EU) No 791/2011 for "all other companies", which is a definitive anti-dumping duty of 62,9% applicable to the net, free-at-Union-frontier price, before duty.
- (50) In accordance with Articles 13(3) and 14(5) of the basic Regulation, which provides that any extended measure should apply to imports which entered the Union under registration imposed by the initiating Regulation, duties should be collected on those registered imports of certain open mesh fabrics of glass fibres consigned from Malaysia.

#### 4. REQUESTS FOR EXEMPTION

- (51) The three companies in Malaysia that submitted questionnaire replies requested an exemption from the possible extended measures in accordance with Article 13(4) of the basic Regulation.
- (52) As mentioned in recital (19) one of the companies ceased cooperation following the first day of the verification visit. Even during the one day verification the cooperation was insufficient. In particular, the company failed to provide most of the requested supporting documents like its production sheets, stocks and energy bills. On the other hand, the raw materials kept in the company's plant were at very low levels not justifying the declared production levels while there were not any finished goods stored in the warehouse. In addition, the purchase invoices presented had the same format as a block of invoices with pre-printed numbers found at the company's premises. This resemblance suggested that the company's purchase invoices may not be genuine. Moreover, evidence suggested that the company did not disclose its relationship with another Malaysian exporter that was also cooperating in the investigation. More specifically, documents related to the other Malaysian initially cooperating producer were found at the first company's premises while that relationship was not revealed by those companies.
- (53) In accordance with Article 18(4) of the basic Regulation, the company was informed on the intention to disregard the information submitted by it and was granted a time-limit to provide its comments. The company did not provide any comments, thus in accordance with Article 18(1) of the basic Regulation, findings with regard to this company were based on facts available.
- (54) The cooperation of the second company during the verification visit was insufficient. The company denied on several occasions access to crucial data such as the production and stock record reports. The raw materials kept in the company's plant were at very low levels compared to the declared production levels and the stock of finished goods stored in the warehouse. The company also failed to provide evidence with regard to the origin of the raw materials used for the production of open mesh fabrics of glass fibres exported to the Union.
- (55) In accordance with Article 18(4) of the basic Regulation, the company was informed on the intention to disregard the information submitted by it and was granted a time-limit to provide its comments. In its comments the company claimed that the planned

three days for the verification visit were a short time frame and insufficient for the company to provide all the data and documents requested by the investigation team. The company also admitted that several times it denied access to data to the investigation team while it confirmed that the persons representing the company during the verification visit, most of the time, had to obtain permission from their directors to grant access to data to the investigation team. In addition, the company admitted that the company's representatives had no involvement with the accounts department while it confirmed that its directors did not participate as they claimed to be occupied.

- (56) The company's explanations confirm the conclusion that the company seriously impeded the investigation. The company was informed on the dates of the verification visit well in advance and agreed with them. Despite that exports to the Union is the company's main business, its directors, were not present. During the verification visit there were deliberate and unjustified delays in providing the requested data and documents while the denial of access to data created further delays and impediments in the completion of the verification within the set time frame. Therefore, in accordance with Article 18(1) of the basic Regulation, findings with regard to this company were based on facts available.
- (57) The third company's cooperation during the verification visit was insufficient while it provided misleading information. It was found that the company had manipulated bank statements while it failed to prove that its bank payment vouchers were genuine documents. Its accounting records were considered unreliable as they presented numerous serious discrepancies with regard to their opening and closing balances carried forward. The raw materials stocks were at low levels compared to the declared production levels and the stock of finished goods stored in the warehouse. The company also failed to provide evidence with regard to the origin of the raw materials used for the production of open mesh fabrics of glass fibres exported to the Union. Also evidence suggested that the company had not disclosed its relationship with the first Malaysian exporter as certain documents which belong to the third company were found in the premises of the first company.
- (58) In accordance with Article 18(4) of the basic Regulation, the company was also informed on the intention to disregard the information submitted by it and was granted a time-limit to provide its comments. In its comments the company claimed that it does not have any experience with such kind of verification visits which explains in their view, the deficiencies found. It also claimed that it was cautious with the documents requested and provided to the investigation team in particular with the bank statements and proof of payments as it was not officially informed by the Malaysian authorities of the identity of the investigation team. The company nevertheless admitted that its staff had altered the content of the bank statements but this was allegedly done due to the fact that the company was highly concerned with possible leaks of its documents, sabotage and the confidentiality of its data.
- (59) The additional explanations provided by the company were not such that would lead to change the conclusion that the company had provided misleading information within the course of the investigation. Thus, in accordance with Article 18(1) of the basic Regulation, findings with regard to this company were based on facts available.

- (60) In view of the findings with regard to the change in the pattern of trade and transshipment practices, as set out in recitals (31) and (35) above and taking into account the nature of the misleading information as set out in recitals (52) to (59) above, the exemptions as requested by these three companies could, in accordance with Article 13(4) of the basic Regulation, not be granted.
- (61) Without prejudice to Article 11(3) of the basic Regulation, other producers in Malaysia which did not come forward in this proceeding and did not export the product under investigation to the Union in the RP and which consider lodging a request for an exemption from the extended anti-dumping duty pursuant to Articles 11(4) and 13(4) of the basic Regulation will be required to complete a questionnaire in order to enable the Commission to determine whether an exemption may be warranted. Such exemption may be granted after the assessment of the market situation of the product concerned, production capacity and capacity utilisation, procurement and sales and the likelihood of continuation of practices for which there is insufficient due cause or economic justification and the evidence of dumping. The Commission would normally also carry out an on spot verification visit. The request should be addressed to the Commission forthwith, with all relevant information, in particular any modification in the company's activities linked to the production and sales.
- (62) Where an exemption is warranted, the Commission will, after consultation of the Advisory Committee, propose the amendment of the extended measures in force accordingly. Subsequently, any exemption granted will be monitored to ensure compliance with the conditions set therein.

## 5. DISCLOSURE

- (63) All interested parties were informed of the essential facts and considerations leading to the above conclusions and were invited to comment. The oral and written comments submitted by the parties were considered. None of the arguments presented gave rise to a modification of the definitive findings.
- (64) One cooperating importer asked if consideration could be given to applying different duty rates on registered imports of open mesh fabrics of glass fibres by importers who cooperated in the proceeding and those who did not. The request was rejected as there is no legal basis in the basic Regulation to support such a distinction.

HAS ADOPTED THIS REGULATION:

### *Article 1*

1. The definitive anti-dumping duty applicable to "all other companies" imposed by Article 1(2) of Regulation (EU) No 791/2011 on imports of open mesh fabrics of glass fibres, of a cell size of more than 1.8 mm both in length and in width and weighing more than 35 g/m<sup>2</sup>, excluding fibreglass discs, originating in the People's Republic of China, is hereby extended to imports of open mesh fabrics of glass fibres, of a cell size of more than 1.8 mm both in length and in width and weighing more than 35 g/m<sup>2</sup>, excluding fibreglass discs, consigned from Malaysia, whether declared as originating in Malaysia or not, currently falling CN codes ex 7019 51 00, and ex 7019 59 00. (TARIC codes 7019 51 00 11 and 7019 59 0011).

2. The duty extended by paragraph 1 of this Article shall be collected on imports consigned from Malaysia, whether declared as originating in Malaysia or not, registered in accordance with Article 2 of Regulation (EU) No 1135/2011 and Articles 13(3) and 14(5) of Regulation (EC) No 1225/2009.

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

#### *Article 2*

1. Requests for exemption from the duty extended by Article 1 shall be made in writing in one of the official languages of the European Union and must be signed by a person authorised to represent the entity requesting the exemption. The request must be sent to the following address:

European Commission  
Directorate-General for Trade  
Directorate H  
Office: N-105 04/92  
1049 Brussels  
Belgium  
Fax (32 2) 295 65 05

2. In accordance with Article 13(4) of Regulation (EC) No 1225/2009 the Commission, after consulting the Advisory Committee, may authorise, by decision, the exemption of imports from companies which do not circumvent the anti-dumping measures imposed by Regulation (EU) No 791/2011, from the duty extended by Article 1.

#### *Article 3*

Customs authorities are hereby directed to discontinue the registration of imports, established in accordance with Article 2 of Regulation (EU) No 1135/2011.

#### *Article 4*

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*