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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 6.1.2009  
COM(2008) 901 final

Proposal for a

**COUNCIL REGULATION**

**imposing a definitive anti-dumping duty on imports of certain iron or steel fasteners  
originating in the People's Republic of China**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

### Context of the proposal

#### Grounds for and objectives of the proposal

This proposal concerns the application of Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community, as last amended by Council Regulation (EC) No 2117/2005 of 21 December 2005 ('the basic Regulation') in the proceedings concerning imports of certain iron or steel fasteners originating in the People's Republic of China.

#### 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.

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

Not applicable

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

Not applicable.

### Consultation of interested parties and impact assessment

#### Consultation of interested parties

Interested parties concerned by the proceeding have already 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.

### Legal elements of the proposal

#### Summary of the proposed action

On 9 November 2007, the Commission opened an anti-dumping proceeding pursuant to Article 5 of the basic Regulation.

The investigation concluded that there was injurious dumping during the investigation period and that it was not against the Community interest to impose measures.

It is therefore proposed that the Council adopt the attached proposal for a Regulation.

#### Legal basis

Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community, as last amended by Council Regulation (EC) No 2117/2005 of 21 December 2005.

#### Subsidiarity principle

The proposal falls under the exclusive competence of the Community. 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 aforementioned basic Regulation and leaves no scope for national decision.

Indication of how financial and administrative burden falling upon the Community, 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(s).

The aforementioned basic Regulation does not provide for alternative options.

#### Budgetary implication

The proposal has no implication for the Community budget.

Proposal for a

## COUNCIL REGULATION

### **imposing a definitive anti-dumping duty on imports of certain iron or steel fasteners originating in the People's Republic of China**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community<sup>1</sup> ('the basic Regulation'), and in particular Article 9 thereof,

Having regard to the proposal submitted by the Commission after having consulted the Advisory Committee,

Whereas:

#### **A. PROCEDURE**

##### **1. Initiation**

- (1) On 26 September 2007, the Commission received a complaint lodged pursuant to Article 5 of Council Regulation (EC) No 384/96 on protection against dumped imports from countries not members of the European Community<sup>2</sup> ('the basic Regulation') by the European Industrial Fasteners Institute (EIFI, 'the complainant') on behalf of producers representing a major proportion, in this case more than 25%, of the total Community production of certain iron or steel fasteners.
- (2) This complaint contained evidence of dumping of certain iron or steel fasteners from the People's Republic of China ('PRC') and of material injury resulting therefrom, which was considered sufficient to justify the opening of a proceeding.
- (3) On 9 November 2007, the proceeding was initiated by the publication of a notice of initiation<sup>3</sup> in the *Official Journal of the European Union* (the 'Notice of Initiation').

##### **2. Non-imposition of Provisional measures**

- (4) Given the need to further examine certain aspects of the investigation, it was decided to continue the investigation without the imposition of provisional measures on imports of certain iron or steel fasteners from the PRC.

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<sup>1</sup> OJ L 56, 6.3.1996, p. 1.

<sup>2</sup> OJ L 56, 6.3.1996, p. 1.

<sup>3</sup> OJ C 267, 9.11.2007, p. 31.

- (5) On 4 August 2008, all interested parties were provided with an information document detailing the preliminary findings of the investigation at that stage of the investigation ("the information document") and inviting the parties to comment on those findings.
- (6) Subsequent to that date, the investigation was continued with regard to, *inter alia*, Community interest aspects and a detailed analysis of the product scope/product comparability carried out, as it had been disputed by various interested parties.

### **3. Parties concerned by the proceeding**

- (7) The complainant Community producers, other Community producers, the exporting producers, the importers, users, associations known to be concerned and representatives of the government of the PRC were officially advised of the initiation of the proceeding. Interested parties were given an opportunity to make their views known in writing and to request a hearing within the time limit set in the notice of initiation.
- (8) A number of interested parties made their views known in writing, in particular concerning the choice of analogue country, the type and quality differences between Chinese fasteners and those produced and sold by the Community producers, standing of the complainants and injury and Community interest aspects. Moreover, all interested parties who so requested and showed that there were particular reasons why they should be heard, were granted a hearing.
- (9) All interested parties (Community producers, Community importers and Chinese exporting producers) that had made submissions regarding the product scope attended an adversarial meeting organised in accordance with Article 6(6) of the basic Regulation under the auspices of the Hearing Officer on 18 September 2008 ('adversarial meeting').
- (10) Given the large number of known exporting producers in the PRC, as well as the large number of known Community producers and importers, sampling for the determination of dumping and injury was provided for in the Notice of Initiation, in accordance with Article 17 of the basic Regulation.

### **4. Sampling**

#### *4.1. Sampling of exporting producers in the PRC*

- (11) As stated above, in view of the large number of exporting producers in the PRC, sampling was proposed in the Notice of Initiation in accordance with Article 17(1) of the basic Regulation.
- (12) In order to enable the Commission to decide whether sampling would be necessary and, if so, to select a sample, exporting producers were requested to make themselves known within 15 days from the date of the initiation of the investigation and to provide basic information on their exports and domestic sales, and the names and activities of all their related companies involved in the production and/or selling of the product concerned. The authorities in the PRC were also consulted.
- (13) A total of 120 companies or groups of companies in the PRC came forward and provided the requested information within the given deadline. However, it appeared

from the data provided that some of these companies or groups did not produce fasteners themselves and some reported exports to the Community of fasteners produced by related companies. Those companies or groups that produced and exported the product concerned to the Community during the investigation period and expressed a wish to be included in the sample were considered as cooperating companies and were taken into account in the selection of the sample. These companies accounted for 110 out of the total of 120 companies or groups that made themselves known after initiation.

- (14) Exporting producers which did not make themselves known within the aforesaid period were considered as not cooperating with the investigation.
- (15) According to Article 17(1) of the basic Regulation, the exporters with the largest exported volume to the Community were selected so as to achieve the largest representative volume of exports which could reasonably be investigated within the time available.
- (16) On this basis, a sample of nine Chinese exporting producers or groups was selected. The selected companies represented 61% of the exports, by the cooperating companies, of the product concerned to the Community, and 39% of the total exports from the PRC.
- (17) In accordance with Article 17(2) of the basic Regulation, the cooperating exporting producers and the authorities of the PRC were given an opportunity to comment on the selection of the sample.
- (18) A number of Chinese exporters argued that they should have been included in the sample because of particular circumstances regarding their companies, such as the fact that they manufactured specific product types allegedly not produced by the companies selected for the sample. However, the types of the iron or steel fasteners manufactured by exporters were not part of the criteria used to select the sample. As stated in recital (15) above, the criterion used was the exporters with the largest exported volume to the Community. This is in line with the requirements of Article 17(1) of the basic Regulation.
- (19) Questionnaires were sent for completion to the sampled companies and replies from all of them were received within the given deadlines.
- (20) Five companies not selected in the sample submitted replies to the questionnaire with a view to requesting individual examination in application of Articles 9(6) and 17(3) of the basic Regulation. Four of these requests were accepted. Since the other company did not produce the product concerned itself, its request was refused.
- (21) Following the definitive disclosure, one exporter argued that the companies which were individually investigated should be counted as part of the sample for the application of article 9(5) of the basic Regulation. Another exporter argued that the Commission should have enlarged the original sample, rather than accepting requests for individual examination under article 17(3). In this respect, it should be noted that the sample is still considered sufficiently representative. Even after four of the sampled companies failed to cooperate, as mentioned in recital (62), the remaining sampled companies represented 54% of the total exports by cooperating companies of

the product concerned to the Community. Moreover, it is considered appropriate, for reasons of objectivity and transparency, to select a sample at the beginning of the proceeding, and maintain it throughout the proceeding unless there are grounds to consider that this sample is no longer representative. Finally, for the same reasons the sampling exercise should be considered as distinct and separate from the granting of individual examination under article 17(3) of the basic Regulation.

#### *4.2. Sampling of Community producers*

- (22) As stated above, in view of the large number of producers in the Community, sampling was proposed in the Notice of Initiation in accordance with Article 17(1) of the basic Regulation.
- (23) In order to enable the Commission to decide whether sampling would be necessary and if so to select a sample, Community producers were requested to make themselves known within 15 days from the date of the initiation of the investigation and to provide basic information on their production and sales, and the names and activities of all their related companies involved in the production and/or selling of the product concerned.
- (24) A total of 46 Community producers that produced the product concerned in the Community during the investigation period and expressed a wish to be included in the sample within the aforesaid period were considered as cooperating companies and were taken into account in the selection of the sample.
- (25) These Community producers represented over 30% of the estimated production in the Community in 2006. These producers are considered to constitute the Community industry as mentioned in recital (114) below.
- (26) The issue of the standing of the Community industry was questioned by some importers in the Community and also by some exporting producers. Indeed, certain interested parties provided, after the publication of the Notice of Initiation, lists of Community producers that allegedly had not been consulted as to their support or otherwise for the proceeding. A questionnaire was subsequently sent to all such producers. Moreover, several companies came forward on their own initiative without having received a questionnaire. However, none of the responses received from these producers has reduced the level of standing mentioned in the preceding recital. In fact, many of these companies supported the complaint.
- (27) In accordance with Article 17(1) of the basic Regulation, the Community producers, from among those that constitute the Community industry, with the largest production volume were selected in the sample so as to achieve the largest representative volume of production of the like product produced in the Community which could reasonably be investigated within the time available.
- (28) On this basis, a sample of seven producers was selected. The selected companies accounted for around 70% of the production of the Community industry. After one sampled producer was considered as not cooperating, this percentage decreased to around 65%.



- (29) In accordance with Article 17(2) of the basic Regulation, the cooperating Community producers were given the opportunity to comment on the selection of the sample. No comments were received that warranted changes to the sample.
- (30) Questionnaires were sent for completion to the sampled companies and replies from all of them were received within the given deadlines.

#### *4.3. Sampling of Community importers*

- (31) As stated above, in view of the large number of importers in the Community, sampling was proposed in the Notice of Initiation in accordance with Article 17(1) of the basic Regulation.
- (32) In order to enable the Commission to decide whether sampling would be necessary and if so to select a sample, Community importers were requested to make themselves known within 15 days from the date of the initiation of the investigation and to provide basic information on their imports and sales, and the names and activities of all their related companies involved in the production and/or selling of the product concerned.
- (33) A total of 45 companies or groups of companies in the Community came forward and provided the requested information within the given deadline representing close to 29% of the total imported volume in the Community.
- (34) According to Article 17(1) of the basic Regulation, the Community importers with the largest sales volume were selected so as to achieve the largest representative volume which can reasonably be investigated. Therefore, the 7 largest importers in terms of volumes of sales were selected to be part of the sample. Questionnaires were sent for completion to the sampled companies and replies from all of them were received within the given deadlines.

#### **5. Market Economy Treatment ('MET') and Individual Treatment ('IT')**

- (35) In order to allow exporting producers in the PRC to submit a claim for MET or IT, if they so wished, claim forms were sent to the Chinese exporting producers known to be concerned, to the known associations of exporters and to the authorities of the PRC. 106 exporting producers requested MET pursuant to Article 2(7) of the basic Regulation. All these companies also claimed IT should the investigation establish that they did not meet the conditions for MET. Two other companies claimed only IT. All the nine companies selected in the sample claimed MET and IT.

#### **6. Questionnaires and verification visits**

- (36) Questionnaires were sent to the sampled exporting producers in the PRC and the four exporting producers in the PRC who requested and were granted individual examination, the sampled Community producers and importers as well as to users in the Community. Replies were received from all 9 sampled exporting producers in the PRC, the 4 exporting producers granted individual examination, one exporter in the PRC not selected in the sample who requested but was eventually refused individual examination as mentioned in recital (20) above, 7 sampled Community producers, 7 sampled unrelated importers, 3 users, and 2 producers in the analogue country, India.

(37) The Commission sought and verified all the information deemed necessary for a determination of dumping, resulting injury and Community interest and carried out verifications at the premises of the following companies:

(a) Community producers

- *A. Agrati SpA, Milano, (Italy)*
- *Societa Bulloneria Europea SpA, Monfalcone and Reggio Emilia, (Italy)*
- *Fontana Luigi SpA and LOBO SpA, Milano, (Italy)*
- *Finnveden Bulten, AB Göteborg, (Sweden)*
- *Srubex Fabryca Lancut S.A, Lancut, (Poland)*
- *Growermetal SRL, Lecco, (Italy)*
- *Invitea SpA, Milano, (Italy)*

(b) Exporting producers and their related companies in the PRC

- *Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co. Ltd., Changshu*
- *Zhangjiagang City Jinli Standard Fastener Co. Ltd., Zhangjiagang, and*
- *Ningbo Yonghong Fasteners Co., Ltd., Ningbo*
- *Ningbo Jinding Fastening Piece Co., Ltd., Ningbo*
- *Kunshan Chenghe Standard Component Co., Ltd., Kunshan*
- *Pol Shin Fastener (ZheJiang) Co., Ltd., Jiashan*
- *Biao Wu Tensile Fasteners Co., Ltd and Shanghai Prime Machinery Co., Ltd. , Shanghai*
- *Zhejiang Zhapu Industrial Co., Ltd, Jiaxing Washan Fasteners Co., Ltd and Zhejiang WB Auto Fasteners Co., Ltd, Jiaxing*
- *Eastport Fastener Manufacturing Co., Ltd, Ningbo*
- *CELO Suzhou Precision Fasteners Co., Ltd, Taicang*
- *Golden Horse (Dong Guan) Metal Manufactory Co., Ltd, Dongguan City*
- *Yantai Agrati Fasteners Co., Ltd, Yantai*
- *Zhejiang Guanglong Hardware and Plastic Co., Ltd, and Zhejiang Guanglong Plating Machinery & Product Co., Ltd, Anji*

(c) Related companies in the Community

- *Celo S.A., Barcelona, Spain*
- (d) Related company in Taiwan
  - *Sunny Corp., Taipei*
- (e) Unrelated importers in the Community
  - *Adolf Würth GmbH, Kunzelsau, Germany*
  - *Chaves Bilbao, S.A., Larrabetzu, Spain*
  - *FM Bulloneria Viterie SpA, Reggio Emilia, Italy*
  - *F. Reyher Nchfg. GmbH &CO KG, Hamburg, Germany*
  - *Hexstone Ltd t/a Owlett Jatou, Stone, UK*
  - *VIPA SpA, Reggio Emilia, Italy*
- (38) In view of the need to establish a normal value for exporting producers in the PRC to which MET might not be granted, a verification to establish normal value on the basis of data from the analogue country (India) took place at the premises of the following companies:
  - (f) Producers in the analogue country, India
    - *Pooja Forge Ltd., Faridabad*
    - *Mohindra Fasteners Ltd, New Delhi*

## **7. Investigation period**

- (39) The investigation of dumping and injury covered the period from 1 October 2006 to 30 September 2007 ('investigation period' or 'IP'). With respect to the trends relevant for the injury assessment, data covering the period from 1 January 2003 to the end of the investigation period ('period considered') was analysed.

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

### **1. Product concerned**

- (40) The product concerned is certain iron or steel fasteners, other than of stainless steel, i.e. wood screws (excluding coach screws), self-tapping screws, other screws and bolts with heads (whether or not with their nuts or washers, but excluding screws turned from bars, rods, profiles or wire, of solid section, of a shank thickness not exceeding 6 mm and excluding screws and bolts for fixing railway track construction material), and washers, originating in the People's Republic of China (all together hereinafter referred to as 'fasteners' or 'product concerned').
- (41) The product concerned is normally declared within CN codes 7318 12 90, 7318 14 91, 7318 14 99, 7318 15 59, 7318 15 69, 7318 15 81, 7318 15 89, ex 7318 15 90, ex 7318 21 00 and ex 7318 22 00.

- (42) Fasteners are used to mechanically join two or more elements in construction, engineering, etc and are used in a wide variety of industrial sectors, as well as by consumers. Based on their basic physical and technical characteristics and end uses, all fasteners are considered to constitute a single product for the purpose of the proceeding. Within the same national or international standards, fasteners should comply with the same basic physical and technical characteristics including notably strength, tolerance, finishing and coating.
- (43) During the investigation, and in particular at the adversarial meeting, a number of importers or exporting producers in the PRC argued that some types of screws, washers, or bolts with low resistance grades should be excluded from the product scope of the investigation, on the grounds that they are neither being produced by the Community industry nor similar to the typical products of the Community industry. In this respect, the investigation found that there is significant production by the Community industry of the same or similar types of fasteners. Moreover, the basic Regulation does not require that exported products be identical in all respects in order to be considered as a single product for the purpose of the investigation. These arguments had therefore to be dismissed.
- (44) One Community distributor, in particular, argued that wood screws should be excluded from the scope of the investigation as allegedly they i) were not manufactured in large quantities by the Community industry, and ii) those Community producers who specialise in wood screws were not in support of the proceeding. However, the investigation has shown that there is significant production of wood screws among Community producers, including some of those supporting the proceeding. Moreover, it is recalled that the minimum level of support stipulated in the basic Regulation is not required for each product type, and that this cannot serve as a basis for defining the product scope of the investigation. Therefore, the arguments above had to be dismissed.
- (45) Another Community distributor argued that fasteners destined for the do-it-yourself ('DIY') market segment should be excluded from the scope of the investigation as allegedly they were not substitutable with fasteners produced by the Community industry, and are the product of a separate 'industry branch'. Following the disclosure, this distributor requested and was granted an additional hearing, during which they reiterated their arguments that DIY fasteners can clearly be separated from the other products, and that they are of no interest to the Community industry. Firstly, it should be noted that DIY fasteners are not fundamentally different from other fasteners destined for a more professional use, and fasteners used in DIY, professional or industrial uses are to some extent overlapping categories. The same distributor described some of the typical characteristics of the so-called DIY fasteners, such as packaging, resistance, markings or coating and argued that on this basis, fasteners for the DIY segment of the market could be distinguished from fasteners intended for use in other segments. However, it was considered that those characteristics were not sufficient to draw a clear line distinguishing the fasteners destined for the DIY market segment, from other types of fasteners. Finally, during the investigation and in particular the adversarial meeting, the representatives of the Community industry also provided examples of Community companies which are producing screws and standard fasteners, in which the so-called DIY fasteners should be included. It has also been ascertained that the remaining Community producers have the technical capacity

to produce those fasteners if the market conditions so allowed. The arguments of this distributor had therefore to be dismissed.

- (46) A Community producer of anchors imported, from the PRC, nail-screws used in the production of anchors and argued that, to the best of their knowledge, there is no production capacity of those nail-screws in the Community. They further claimed that nail-screws should not be included in the product scope as they cannot be used as a normal screw. However, the investigation has shown that nail-screws share the same basic physical characteristics as other fasteners and are also being produced by the Community industry. These findings have not been disputed by the company in question. Accordingly, there were no reasons to exclude these products from the product scope.
- (47) Two Community producers argued that fasteners without heads, and "female" fasteners should be included in the scope of the investigation, on the grounds they have similar physical characteristics to those of the product concerned, and are also subject to injury from imports originating in the PRC. In this respect, it should be pointed out that those products were not included in the scope of the complaint mentioned in recital (1) and that, as a consequence, there is no information about these products in the investigation file. Therefore, it is not possible to accept at this stage such changes to the product scope of the investigation.

## **2. Like product**

- (48) A number of parties claimed that the fasteners manufactured in the PRC for export to the Community were not comparable to those manufactured by the Community industry, and that the latter are used in applications which differed from fasteners produced in the PRC, thus not being in direct competition with them. In particular, they claimed that the majority of fasteners produced in the PRC i) are standard products (mainly ranging between 4.8 and 8.8 class of resistance) having no special characteristics regarding raw material, resistance, coating, or certification/safety related aspects; ii) they are destined for lower-end applications (non-professional use and general distribution) as opposed to high tech applications; and iii) they do not meet the strict requirements of specific end-users such as the automotive, chemical or aerospace industry. Those claims were stated in a number of written submissions and in the adversarial meeting. They were also stated in a written submission received from the PRC authorities.
- (49) Some importers and their associations also claimed, during the adversarial meeting, that fasteners manufactured in the PRC were sold at consistently lower price levels compared to those produced by the Community industry, and that this demonstrated that the Chinese and Community-produced fasteners were destined for different applications. Also to support their claim, they noted that the Community industry had been able to increase the volume of its sales and the average unit selling price, even though the imports from the PRC had increased significantly during the same period.
- (50) In that respect it is recalled that during the adversarial meeting it was recognised by all parties that there is an important distinction in the fasteners industry between standard and so-called 'special' fasteners. Standard products are described in detail by industry standards such as, for example, Deutsches Institut für Normung ('DIN') or German Institute for Standardisation standards. These standards ensure that the products

manufactured by different suppliers in different countries are essentially interchangeable from a user point of view. Special fasteners, on the other hand, conform to a particular user's design and/or requirements. It is also generally recognised that special fasteners tend to be used in more demanding applications such as the automotive, chemical and other industries and are, on average, significantly more expensive to produce and sell than standard fasteners.

- (51) Although the distinction between standard and special fasteners was not originally part of the product type classification (product control numbers or 'PCN') used in the investigation, it was decided after the adversarial meeting that it should be added to the product characteristics being considered for the dumping and injury margin calculations. Given that the vast majority of the exports of the product concerned by the investigated companies were of standard products, this means that in most cases the comparison made are between standard products produced in the PRC, the analogue country and the Community.
- (52) The submission from the PRC authorities mentioned in recital (48) enclosed an analysis report detailing alleged quality differences between fasteners of a given standard (DIN 933 is used as an example) manufactured in the Community and the PRC. This analysis took into account variations in geometry, hardness and chemical composition. It was claimed that, although both products tested conformed to the DIN standard, the Community-produced fasteners had a greater consistency, i. e. less variation with respect to all parameters analysed, than the PRC-produced fasteners. On this basis, the PRC authorities concluded that the Community-produced product, given its superior quality, could be compared to the PRC product. In that respect, it should be noted that the purpose of DIN and other widely accepted standards is to ensure that products satisfy certain essential user requirements. Any residual variation must be within limits which do not substantially affect the fastener's quality and function. Therefore, a fastener which is marketed as a DIN 933 bolt must be essentially comparable to another fastener marketed under the same standard. Any perceived differences in quality, which may subsist from a user's point of view, can be dealt with through an adjustment for physical differences (see recital (103)) but do not mean that the two products are not comparable.
- (53) In the same submission it was also argued that the fasteners manufactured by the Community industry benefit from superior coating techniques which are not available to manufacturers in the PRC and that therefore those products cannot be considered alike. However, the differences in types of coating have been taken into account by the PCN used in the investigation, and do not imply that the fasteners manufactured by the Community industry and those manufactured in the PRC are not alike within the meaning of Article 1(4) of the basic Regulation. Indeed, this article requires only that the like product has characteristics closely resembling those of the product under consideration. This argument could therefore not be accepted.
- (54) In summary, as far as the alleged differences in physical and technical characteristics are concerned, the investigation showed that despite the wide range of product types on the market, many of the types manufactured in the PRC for export to the Community and those manufactured by the Community industry were largely marketed under similar industry standards. Furthermore, for the purpose of the investigation, price comparisons were made almost exclusively between fasteners of the 'standard' types. In this respect, it is recalled that fasteners manufactured and

classified under the same standards must, in principle, satisfy all requirements in terms of the mechanical properties of the raw material used, form, tolerances etc. While it is recognised that not all types of fasteners can be used for all applications, and that this is particularly the case for 'special' fasteners and high-end applications, it was found that, within the same standard, all types of fasteners were found to be interchangeable for most of the other applications. Moreover, notwithstanding the lower prices observed in the PRC, the European Association of the Iron and Steel Industry ('Eurofer') confirmed that there is no major quality difference between the steel produced in the PRC and the steel produced in the Community when the steel corresponds to a standardised grade. As a result, it is concluded that raw material quality differences do not affect the comparability between fasteners exported from the PRC and those produced and sold in the Community.

- (55) As far as the different price levels are concerned, it is considered that price differences between products *per se* do not justify the conclusion that a certain product type should be considered as a different product. As it has been found that all types of fasteners within the same standard had similar basic characteristics and end-uses, the above argument had to be rejected.
- (56) It was also argued by several importers and exporting producers that the fasteners produced in the analogue country, India, are mostly high-value product types destined for the automotive industry and similar applications, and therefore are not alike to the fasteners exported to the Community by the PRC producers. The investigation has shown, however, that both special and standard products are also produced and sold in India. As explained above those fasteners have been found to have the same basic physical and technical characteristics as products exported from the PRC.
- (57) It is therefore concluded that the fasteners produced and sold by the Community industry in the Community, fasteners produced and sold on the domestic market in the PRC and those produced and sold on the domestic market in India, which served as an analogue country, and fasteners produced in the PRC and sold to the Community are alike within the meaning of Article 1(4) of the basic Regulation.

## C. DUMPING

### 1. Market economy treatment (MET)

- (58) Pursuant to Article 2(7)(b) of the basic Regulation, in anti-dumping investigations concerning imports originating in the PRC, normal value is determined in accordance with paragraphs 1 to 6 of the said Article for those producers which are found to meet the criteria laid down in Article 2(7)(c) of the basic Regulation.
- (59) Briefly, and for ease of reference only, the MET criteria are set out in summarised form below:
- (1) Business decisions and costs are made in response to market conditions and without significant State interference;
  - (2) Firms have one clear set of basic accounting records which are independently audited in line with international accounting standards and are applied for all purposes;

- (3) There are no significant distortions carried over from the former non-market economy system;
- (4) Bankruptcy and property laws guarantee legal certainty and stability; and
- (5) Exchange rate conversions are carried out at market rates.

### *1.1 Sampled companies*

- (60) As mentioned in recital (35), 106 exporting producers, including all the nine sampled companies claimed MET.
- (61) The Commission verified all information submitted in these companies' or groups' MET applications at the premises of the nine sampled companies or groups.
- (62) Of the nine companies or groups inspected for MET, four were deemed to have provided false or misleading information. The four companies or groups concerned were notified of this and given an opportunity to comment in accordance with Article 18 of the basic Regulation. However, no new evidence or information was received from any of the four companies that would prevent the application of Article 18 of the basic Regulation to these companies. Given the application of the said article to these four companies, no MET determination was made.
- (63) All five of the remaining sampled companies or groups were denied MET on the grounds that the costs of the major input, steel wire rod, did not substantially reflect market values, as required by Article 2(7)(c) of the basic Regulation. It was found that the prices of steel wire rod, or in some cases, drawn steel wire, charged on the Chinese market were significantly lower than those charged on other markets, such as Europe, India, North America and Japan<sup>4</sup>. Given that China has to import the majority of its iron ore at international market prices, it is clear that it does not benefit from any natural comparative advantage, which would explain these abnormally low prices of steel wire rod on the Chinese domestic market. At the same time various studies<sup>5</sup>, and even the annual reports of some large steel wire rod producers<sup>6</sup> (which supply producers of fasteners with their raw material, albeit mostly via traders) point to significant State interference in this sector. For instance according to the audited financial statements of the producers referred to above, both of them obtained significant Government subsidies in 2006 and 2007. Moreover, thanks to various tax concessions and grants one of the above companies paid only around 4.5% of tax on its profit of 2.8 billion CNY in 2007 instead of the standard corporate income tax of 33%. One of the reports referred to above, "Money for Metal", summarises the various types and amounts of Government subsidies received by the major Chinese steel producers over the last decade. The same report identifies more than 393 billion CNY

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<sup>4</sup> Source: Steel Bulletin Board and data obtained from and verified at the companies investigated.

<sup>5</sup> For instance "Money for Metal: A detailed Examination of Chinese Government Subsidies to its Steel Industry" by Wiley Rein LLP, July 2007, "China Government Subsidies Survey" by Anne Stevenson-Yang, February 2007, "Shedding Light on Energy Subsidies in China: An Analysis of China's Steel Industry from 2000-2007" by Usha C.V. Haley, "China's Specialty Steel Subsidies: Massive, Pervasive and Illegal" by the Specialty Steel Industry of North America and "The China Syndrome: How Subsidies and Government Intervention Created the World's Largest Steel Industry" by Wiley Rein & Fielding LLP, July 2006.

<sup>6</sup> Annual Reports 2007 of Maanshan Iron & Steel Co., Ltd and Baoshan Iron & Steel Co., Ltd.



in subsidies granted to Chinese steel producers and concludes that this has resulted in artificial growth of China's steel capacity and production at the expense of its international competitors.

- (64) The interested parties were given an opportunity to comment on the above findings.
- (65) Several exporting producers argued that the decision to refuse MET to all sampled companies under Article 2(7)(c) of the basic Regulation, based on distorted raw material costs, was a misinterpretation of this Article, which they claimed should be understood to apply to companies individually, rather than to the sector in general. In addition some companies argued that market values referred to in the said article should be interpreted as market values in the PRC rather than international market values.
- (66) In reply to these arguments, it is noted that Article 2(7)(c) of the basic Regulation requires, *inter alia*, that the costs of major inputs substantially reflect market values. The main input of fasteners, steel wire rod, accounts for around 50% of the cost of manufacturing. Based on data obtained and verified during the investigation as well as from independent market sources, such as the "Steel Bulletin Board", it is undisputable that prices of steel wire rod on the Chinese domestic market are significantly below prices on other markets. Given that the PRC does not benefit from any natural comparative advantage with regard to iron ore, which it imports at international market prices, it is considered that there is no justification for the abnormally low prices of steel wire rod, which do not substantially reflect market values. This conclusion applies equally to the sector as a whole as well as individually to all of the investigated sampled companies. Therefore criterion 1 of Article 2(7)(c) is not considered to be met.
- (67) As regards the interpretation of "market value", "market value" has to be understood as a non-distorted market price. In this regard, as mentioned above, there are several sources and studies which point to State interference in the Chinese steel sector. Moreover, as mentioned above, some of the largest Chinese producers of steel wire rod received various types of subsidies in 2006 and 2007, as evidenced by their audited financial statements. It should also be borne in mind that it is up to the exporting producers to demonstrate that they operate under market economy conditions and that the costs of their major inputs substantially reflect market values. This has not been demonstrated in this case.
- (68) Some exporting producers have also argued that even if there was a price difference between raw material prices on the Chinese domestic market and other international markets, this difference could be explained by quality differences. It is clear however, that even if some quality differences existed, they could not explain the huge price gap found for steel of similar grades used by the Chinese exporting producers and the Community and Indian producers. Moreover, the difference between Chinese prices of steel wire rod and prices on other markets, as apparent from published sources, and referring to the same type of wire rod is very significant; according to data published by the Steel Bulletin Board, Chinese domestic prices of steel wire rod were in the range of 300-350 EUR/MT in the IP whereas prices in North America, Europe and Japan ranged between 400 and 500 EUR/MT for the same quality. Data obtained and verified during the investigation at the sampled exporting producers and Community producers is in line with the above published data. Therefore it is maintained, that,

even if there were any quality differences, these could not explain the huge price difference between raw material prices found on the Chinese domestic market and those charged on other international markets.

- (69) Some exporting producers also argued that any distortions in raw material prices should be dealt with by adjusting the normal value in the dumping calculation rather than denying MET. However, in this case, given the high proportion of steel wire rod in the total cost, it is clear that Article 2(7)(c), which requires, *inter alia*, that the "*costs of major inputs substantially reflect market values*" is not met. Hence, any adjustment in the dumping calculations in order to address the distorted input costs would render Article 2(7)(c) largely meaningless.
- (70) One exporting producer group disputed the conclusion that MET should be refused also because it was found that the Chinese State (with a 47.18% shareholding) was in a position to either significantly influence or block any decisions regarding the company, and submitted evidence in this regard. In particular, it argued that decisions on prices, costs and inputs were taken by the general manager and vice general managers, appointed by the Board of Directors and not by the share-holders. Therefore it claimed that the fact that certain decisions were adopted by the shareholder meeting with a 2/3 majority was irrelevant, as none of those decisions concerned business decisions regarding prices, costs and inputs.
- (71) It is considered that the fact that the Board of Directors, appointed by the controlling shareholder, remained unchanged during the privatisation process casts doubts over the independence of the Board members vis-à-vis the State. It is also noteworthy that the composition of the Board of Directors did not reflect the proportion of shareholding in the group following the privatisation. Therefore it cannot be excluded that business decisions were indirectly influenced by the State and the company was unable to provide any evidence to the contrary.
- (72) Therefore the initial finding that MET should be denied to this group also on this ground is maintained.
- (73) A second exporting producer which was denied MET disputed the Commission's conclusions regarding its accounting standards and distortions carried over from the former non-market economy system and submitted arguments that these findings should not be a basis to deny them MET. These findings have been analysed in detail. As regards the accounting standards, it is still undisputed that the company did not comply with international and Chinese accounting standards with regard to the depreciation of a fixed asset. As regards the distortions carried over from the former non-market economy system linked to the privatisation of the company prior to the IP, the company did not submit any new evidence which would allow the Commission to alter its conclusions as to the privatisation process.
- (74) Therefore the initial finding that MET should be denied to this company on these further two grounds is maintained.
- (75) A third exporting producer argued that the fact that a majority of its capital was controlled through a Trade Union did not imply that the first MET criterion was not fulfilled. However, the company could not demonstrate how the shareholders were able to exert control over the company freely and according to their share capital, as is

the case in a market economy environment. Therefore, State interference cannot be excluded. The same company disputed the finding that it had received financial support from the State on especially favourable conditions, given that its debts to the State carried a certain interest rate which was close to the prevailing market rates. However, not only was the agreed interest rate below market levels, but also the debts to the State had not been serviced in accordance with the agreed schedules. This company also claimed that only Chinese accounting standards should be used as a criterion for granting MET.

- (76) However, Article 2(7)(c) of the basic Regulation requires that companies are audited in line with international accounting standards, as mentioned above. Moreover, this company's accounting practices were also found not to be in line with Chinese accounting regulations. Their claims therefore had to be dismissed.

### *1.2 Companies granted individual examination*

- (77) As mentioned above, four exporting producers not selected in the sample requested and were granted individual examination in accordance with Article 17(3) of the basic Regulation.
- (78) One producer group provided misleading information and thus the provisions of Article 18(1) of the basic Regulation were applied. MET was denied to two of the remaining three companies on the same grounds as described above for the sampled companies, i.e. they did not meet the first MET criterion under Article 2(7)(c) of the basic Regulation as costs of their major input, steel wire, did not substantially reflect international market values. As for the fourth company, MET was denied as this company did not fulfil the second and third MET criteria.
- (79) One of the companies granted individual examination disputed the Commission's finding that MET should be refused to it based on the failure to fulfil the first MET criterion, claiming that steel wire was not a main input in its production process and in addition, part of it had been sourced from sources other than Chinese steel mills. However, this company's costs in the IP were inflated by start-up costs, hence making the proportion of steel wire in the total cost appear less significant than it would be in normal circumstances. As regards the proportion of steel wire sourced from Chinese steel mills, it accounted for the majority of steel wire purchased in the IP. These claims were therefore rejected.

## **2. Individual treatment (IT)**

### *2.1 Sampled companies*

- (80) Pursuant to Article 2(7)(a) of the basic Regulation, a country-wide duty (if any) is established for countries falling under that Article, except in those cases where companies are able to demonstrate, in accordance with Article 9(5) of the basic Regulation, that their export prices and quantities as well as the conditions and terms of sales are freely determined; that exchange rates are carried out at market rates; and that any State interference is not such as to permit circumvention of measures if exporters are given different rates of duty.

- (81) All five exporting producers in the sample which were denied MET also claimed IT in the event that they were not granted MET. On the basis of the information available it was initially found that four of these companies met all of the requirements to be granted IT in accordance with Article 9(5) of the basic Regulation.
- (82) As disclosed to the interested parties in the information document setting out the preliminary findings of the investigation, it was initially intended not to grant IT to the fifth company on the grounds that it could not demonstrate that foreign shareholders were free to repatriate capital and profits, as required by the basic Regulation. Following disclosure of the preliminary findings, however, the company submitted additional explanations, which were confirmed during a hearing with a representative of the foreign shareholder. It is therefore accepted that there were no restrictions to the repatriation of capital and profits, and the company can thus be granted IT.
- (83) It was therefore concluded that of the nine sampled exporting producers in the PRC, IT should be granted to the following ones:
- Ningbo Yonghong Fasteners Co., Ltd.
  - Ningbo Jinding Fastener Co., Ltd.
  - Biao Wu Tensile Fasteners Co., Ltd.
  - Kunshan Chenghe Standard Components Co., Ltd.
  - Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co., Ltd.

#### *2.2 Companies granted individual examination*

- (84) All of the three exporting producers denied MET also claimed IT in the event that they were not granted MET. On the basis of the information available it was found that they met all of the requirements to be granted IT in accordance with Article 9(5) of the basic Regulation.
- (85) It was therefore concluded that IT should be granted to the following three exporting producers in the PRC:
- CELO Suzhou Precision Fasteners Co., Ltd
  - Golden Horse (Dong Guan) Metal Manufactory Co., Ltd
  - Yantai Agrati Fasteners Co., Ltd

### **3. Determination of normal value for the exporting producers in the PRC not granted MET**

#### *3.1 Analogue country*

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

- (87) In the Notice of Initiation, the intention was indicated to use India as an appropriate analogue country for the purpose of establishing normal value for the PRC and interested parties were invited to comment on this.
- (88) Several importers in the Community and exporting producers in the PRC opposed the choice of India, arguing that its product range is not comparable with that of the Chinese exporting producers. Most of those parties suggested using Taiwan instead.
- (89) The Commission actively sought cooperation from known producers of fasteners worldwide, including in Taiwan. However, none of the Taiwanese producers agreed to cooperate. Neither did any other third country producers offer to cooperate in the proceeding. By contrast, two Indian producers agreed to cooperate by replying to the questionnaire intended for producers in the analogue country. The data submitted in their questionnaire replies were verified at the premises of these two companies. However only one of the companies provided sufficiently detailed data to be used as a basis for establishing normal value.
- (90) Following the definitive disclosure, a number of importers and exporters questioned the appropriateness of using the data from the latter Indian producer on the grounds that i) the quantity produced and sold in the Indian domestic market by this producer would allegedly not be representative of the quantity exported from the PRC to the Community and ii) this Indian producer has alleged commercial links with one of the Community producers supporting the complaint. In this respect, it should be noted that i) the sales volume of the Indian producer were considered sufficiently representative to allow for the establishment of reliable normal values and ii) the fact that the analogue country producer has links to a Community producer supporting the complaint does not make the choice of that analogue country unreasonable. It was also noted that these links were established after the IP. Given the above and the absence of cooperation from other third country producers, the choice of India as analogue country was considered reasonable.
- (91) In view of the foregoing, considering the conditions of competition and openness of the Indian market, and the fact that cooperating Indian producer sold product types comparable to those exported by the PRC exporting producers, it was concluded that India was a suitable market economy third country within the meaning of Article 2(7) of the basic Regulation.

### *3.2 Normal value*

- (92) Pursuant to Article 2(7)(a) of the basic Regulation, normal value for the exporting producers not granted MET was established on the basis of verified information received from the producer in the analogue country as set out below.
- (93) It was examined whether each type of the product concerned sold in representative quantities on the Indian domestic market could be considered as being sold in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation. This was done by establishing for each product type the proportion of profitable sales to independent customers on the domestic market during the investigation period.
- (94) 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 price of that type was equal to or above the cost of production, normal value was based on the actual domestic price. This price was calculated as a weighted average of the prices of all domestic sales of that type made during the IP, irrespective of whether these sales were profitable or not.

- (95) 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 cost of production, normal value was based on the actual domestic price, calculated as a weighted average of profitable sales of that type only.
- (96) Depending on the product type, normal value was established based on weighted average sales prices of all sales or weighted average sales prices of profitable sales only, on the domestic market of the analogue country based on the verified data of one producer in that country.
- (97) One of the companies granted individual examination and some importers claimed that the normal value obtained from a single producer in India, which allegedly does not produce similar types of fasteners as the company in question, would not provide for the best basis for a proper comparison. Therefore it suggested that, as provided for by Article 2(7)(a) of the basic regulation, the normal value should be calculated "on any other reasonable basis", in this case on the basis of the exporters' own figures, adjusted for the alleged distortions in raw material costs.
- (98) The above claim was rejected, since it was found that the Indian producer, as mentioned in recital (91), also sold types of fasteners which were comparable to those exported by the PRC exporting producers. In addition, as explained in recital (103) below, appropriate adjustments affecting price comparability were made to the normal value.

### *3.3 Export prices*

- (99) In all cases where the product concerned was exported to independent customers in the Community, the export price was established in accordance with Article 2(8) of the basic Regulation, namely on the basis of export prices actually paid or payable.
- (100) As regards two exporting producers, all or part of their export sales to the Community were made via related companies located in the Community and subsequently resold to unrelated companies in the Community. In these cases the export price was constructed, pursuant to Article 2(9) of the basic Regulation, on the basis of the price at which the imported products were first resold to an independent buyer, duly adjusted for all costs incurred between importation and resale, and profits. The profit margin was established on the basis of the information available from cooperating unrelated importers.

### *3.4. Comparison*

- (101) The normal value and export prices 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.

- (102) The price comparison between the fasteners exported from the PRC and those sold on the Indian market by the Indian cooperating producer was made by distinguishing between standard and special fastener types.
- (103) In addition, based on evidence collected on the spot, the quality control procedures applied by the Indian producer whose data was used for establishing the normal value were more advanced than those observed at the Chinese cooperating exporting producers who produced and exported mainly standard types of fasteners. In these cases an adjustment based on the cost of quality control found at the Indian producer was made to the Indian normal value
- (104) In addition to the above, appropriate adjustments concerning transport, insurance, handling and ancillary costs, packing, credit, and bank charges were granted in all cases where they were found to be reasonable, accurate and supported by verified evidence.

#### 4. Dumping margins

##### *4.1. For the sampled cooperating exporting producers granted IT*

- (105) For the four sampled companies granted IT, dumping margins were established by comparing the weighted average normal value established for the Indian producer who cooperated fully with each company's weighted average export price to the Community, as provided for in Article 2(11) of the basic Regulation.
- (106) The sample average was calculated as a weighted average of the dumping margins of all five co-operating sampled companies, with or without IT, in accordance with Article 9(6) of the basic Regulation.
- (107) The definitive dumping margins, expressed as a percentage of the CIF import price at the Community border, duty unpaid, are the following:

Company	Dumping margin
Biao Wu Tensile Fasteners Co., Ltd.	69,9%
Kunshan Chenghe Standard Components Co., Ltd.	93,2%
Ningbo Jinding Fastener Co., Ltd.	74,5%
Ningbo Yonghong Fasteners Co., Ltd.	105,3%
Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co., Ltd.	63,1%
Cooperating exporting producers not selected to form part of the sample	78,1%

##### *4.2. For the cooperating exporting producers granted individual examination*

- (108) Dumping margins were established as described above, in recital (107).

- (109) The definitive dumping margins, expressed as a percentage of the CIF import price at the Community border, duty unpaid, are the following:

Company	Dumping margin
CELO Suzhou Precision Fasteners Co., Ltd	0,0%
Golden Horse (Dong Guan) Metal Manufactory Co., Ltd	26,5%
Yantai Agrati Fasteners Co., Ltd	0,0%

*4.3 For all other exporting producers*

- (110) In order to calculate the country-wide dumping margin applicable to all other exporters in the PRC, the level of cooperation was first established. The degree of cooperation can be considered low, i.e. approximately 53% of total imports from the PRC. Therefore the dumping margin for the non-cooperating companies was established as an average of the value found from Eurostat data and the highest margins found for product types sold in a representative quantity by the cooperating exporting producer with the highest dumping margin.
- (111) On this basis the country-wide dumping margin amounts to 115,4% of the CIF Community frontier price, duty unpaid.

**D. INJURY**

**1. Community production**

- (112) The investigation established that the like product is manufactured by a high number of producers in the Community, estimated at over 300 mostly small and medium-sized enterprises but including a few larger companies. A majority of Community producers did not make themselves known following the publication of the Notice of Initiation. The complaining producers on whose behalf the complaint was lodged co-operated with the investigation, although one of the companies, selected in the sample, did not provide sufficient information during the on-spot verification to be considered as cooperating. This company was therefore excluded from the data relating to the Community industry. A number of other producers, either supporting or opposing the complaint, supplied general data on their volume of production and sales. Since many producers in the Community, mostly small enterprises, did not cooperate with the investigation, it was not possible to define precisely the total volume of Community production on the basis of individual company data.
- (113) Consequently, the volume of Community production has been estimated by using Eurostat industrial production data. Based on this data, the total Community production in 2006 was found to be 1.431.602. MT.

**2. Definition of the Community industry**

- (114) The production of the Community producers that supported the complaint and fully cooperated in the investigation represents 27,0 % of the production of the product concerned in the Community. It is therefore considered that these companies constitute



the Community industry within the meaning of Articles 4(1) and 5(4) of the basic Regulation.

- (115) It was alleged by some Community importers and exporting producers, and confirmed by the investigation, that a number of the co-operating Community producers, in addition to their own manufacturing facilities in the Community had also imported significant quantities of the product concerned from the PRC for resale on the Community market.
- (116) Moreover, it was argued that three of the co-operating Community producers had partly relocated their production by establishing production sites in the PRC and that, therefore, should be excluded from the standing calculation. However, it was found that the Chinese subsidiaries of these producers were established predominantly to serve the PRC market and the centre of interest of these companies had remained in the Community.
- (117) As far as the volume of imports by the co-operating manufacturers in the Community is concerned, the investigation revealed that some companies imported relatively low quantities of the product concerned originating in the PRC, when compared to the sales of their own production in the Community. Those sales, through related and unrelated companies, were in much lower quantities than what was alleged by the aforementioned parties.
- (118) The investigation revealed that the centre of interest of these companies was undoubtedly in the Community, and that despite their imports from the PRC they should all be considered as part of the Community production.

### 3. Community consumption

- (119) Community consumption in 2006 was established on the basis of the total production volume reported to Eurostat by the Member States authorities, plus imports and minus exports. The apparent consumption was found to be in line with that mentioned in the complaint. Therefore, in the absence of any other information, the data found in the complaint for 2004-2005 were also used. For the years between 2003 and the IP the import and export volumes were based on Eurostat data. For 2003 no data were available and therefore an estimate of the Community consumption and market shares was not possible.
- (120) On the basis of these data, it was found that between 2004 and the IP demand for the product concerned in the Community increased by 29%.

Sources: Eurostat, Comext, complaint	2003	2004	2005	2006	IP
Community consumption (MT)	N/A	1.761.838	1.744.473	2.104.425	2.272.981
<i>Index 2004 = 100</i>	<i>N/A</i>	<i>100</i>	<i>99</i>	<i>119</i>	<i>129</i>

### 4. Imports into the Community from the country concerned

#### 4.1 Volume and market share of imports concerned

- (121) The volume of imports from the PRC was obtained from Eurostat data. In terms of volume and market share, the evolution of imports from the PRC has been the following:

Source : Eurostat	2003	2004	2005	2006	IP
Import volumes from PRC (MT)	216.085	295.227	387.783	485.435	601.887
Index	100	137	179	225	279
Market share PRC	N/A	17%	22%	23%	26%

- (122) While consumption of the product concerned increased by 29% between 2004 and the IP, imports from the PRC rose continuously, by 103% during the same period. Consequently, the market share of the PRC during the period considered increased from 17% to 26% in the same period.

#### 4.2 Prices of imports and undercutting

- (123) The following table shows the development of average import prices from the PRC. Over the period considered, these prices remained fairly stable, with a slight increase until 2005 and a decrease in 2006.

Source : Eurostat	2003	2004	2005	2006	IP
Import prices from the PRC EUR/MT	938,70	968,11	992,56	931,30	958,28
Index	100	103	106	99	102

- (124) Concerning the selling price on the Community market of the product concerned during the IP, a comparison was made between the prices of the sampled Community producers and those of the sampled exporting producers in the PRC. The relevant sales prices of the Community industry were those to independent customers, adjusted where necessary to an ex-works level, i.e. excluding freight costs in the Community and after deduction of discounts and rebates. These prices were compared with the sales prices charged by the Chinese exporting producers net of discounts and adjusted where necessary to CIF Community frontier prices with an appropriate adjustment for the customs clearance costs and post-importation costs. Given that the Community industry sells its production both to distributors and end-users, whereas the Chinese goods are sold via related or unrelated importers and/or traders, an adjustment to the import price was made where appropriate to ensure that the comparison is made at the same level of trade.
- (125) As mentioned above, Community importers and exporting producers submitted that the Chinese products are mostly standard fasteners of basic quality, while the Community industry tends to cater to the most expensive fasteners market segments. Therefore, it was claimed that any price comparisons based on average prices would be misleading. In this respect, it should be noted that the undercutting margin was established on the basis of company data by product type, which takes into consideration the characteristics of the products being compared. In particular, a

similar method was used as the one described in recitals (102) and (103) and standard fasteners, which constitute the vast majority of the Chinese exports, were distinguished from special fastener types.

- (126) The comparison shows that, during the IP, imports of the product concerned were sold in the Community at prices which undercut the Community industry's prices, when expressed as a percentage of the latter, by an average of more than 40 %.

## 5. Situation of the Community industry

- (127) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports from the PRC on the Community industry included an analysis of all economic factors and indices having a bearing on the state of the industry from 2003 to the IP. The analysis of the situation of the Community industry was carried out for the sampled companies as mentioned above, except for production, production capacity, capacity utilisation, sales, market share, employment and productivity, where the figures are for the total Community industry and are based on the information provided by the co-operating Community producers.

### 5.1 Production, production capacity and capacity utilisation

- (128) The evolution of production, production capacity and capacity utilisation for the Community industry was the following:

<b>Total Community Industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Production in volume (MT)	<b>379.354</b>	<b>407.185</b>	<b>371.884</b>	<b>387.057</b>	<b>403.040</b>
<i>Index</i>	<i>100</i>	<i>107</i>	<i>98</i>	<i>102</i>	<i>106</i>
Production Capacity (MT)	<b>712.567</b>	<b>726.171</b>	<b>731.200</b>	<b>742.901</b>	<b>768.689</b>
<i>Index</i>	<i>100</i>	<i>102</i>	<i>102</i>	<i>104</i>	<i>108</i>
Capacity utilisation (%)	<b>53%</b>	<b>56%</b>	<b>51%</b>	<b>52%</b>	<b>52%</b>

- (129) Despite the significant increase in demand of 29% between 2004 and the IP, the Community industry's production volume fluctuated throughout the period considered and was only 6% higher in the IP compared to 2003.
- (130) Production capacity grew only slightly over the period considered, which means that capacity utilisation remained at a very low level of 52 to 53% throughout the period. Some Community importers claimed that the figures regarding production capacities had been overestimated, for example by assuming continuous production (24 hours/365 days) or by underestimating the time necessary to switch the tooling for new production types or by including old equipment. However, capacity was calculated on the basis of 3 shifts on 220 days, with due regard to the production bottlenecks which in most cases were found to be in the heat treatment line. The number of cold forging machines available has been verified, and the average time needed to adapt the tooling to new production batches (which can range between 2 hours and 12 hours) has been taken into account in the calculation of the capacity available.

- (131) The evolution of production and capacity indicators of the Community industry can be explained as follows:
- The Community industry maintained or tried to improve its presence into the market segments of higher quality product (special products), which command a higher unit price, but are also produced in smaller quantities.
  - The Community industry had therefore to upgrade their equipment and adapt production patterns in order to produce these more specialised product types, which explains the slight increase in overall capacity and also the high percentage of idle capacity, previously dedicated to the production of standard types.
- (132) Community unrelated importers also argued that, had the Community producers additionally produced the equivalent quantities that were imported from the PRC in the period considered, the impact upon capacity utilisation would have been very small and it would have remained below 60%. In this respect, it should be noted that the quantities imported from the PRC during the period considered are significant as they represent about 26,9% of the total Community production in 2006. Consequently, the positive effect on capacity utilisation would have been more significant than alleged if these quantities had been produced in the Community, for which the capacity was available.
- (133) Following the definitive disclosure, several Community unrelated importers argued that should the measures be finally adopted, they would lead to a shortage of supply in the Community market, of more than 200.000 MT. However, based on the spare capacity levels found in the IP, the actual production capacity available in the Community is estimated to be above 2,5 million MT i.e. well in excess of the level of Community consumption of 2,27 million MT. Therefore, it was found that the spare production capacity available in the Community is well above the alleged shortage of 200.000 MT and would easily meet the demand for the product concerned.

### 5.2 Stocks

- (134) The figures below represent the Community industry's volume of stocks at the end of each period.

<b>Sampled Community Industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Stock in volume of finished goods	<b>78.722</b>	<b>82.275</b>	<b>77.293</b>	<b>72.360</b>	<b>74.859</b>
<i>Index</i>	<i>100</i>	<i>105</i>	<i>98</i>	<i>92</i>	<i>95</i>

- (135) Stocks decreased by 5 % during the period considered, despite the 7% increase in production. This is mainly related to the decreasing share of standard products in the Community industry's portfolio. However, considering that the production of the like product in the Community is predominantly by order, the level of inventories is not considered to be a very meaningful indicator for this product.

### 5.3 Sales, market share, growth and average unit prices in the Community

- (136) The figures below represent the Community industry's sales to independent customers in the Community.

<b>Total Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Sales of the Community industry in the Community (000 €)	<b>722.974</b>	<b>739.563</b>	<b>754.101</b>	<b>816.532</b>	<b>874.380</b>
<i>Index</i>	<i>100</i>	<i>102</i>	<i>104</i>	<i>113</i>	<i>121</i>
Sales of the Community industry in the Community (MT)	<b>338.417</b>	<b>383.625</b>	<b>351.296</b>	<b>378.650</b>	<b>377.966</b>
<i>Index</i>	<i>100</i>	<i>113</i>	<i>104</i>	<i>112</i>	<i>112</i>
Unit selling price of the Community industry in the Community (€/MT)	<b>2.136</b>	<b>1.928</b>	<b>2.147</b>	<b>2.156</b>	<b>2.313</b>
<i>Index</i>	<i>100</i>	<i>90</i>	<i>100</i>	<i>101</i>	<i>108</i>
Market share of Community Industry in (MT)	<b>N/A</b>	<b>22%</b>	<b>20%</b>	<b>18%</b>	<b>17%</b>
<i>Index</i>	<i>N/A</i>	<i>100</i>	<i>92</i>	<i>83</i>	<i>76</i>

- (137) The Community industry's sales volumes increased by 12 % during the period considered and by 21% in value as a result of the increasing share of special products based on customers' drawings.
- (138) At the same time, it was found that average sales prices to unrelated buyers in the Community market increased during the period considered. This price increase should be seen in the light of the significant increase in raw material prices and the fact that the Community industry has concentrated its efforts on the higher segment of the market (special products) which was less affected by the dumped imports. High quality products, meeting specific needs from the customers, as opposed to standard products, are generally more expensive on a unit-selling price basis. Hence, the increase in sales prices reflects both the increase in raw material costs but also the changes in the product range produced by the Community industry.
- (139) After an increase between 2003 and 2004, the volume of sales of the Community producers decreased by 1%. At the same time, Community consumption increased by 29%, meaning that the Community industry was unable to take advantage of the increase in Community consumption and thus that the market share of the Community producers declined by 24% in less than 3 years. In all likelihood the drop in the Community producers' market share, if calculated for the whole period considered (i.e. including 2003), would be even higher.
- (140) It was thus found that the Community industry could not benefit from the growth of the market resulting from the increase in Community consumption as dumped imports from the PRC deprived Community producers of the opportunity to continue production of standard products on a larger scale.

#### 5.4 Profitability and cash flow

<b>Sampled Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Profitability of sales of the like product in the Community	2.1%	4.7%	3.4%	2.9%	4.4%
Cash flow from sales of the like product in the Community 000€	60,772	69,501	80,874	73,372	65,200
<i>Index</i>	<i>100</i>	<i>114</i>	<i>133</i>	<i>121</i>	<i>107</i>

- (141) The levels of profits from the sale of the like product by the Community industry fluctuated throughout the period considered while only reaching moderately positive levels.
- (142) Profitability was at its lowest level in 2003 (2.1%) but it has since improved, which is linked partly to the efforts of the Community industry to reduce manufacturing costs and increase productivity and the fact that they concentrated their efforts on the supply of high quality products generating higher revenues than standard products, the former being less affected by dumped imports from the PRC than the latter.
- (143) It should be noted that the overall positive profitability during the period under consideration coincided with an expanding market during an expansion phase of the economic cycle which took place during 2004 and beginning of 2008, and it is likely to deteriorate significantly when these trends are reversed. Indeed, as a widespread industrial product, fasteners are highly sensitive to the variations of the general economic situation and the industrial production in particular.
- (144) The evolution of the cash flow from the sales in the Community of the like product increased by 33% up to 2005, but returned in the IP to close to its initial level.

#### *5.5 Investments, return on investments, and ability to raise capital*

- (145) The production of fasteners is relatively capital intensive. The Community industry has argued that the optimisation of production is needed to respond to a more and more challenging market environment. In order to achieve this flexibility, the Community industry has maintained relatively high levels of investment, which has declined somewhat during the period considered but still remains at a significant level. This investment was mainly for the purchase of new machinery to optimise production.

<b>Sampled Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Total investments in the PC (000 EUR)	35,294	23,965	31,373	30,634	31,442
<i>Index</i>	<i>100</i>	<i>68</i>	<i>89</i>	<i>87</i>	<i>89</i>

- (146) During the period considered, the return on investment, expressed as a percentage of net sales, increased by 7 percentage points between 2003 and the IP. This was explained by the fact that the Community industry has tried to maximise the use of its existing production capacities without making large scale investments. As shown during the investigation, all sampled producers have developed their internal tooling

resources so as to adapt their production facilities to their new customer base (special products based on customers' drawings).

<b>Sampled Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Return on investment	<b>6%</b>	<b>16%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>

- (147) No evidence was found in respect of a reduced or increased ability to raise capital over the period considered.

#### *5.6 Employment and productivity*

- (148) The evolution of employment, productivity and labour costs in the Community industry were as follows:

<b>Total Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Number of employees	<b>5.600</b>	<b>6.353</b>	<b>6.359</b>	<b>6.272</b>	<b>6.257</b>
<i>Index</i>	<i>100</i>	<i>113</i>	<i>114</i>	<i>112</i>	<i>112</i>
Productivity (MT/employee)	<b>68</b>	<b>64</b>	<b>58</b>	<b>62</b>	<b>64</b>
<i>Index</i>	<i>100</i>	<i>95</i>	<i>86</i>	<i>91</i>	<i>95</i>

- (149) The Community industry increased its number of employees between 2003 and the IP. This was a result of both an effort to maintain production volume and production of more diversified complex products requiring a constant flexibility of tooling and machineries. The results of this strategic process within the Community industry was also reflected in productivity, which remained stable during the period considered although they had to adapt to their new customer base (special products based on customers' drawings) requiring more human resources.

#### *5.7 Wages*

- (150) Average wage levels increased moderately during the period considered.

<b>Sampled Community industry</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
Labour costs per employee for the PC	<b>30.478</b>	<b>32.042</b>	<b>32.089</b>	<b>34.232</b>	<b>35.662</b>
<i>Index</i>	<i>100</i>	<i>105</i>	<i>105</i>	<i>112</i>	<i>117</i>

#### *5.8 Magnitude of the actual margin of dumping and recovery from past dumping*

- (151) As indicated in recital above, the dumping margins found are clearly above *de minimis*. Furthermore, given the volume and the price of the dumped imports, the impact of the actual margin of dumping cannot be considered negligible.
- (152) The Community is not recovering from the effects of past dumping since no investigations have been carried out prior to the current one.

### *5.9 Conclusion on injury*

- (153) Between 2003 and the IP the volume of dumped imports of the product concerned from the PRC increased by almost 180 %, reaching a 26 % market share in the IP. Moreover, in the IP, the sales prices of the Community industry were substantially undercut by those of the dumped imports of the product concerned. On a weighted average basis, price undercutting was over 40%.
- (154) At the same time, while the Community consumption increased by 29 %, the sales volume of the Community industry only decreased by 1 %. Its market share fell by 24 % and it could not fully pass on the global increase in raw material prices to its customers, resulting in continuing low levels of profitability.
- (155) As a consequence, production did not increase at the same pace as Community consumption, and capacity utilisation remained very low, at around 50%, during the period considered. This has also had a negative impact on profitability, as it kept the industry from fully taking advantage of economies of scale.
- (156) The impact of the dumped imports upon the profitability of the Community industry was somewhat mitigated during the period under consideration by the Community market expansion and the favourable economic cycle. However, this situation could be reversed when this cycle comes to an end.
- (157) Notwithstanding the industry's considerable efforts to maintain production volume, through flexible production throughout the period considered and its continuing efforts to increase productivity and competitiveness, its profitability, cash flow and return on investment did not reflect the continuing increase of the Community demand for the product concerned. This trend could severely impact the Community industry's capacity to maintain the production of high quality parts.
- (158) Subsequent to the disclosure of the information document, exporting producers in China and the Community importers argued that since some indicators such as sales volume, prices, and profit show a positive evolution during the period considered, the Commission should conclude that the Community industry has not suffered material injury.
- (159) The Community industry, on the other hand, has argued that the current low levels of profitability are increasingly affecting its ability to maintain and improve the production equipment at a level which would allow them to maintain a significant presence in the higher end of the market. Hence, the loss of high production volumes of standard products is also affecting the Community industry capacity to continue to provide high quality products.
- (160) The investigation has since confirmed that material injury resulted from the significant displacement of Community products by Chinese imports in some important market segments, with a negative impact on capacity utilisation and profitability, although this impact has been somewhat attenuated by the fact that the industry managed to compensate lower production volumes by focusing on market segments and products generating higher revenues.



- (161) In the light of the foregoing, it is concluded that the Community industry suffered material injury within the meaning of Article 3 of the basic Regulation.

## **E. CAUSATION**

### **1. Preliminary remark**

- (162) In accordance with Articles 3(6) and (7) of the basic Regulation, it was examined whether there was a causal link between the dumped imports from the PRC and the material injury suffered by the Community industry. Known factors other than the dumped imports, which could at the same time have injured the Community industry, were also examined to ensure that the possible injury caused by these other factors was not attributed to the dumped imports.

### **2. Effect of the imports from the PRC**

- (163) Between 2004 and the IP, the apparent Community consumption increased by 29% (in volume), while the Community producers' sales only increased by 17%. The Community producers therefore lost over 6,8 percentage points of market share in the same period.
- (164) Community unrelated importers argued that if sales were expressed in value rather than quantities, the picture would be significantly different, as the unit selling price of Community produced fasteners is significantly higher than PRC products and has increased during the period considered. However, when analysing the impact of low-priced imports on the Community market, it was considered appropriate, in line with past practice, to assess import trends and market shares primarily by volumes and not values. Sales values furthermore are affected by changes in the product mix, as is the case here where the Community industry moved to higher value products. Finally, it should be noted that trends in sales are only one of the injury factors and is not decisive as such.
- (165) The significant increase in the volume of the dumped imports from the PRC by over 170 % between 2003 and the IP and of their market share in volume of the Community market from 17% to 26% between 2004 and the IP coincided with the continuously declining loss of market share of the Community producers.
- (166) In the period considered, the prices of the dumped imports remained relatively stable and low, in spite of the increase in raw material prices experienced at a world wide level. Unlike PRC exporters, the selling prices applied by Community producers followed the upward trend in raw material costs.
- (167) In reaction to the increasing quantities of imports of standard products originating in the PRC, the Community industry has developed its production activities of special parts (based on drawings from customers), thus managing to maintain its production volumes and avoid a further deterioration of profitability. However, these products, belonging to the higher end of the market cannot fully compensate for the loss of high volumes of production of standards products.
- (168) In addition, the prices of the dumped imports significantly undercut those of the Community industry exerting a strong downward pressure at a time when the costs of raw materials increased significantly. The investigation showed that the Community

industry was not in a position to pass on all cost increases to its customers due to the fierce price pressure exerted by the significant volumes of dumped products imported from the PRC. This led to a lack of sufficient levels of profitability, and low return on investment and cash flow.

- (169) A number of exporters, importers and their associations submitted that the Chinese exports are not in competition with the Community industry products since they are in different, and complementary, product categories. While it seems to be the case that Chinese exports during the IP were concentrated in some market segments such as standard screws and bolts, it should be borne in mind that there is nevertheless a significant market overlap between products produced and sold by the Community industry and Chinese exporters, and that this is a dynamically evolving situation. The Community industry has already lost most of its market share to imports in some market segments, but it could also lose the market in its current strong products, if the present trends continue.
- (170) Moreover, Eurostat data showed substantial quantities of production in the Community for each CN code, in competition with imports from the PRC. Some importers have argued that although there is Community production in all CN codes, this is not the case for some product types and qualities within each CN code. However, no data were provided to support this statement. Moreover, as shown in section 4.5.1, Community producers are currently using about one-half of their production capacity, and are technically capable of producing all kinds of fasteners if justified by market conditions.
- (171) It is therefore concluded that the pressure exerted by the dumped imports, which significantly increased their volume and market share from 2003 onwards, and which were made at dumped prices, played a determining role in the injury suffered by the Community industry.

### 3. Effect of other factors

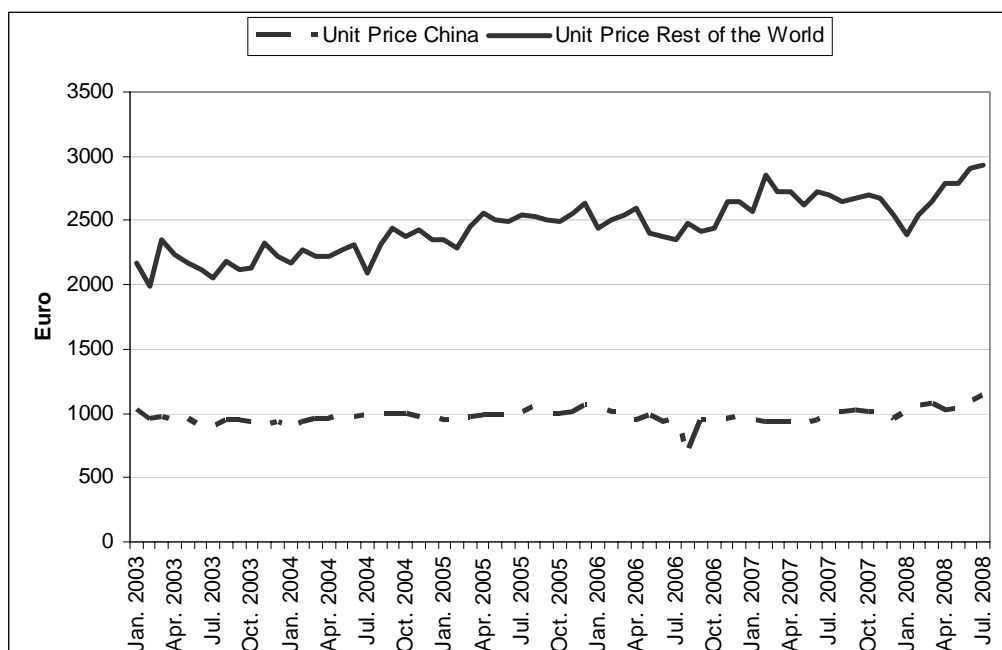
#### 3.1 Imports from other third countries

- (172) As mentioned above, the PRC was the most significant exporter of the like product to the Community market during the period considered. The share of imports from the PRC of the product concerned out of the total imports from the rest of the world increased by 20% during the period considered reaching 61% at the end of the IP.

Source : Comext	2003	2004	2005	2006	IP
Total imports from the rest of the world (excluding PRC) - MT	321.059	337.402	306.525	359.860	391.590
<i>Index</i>	100	105	95	112	122
Total imports from the rest of the world (excluding PRC) - 000 EURO	725.264	799.161	825.250	929.873	1.052.993
<i>Index</i>	100	110	114	128	145
Unit Price: (EURO/MT)	2.258	2.368	2.692	2.583	2.689

<i>Index</i>	<i>100</i>	<i>105</i>	<i>119</i>	<i>114</i>	<i>119</i>
Share of PRC Imports out of Total rest of the world (%)	<b>40,23%</b>	<b>46,67%</b>	<b>55,85%</b>	<b>57,43%</b>	<b>60,58%</b>

- (173) Furthermore, as shown in the graph below (*source: Comext*), it was found that the average unit selling prices (in Euro) of imports from the rest of the world did not follow the same trend as imports from the PRC, as the former increased by 19% during the period considered against 2% for the imports from the PRC. The average unit price (in Euro) per MT of the rest of the world was 180% higher than the average unit price per MT imported from the PRC.



(1)

- (174) Accordingly, it is considered that imports originating in other third countries could not have contributed to the injury suffered by the Community industry. More specifically, the table below which includes information for the main exporting countries, namely Taiwan, Japan and the United States of America, shows exactly the same trends as for the Rest of the World.

<b>Source: Comext</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>IP</b>
<b>Taiwan (MT)</b>	<b>171.770</b>	<b>180.176</b>	<b>160.765</b>	<b>169.777</b>	<b>186.901</b>
<b>Japan (MT)</b>	<b>22.392</b>	<b>17.289</b>	<b>21.735</b>	<b>52.056</b>	<b>56.852</b>
<b>USA (MT)</b>	<b>6.537</b>	<b>6.132</b>	<b>6.059</b>	<b>7.254</b>	<b>7.459</b>
<i>Index (aggregated)</i>	<i>100</i>	<i>101</i>	<i>94</i>	<i>114</i>	<i>125</i>
<b>Aggregated Unit Price: (EURO/MT)</b>	<b>2.238</b>	<b>2.297</b>	<b>2.626</b>	<b>2.456</b>	<b>2.510</b>

### 3.2 Export performance of the Community industry

- (175) It was also examined whether or not the exports of the Community industry to non-Community countries may have contributed to the injury suffered during the period considered. Exports to non-Community countries represented only around 11% of the Community industry's production of the like product in 2006. These exports increased by about 81% between 2003 and the IP. Furthermore, these exports were consistently made at prices significantly above sales prices on the Community market. It is therefore concluded that the export performance to third countries was not a source of material injury to the Community industry.

	2003	2004	2005	2006	IP
<b>Community Exports to the Rest of the World for the PC (MT)</b>	<b>114.211</b>	<b>135.656</b>	<b>149.463</b>	<b>171.240</b>	<b>197.722</b>
<i>Index</i>	<i>100</i>	<i>119</i>	<i>131</i>	<i>150</i>	<i>173</i>
<b>Community Exports to the Rest of the World for the PC (000 EUR)</b>	<b>513.286</b>	<b>611.366</b>	<b>683.624</b>	<b>825.528</b>	<b>927.644</b>
<i>Index</i>	<i>100</i>	<i>119</i>	<i>133</i>	<i>161</i>	<i>181</i>
<b>Unit Price: (EURO/MT):</b>	<b>4.494</b>	<b>4,506</b>	<b>4.573</b>	<b>4.820</b>	<b>4.691</b>

### *3.3 Increase in raw material prices*

- (176) While the evidence available points to some increase of steel prices in the Community during the IP, it appears that these increases were not the decisive factor behind the deterioration of the situation of the Community industry. This deterioration was rather due to the loss of market share as pointed out above in recital (x). The investigation revealed that the increased average unit selling prices during the period considered were mainly due to the increase of the share of special types in the product mix of the Community industry as these types are more costly to manufacture.
- (177) However, the Community industry could not increase its sales prices sufficiently to make up for the cost increase generated by the production of high end products. This inflexibility in prices was caused by the simultaneous surge of dumped imports originating in the PRC, at prices significantly undercutting those of the Community industry. Under these circumstances it has to be concluded that the Community industry was exposed to heavy price pressure by these dumped imports and consequently had no possibility to compensate fully for the increase in costs by increasing its sales prices.
- (178) Finally, it should be noted that the increase in raw material prices should have affected all operators in the market, including the Chinese exporting producers and can therefore not be considered as a particular factor causing injury to the Community industry, especially since the unit selling prices of the product concerned originating in the PRC remained stable despite the increase of raw material prices.
- (179) Based on the above, it is concluded that the increase in prices of raw materials *per se* would not break the causal link between dumped imports from the PRC and the injury suffered by the Community industry.

#### **4. Conclusion on causation**

- (180) The injury in this case mainly takes the form of loss of potential sales volume in a growing market and market share. The resulting price depression and loss of economies of scale due to low capacity utilisation led to an insufficient level of profitability despite the favourable general economic conditions which have prevailed during the period considered.
- (181) The investigation has shown that the lack of improvement regarding the situation of most injury indicators of the Community industry coincided with a sharp increase in import volumes and market share from the PRC and a substantial price undercutting by these imports. It was also found that imports originating in other third countries could not have contributed to the injury suffered by the Community industry since the average import prices are significantly higher than the PRC imports prices and the market share of non PRC imports has decreased compared to PRC imports in the Community.
- (182) The positive evolution of exports of the Community industry to non-EC countries means that the potential effect of that evolution cannot break the causal link between dumped imports from the PRC and the injury suffered by the Community industry.
- (183) Furthermore, although raw material prices experienced an unprecedented increase in the period considered, this should have affected all operators in the market and, moreover, the time pattern of the injury indicators does not suggest that this was the main cause of the injury suffered by the Community industry.
- (184) It is therefore concluded that the dumped imports originating in the PRC have caused material injury to the Community industry within the meaning of Article 3(6) of the basic Regulation.

### **F. COMMUNITY INTEREST**

#### **1. General considerations**

- (185) Pursuant to Article 21 of the basic Regulation, it was investigated whether compelling reasons exist that could lead to the conclusion that it would not be in the Community interest to impose anti-dumping measures on imports from the country concerned. Questionnaires were sent to all importers, traders and industrial users which were mentioned in the complaint. Replies to the questionnaire were received from seven importers, and some information was also received from industrial users.

#### **2. Interest of the Community industry**

- (186) The imposition of measures is expected to prevent further distortions and restore fair competition on the market. The Community industry is a competitive and viable industry; this is evidenced by the fact that it can export a variety of products in strongly competitive world markets. Thus, the imposition of measures should allow it to reach reasonable capacity utilisation levels, and improve its financial situation. This will also allow it to continue investments in technology and modernise its production facilities, thus guaranteeing the Community industry's survival.

- (187) On the other hand, should anti-dumping measures not be imposed, it is likely that the situation of the Community industry would deteriorate. It would not be able to carry out the necessary investments in order to compete effectively with the imports from third countries and in particular the PRC. This will force some companies to cease production and lay off their employees in the near future. With the closure of the Community production, the Community industry in a number of downstream sectors would become more dependent on suppliers outside the Community.
- (188) Accordingly, it is concluded that the imposition of anti-dumping measures would allow the Community industry to recover from the effects of injurious dumping suffered and that it therefore is in the interest of the Community industry.

### **3. Interest of unrelated importers/traders in the Community**

- (189) Seven importers selected in the final sample (see recitals (28) above) cooperated in the investigation by submitting a questionnaire reply. These seven importers represent about 15% of the total imports of the product concerned into the Community during the IP. However, one importer did not accept a verification visit and information regarding this company had to be disregarded. For the importers who fully cooperated, the product concerned represents a significant part of their turnover. It was found that, on average, the profitability for the product concerned is higher than the companies' general profitability. A surge of imports of the product concerned by these importers during the period considered could be observed, as well as a diminution of purchases from Community producers.
- (190) In several submissions received from Community unrelated importers, it was claimed that should measures be imposed, the negative impact would be twofold: a) absence of sufficient capacities in the Community, if any, to maintain the same level of supply of the product concerned, and b) increased prices of the product concerned, which could not be passed on to the final customers, leading to a loss of profitability by the importers. The investigation revealed that the product concerned is only a limited part of the product range offered by Community unrelated importers, the rest being purchased mostly in the Community. Furthermore, in order not to rely on a single source, the Community importers are purchasing the same types of product from Community and PRC producers alike, albeit buying the largest quantities from the PRC exporting producers. In addition, it was found that Community importers still rely on Community producers for the supply of small quantities of the product concerned in order to meet short term needs from customers and to continue to offer a complete product range. Community importers could not provide any convincing evidence to prove that Community producers could not meet the demand for all types of fasteners, whether standard or corresponding to specific customers' needs. The investigation also revealed that Community importers are increasingly offering additional special logistic services to their customers in addition to the simple supply of fasteners. Therefore, eventual measures which would only be applied to a limited portion of the product range would have an even more limited impact since the provision of logistic services is generating new costs and revenues. Hence, should measures be imposed, Community importers could still offer the same level of services to their customers given the significant and diversified production capacities available in the Community which would limit the impact of the measures on the Community importers' profitability.

- (191) The investigation revealed that the six Community unrelated importers visited significantly increased their purchases of PRC products during the period considered and this had particularly positive effects on the profitability of their sales of fasteners. On average the profit margin for the product concerned was found to be superior to their overall profit and close to 10% in average. The overall profitability for the six Community unrelated importers visited was also found to be positive in all cases, ranging between 5 and 10%.
- (192) The product mix offered by the investigated companies is very wide and the product concerned only represents a portion of it. Furthermore, importers continue to purchase the product concerned from Community producers and import from other third countries in order not to rely totally on the supply from PRC producers, but also to respond to short term needs. Since the importers are diversifying their sources of supply between Community and Far East producers in order to offer the widest possible product mix to their customers, it can be considered that the consequences of the eventual existence of an anti-dumping measure on one exporting country should not be such as to prevent them from continuing to offer the same products whilst maintaining adequate profit margins.
- (193) Following the disclosure of the above findings, a number of importers and their associations claimed that the proposed measures would have a strong negative impact upon their business, in terms of business volume, profitability and employment. In particular, importers have claimed that the imposition of the duties, together with the recent sharp increases in fasteners' prices due to raw material price increases, would severely strain their cash flow, and increase their working capital and financing needs. It was also claimed that customers would have difficulties in accepting further price increases, and the existing contracts would in many cases mean that the importers would not be able to pass on the price increases resulting from the duties. Some importers also claimed that they are strongly dependent on imports from the PRC and that it would be difficult to find alternative suppliers, in the Community or in other third countries. This would particularly be the case for importers who have invested in production facilities in the PRC, or who have established technical relationships with PRC producers e. g. for the production of particular fastener types.
- (194) Although the above claims could not be verified, it cannot be excluded that the measures could have a negative impact upon some importers and other traders in the Community, at least during a period of time before contracts can be re-negotiated and the distribution chain re-organised. The negative impact is likely to depend on the particular market positioning of those operators, and also on their relationships with Chinese exporting producers. However, it is noted that significant spare production capacity exists among Community producers and this is a possible alternative source of supply as are other third country suppliers.
- (195) As for the impact on prices, it should be noted that although there was a steep and unprecedented increase in the price of steel wire rod during the first half of 2008, this was reversed in the second half of the year, so the imposition of the duty would be likely to take place in a context of decreasing prices of the product concerned.
- (196) In conclusion, although the impact of the proposed measures upon importers and distributors is not considered to be as strong as claimed by some of those parties, it cannot be excluded that they would be negatively affected in terms of cash flow and

profitability, in particular during an initial period following the imposition of the measures.

#### **4. Interest of users and consumers**

- (197) Questionnaires intended for users were sent to 16 companies or groups of companies. Only three responses were received. Two car manufacturers indicated that they were not concerned by the current proceeding, as they did not directly purchase the product concerned from the PRC and they did not know the situation with regard to their suppliers. Given their specific requirements, it appears that the automotive industry in the broad sense (i.e. including car manufacturers and all their parts suppliers) is for the moment sourcing the product concerned mainly in the Community.
- (198) The third response was sent by Verband der Automobilindustries ("VDA") - German vehicle manufacturers' association, in which it is stated that VDA's members are mainly purchasing the product concerned from Community producers, thus confirming the statements made by the two users mentioned above. However, VDA opposes the imposition of antidumping measures on the grounds that its members have an interest in keeping as many alternative sources of supply as possible. In this respect, it is recalled that it is not the purpose of the measures to close the Community market to third country suppliers, but only to restore competition to a level playing field. Even with the anti-dumping measures proposed, the number of players from the Community, the PRC and other third countries is expected to be sufficient to ensure a competitive supply of fasteners to the Community automotive industry.
- (199) None of the users contacted reacted to the disclosure of the information document. Following the definitive disclosure, however, one producer of self-assembly furniture submitted that the proposed anti-dumping duties would have a significant impact on the costs of its products. It should be noted that the figures put forward could not be verified given that the information was provided at a very late stage of the investigation. Having said that, the alleged impact upon the overall furniture costs of this company appears to be overstated in view of the typical volume of the product concerned contained in self-assembly furniture.
- (200) Before and after definitive disclosure, some importers and their associations echoed similar concerns about the possible impact upon the economic situation of the construction industry, which is a major user of fasteners and is suffering from a severe cyclical downturn. In this respect, it should be noted firstly that the construction industry is not exposed to international competition, which should limit the impact of cost increases upon its market situation. Secondly, the weight of the product concerned within the costs of this industry was never quantified by the parties who submitted such comments.
- (201) Overall, on the basis of the information available on the file, fasteners, in most of the cases, only constitute a small part of the total production cost and the anti-dumping duties would not have a major impact on the costs and the competitive situation of the user industries concerned.
- (202) Following the definitive disclosure, one retailer and two retailer associations for the DIY segment claimed that the measures would have a strong impact on the retail prices, with negative consequences in terms of inflation, consumer welfare and the



economic situation of the DIY sector. Although these claims could not be verified in detail due to the lateness of their comments, it should be noted that the proposed duties would not represent more than a few percent of the observed retail prices of fasteners in the DIY sector. Furthermore, based on information available, the product concerned represents only about 0,5% of the turnover of the DIY sector, which also indicates that the product concerned does not represent a major component in a typical consumer's consumption pattern.

- (203) One producer and two associations representing the producers of so-called anchors submitted comments following the definitive disclosure. All these parties opposed the measures, although one association recognised that its members faced different situations, and took diverging positions, in this respect. Their main claim was that Community anchor manufacturers would be put at a competitive disadvantage, since the measures would not cover their finished product, i.e. anchors, but would cover some components which are imported from the PRC. It was furthermore claimed that those components could not be sourced in the Community, which was disputed by the Community industry. As the above claims have been made relatively late in the proceeding, they could not be properly verified. However, it has been established that if necessary, the Community producers are in a position to supply the components currently imported from the PRC.

#### **5. Interest of steel suppliers**

- (204) Eurofer has claimed that the upstream Community steel industry i.e. Community producers of wire-rods and bars for cold-heading applications, have faced a deterioration of their capacity utilisation between 2004 and 2007, allegedly due to both direct import pressure in their product range and the erosion of their downstream markets by unfair competition. Hence, this organisation claimed that Community producers of wire-rods and bars for cold-heading applications also have available capacity to serve the Community producers of the product concerned.
- (205) Shortly afterwards, this claim was echoed by two producers of steel wire based in Spain and the Czech Republic. According to these companies, there is enough capacity in the Community to cater for an eventual increase of the Community production of the product concerned.
- (206) On the basis of the above, it is concluded that the imposition of measures would be in the interest of the raw material suppliers in the Community.

#### **6. Competition and trade distorting effects**

- (207) Several importers, exporters and their associations claimed that the imposition of measures would lead to a reinforcement of the allegedly dominant position of the two largest Community producers.
- (208) In this respect, it was found that there is a large number of producers in the Community, as well as imports from various other third countries which will ensure that users and retailers will continue to have a wide choice of different suppliers of the like product at reasonable prices. Furthermore, it is considered that the exporting producers in the PRC will be able to continue to sell the product concerned, albeit at non-injurious prices, as they have a strong market position in the Community.

- (209) Thus, there will be a significant number of actors in the market, which will be able to satisfy the demand. On the basis of the above, it is therefore concluded that competition will most likely remain strong after the imposition of anti-dumping measures.

### **7. Developments after the IP**

- (210) Several importers, exporters and their associations submitted that after the IP, due to developments in raw material costs, the market situation in the PRC and the increase in transport costs, the prices of the imports of the product concerned have increased sharply. It has been claimed that this would lead to significantly lower levels of dumping and injury, making the imposition of measures no longer appropriate.
- (211) It should be noted that developments of global commodity prices, energy etc. affect all actors in the market in a similar way, and therefore would not *per se* lead to lower levels of dumping or undercutting than those found during the IP.
- (212) The issue was nonetheless examined. According to the last available statistical data, imports from the PRC during the first half of 2008 are showing only a small increase in unit price compared to the previous year, despite the sharp increase in international steel prices. Furthermore, the quantities imported from the PRC have not decreased in the first half of 2008.
- (213) It is concluded, therefore, that there are no developments after the IP which would render the imposition of measures inappropriate from the point of view of Community interest.

### **8. Conclusion on Community interest**

- (214) Article 21 of the basic Regulation refers to the need to give special consideration to the need to remedy the trade distorting effects of injurious dumping and to restore effective competition, although this particular provision has to be seen in the overall framework of the Community interest test as laid down in the aforementioned Article. Thus, the effects of imposing measures or not imposing measures on all parties concerned have to be taken into account.
- (215) It cannot be excluded that the imposition of measures would have a negative impact on some importers and traders in the Community. However, it is considered that the imposition of measures will bring certain benefits for the Community industry as well as for its supplier industries in the Community, such as increased production and employment
- (216) Although the cooperation from users has been limited, it is estimated that the impact of the measures upon the costs of those industries would be relatively negligible, and that the measures would not lead to a lack of competition in the Community market.
- (217) In conclusion, in view of the high dumping and injury margins, it is considered that, in this particular case, on the basis of the information submitted there is not sufficient evidence to conclude that the possible imposition of measures would be clearly disproportionate and against the Community interest.

## **G. UNDERTAKINGS**

- (218) The Commission received undertaking offers from several individual exporting producers, and from the China Chamber of Commerce for Import & Export of Machinery & Electronic Products ("CCCME") representing PRC exporters, on behalf of its members. Several other exporting producers indicated their intention to offer undertakings.
- (219) Firstly, it should be noted that there are more than 100 exporting producers involved in this proceeding. The number of actual and potential exporting producers was considered too great for an undertaking to be workable, as it would render any type of price undertaking very difficult to monitor. Furthermore, only eight of these companies have been investigated and granted IT.
- (220) Secondly, the product concerned is characterised by a considerable number of product types, with significantly different prices and some characteristics not easily discernible upon importation. This makes it virtually impossible to establish minimum prices for each product type which would be meaningful and could be properly monitored by the Commission and by the customs authorities of the Member States upon importation. Moreover, the large number of different product types, classified under no less than 10 CN-Codes, increases the risk of circumvention considerably. At the same time, it is noted that there are currently anti-dumping measures imposed on certain stainless steel fasteners originating, inter alia, in the PRC<sup>7</sup>. Due to the fact that only a small number of exporting producers could be individually investigated, it cannot be excluded that some companies offering an undertaking also produce and sell those stainless steel fasteners to the same customers in the EU. In these cases, there is an additional risk of circumvention.
- (221) Finally, the product concerned has shown a considerable volatility in prices and therefore it is not suitable for a fixed price undertaking for an extended period of time. The volatility in prices is due to the volatility, in particular in recent months, of raw material prices, namely steel wire rod. This would add to the complexity of the monitoring of the undertakings.
- (222) Under these circumstances, it was considered that price undertakings were impracticable and could not be accepted.

## **H. DEFINITIVE MEASURES**

### **1. Injury elimination levels**

- (223) The level of any anti-dumping measures should be sufficient to eliminate the injury to the Community industry caused by the dumped imports, without exceeding the dumping margins found. When calculating the amount of duty necessary to remove the effects of the injurious dumping, it was considered that any measures should allow the Community industry to obtain a profit before tax that could be reasonably achieved under normal conditions of competition, i.e. in the absence of dumped imports. For this purpose, it was considered that a profit margin of 5 % is an appropriate level that the Community industry could be expected to obtain also with regard to the like product in the absence of injurious dumping.

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<sup>7</sup> Council Regulation (EC) No 1890/2005, OJ L 302, 19.11.2005, p. 1

- (224) The necessary price increase was then determined on the basis of a comparison, per product type, of the weighted average import price, as established for the price undercutting calculations, with the non-injurious price of the like product sold by the Community industry on the Community market. The non-injurious price has been obtained by adjusting the sales price of the Community industry in order to reflect the above mentioned profit margin. Any difference resulting from this comparison was then expressed as a percentage of the total CIF import value.
- (225) Following the definitive disclosure, one exporter pointed out a clerical error in the injury margin calculation. It was found that this error affected the injury margins for all the exporters. All the injury margins were corrected accordingly.
- (226) The above-mentioned price comparison showed the following injury margins for the sampled exporting producers:

Company	injury margin
Biao Wu Tensile Fasteners Co., Ltd.	99,0%
Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co., Ltd.	65,3%
Kunshan Chenghe Standard Components Co., Ltd.	79,5%
Ningbo Jinding Fastener Co., Ltd.	64,4%
Ningbo Yonghong Fasteners Co., Ltd.	78,3%
Cooperating exporting producers not selected to form part of the sample	77,5%

- (227) For the cooperating exporting producers granted individual examination, the injury margins, calculated as explained above, are the following:

Company	injury margin
CELO Suzhou Precision Fasteners Co., Ltd.	0,3%
Golden Horse (Dong Guan) Metal Manufactory Co., Ltd.	133,2%
Yantai Agrati Fasteners Co., Ltd.	0%

- (228) As mentioned in recital (110) above, the degree of cooperation of the PRC exporting producers can be considered low. Therefore the injury margin for the non-cooperating companies was established on average of the value found in Eurostat data and the highest margins found for product types sold in a representative quantity by the cooperating exporting producer with the highest injury margin.
- (229) On this basis the country-wide injury margin amounts to 85,0% of the CIF Community frontier price, duty unpaid.

- (230) During the proceeding, and in particular following definitive disclosure, some importers claimed that they perform a number of operations in the PRC, such as retail packaging and quality control, the value of which should not be included in the CIF price on the basis of which the duty will be applied. However, this situation was not found in any of the investigated exporting producers and, even if proven, would appear to affect only a small fraction of the imports from PRC. Nevertheless, the Commission may further investigate this issue.
- (231) In the light of the foregoing and pursuant to Article 9(4) of the basic Regulation, it is considered that a definitive anti-dumping duty should be imposed in respect of imports of certain fasteners originating in the PRC at the level of the lower of the dumping or injury margins.

## 2. Definitive measures

- (232) Consequently, the anti-dumping duties should be as follows:

Biao Wu Tensile Fasteners Co., Ltd.	69,9%
CELO Suzhou Precision Fasteners Co., Ltd.	0,0%
Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co., Ltd.	63,1%
Golden Horse (Dong Guan) Metal Manufactory Co., Ltd.	26,5%
Kunshan Chenghe Standard Components Co., Ltd.	79,5%
Ningbo Jinding Fastener Co., Ltd.	64,4%
Ningbo Yonghong Fasteners Co., Ltd.	78,3%
Yantai Agrati Fasteners Co., Ltd.	0,0%
Co-operating companies not included in the sample (listed in Annex).	77,5%
All other companies	85,0%

- (233) The individual anti-dumping duty rates specified in this Regulation were established on the basis of the findings of the present investigation. Therefore, they reflect the situation found during that investigation with respect to these companies. These duty rates (as opposed to the countrywide duty applicable to ‘all other companies’) are thus exclusively applicable to imports of products originating in the PRC and produced by these companies and thus by the specific legal entities mentioned. Imported products produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to this specifically mentioned, cannot benefit from this rate and shall be subject to the countrywide duty.
- (234) Any claim requesting the application of an individual company anti-dumping duty rate (e.g. following a change in the name of the entity or following the setting up of new production or sales entities) should be addressed to the Commission forthwith with all

relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with, for example, that name change or that change in the production and sales entities. If appropriate, the Regulation will accordingly be amended by updating the list of companies benefiting from individual duties.

- (235) All parties were informed of the essential facts and considerations on the basis of which it was intended to recommend the imposition of definitive anti-dumping duties. They were also granted a period within which they could make representations subsequent to this disclosure. The comments submitted by the parties were duly considered, and, where appropriate, the findings have been modified accordingly.
- (236) In order to ensure equal treatment between any new exporters and the cooperating companies not included in the sample, mentioned in the Annex to this Regulation, provision should be made for the weighted average duty imposed on the latter companies to be applied to any new exporters which would otherwise be entitled to a review pursuant to Article 11(4) of the basic Regulation, 11(4) does not apply where sampling has been used.

### **3. Special monitoring**

- (237) In order to minimise the risks of circumvention due to the high difference in the duty rates among the exporting producers, it is considered that special measures are needed in this case to ensure the proper application of the anti-dumping duties. These special measures include the following:
- (238) The presentation to the Customs authorities of the Member States of a valid commercial invoice, which shall conform to the requirements set out in Annex II to this Regulation. Imports not accompanied by such an invoice shall be made subject to the residual anti-dumping duty applicable to all other exporters.
- (239) Should the exports by one of the companies benefiting from lower individual duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 13(1) of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, inter alia, examine the need for the removal of individual duty rates and the consequent imposition of a country-wide duty.

HAS ADOPTED THIS REGULATION:

#### *Article 1*

1. A definitive anti-dumping duty is hereby imposed on certain iron or steel fasteners, other than of stainless steel, i.e. wood screws (excluding coach screws), self-tapping screws, other screws and bolts with heads (whether or not with their nuts or washers, but excluding screws turned from bars, rods, profiles or wire, of solid section, of a shank thickness not exceeding 6 mm and excluding screws and bolts for fixing railway track construction material), and washers, originating in the People's Republic of China, falling within CN codes 7318 12 90, 7318 14 91, 7318 14 99,

7318 15 59, 7318 15 69, 7318 15 81, 7318 15 89, ex 7318 15 90, ex 7318 21 00 and ex 7318 22 00 (TARIC codes 7318 15 90 19, 7318 15 90 69, 7318 15 90 89, 7318 21 00 29, 7318 21 00 99, 7318 22 00 29 and 7318 22 00 99).

2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Community-frontier price, before duty, of the products manufactured by the companies listed below shall be as follows:

Company	Duty (%)	TARIC additional code
Biao Wu Tensile Fasteners Co., Ltd.	69,9	A924
CELO Suzhou Precision Fasteners Co., Ltd.	0,0	A918
Changshu City Standard Parts Factory and Changshu British Shanghai International Fastener Co., Ltd.	63,1	A919
Golden Horse (Dong Guan) Metal Manufactory Co., Ltd.	26,5	A920
Kunshan Chenghe Standard Components Co., Ltd.	79,5	A921
Ningbo Jinding Fastener Co., Ltd.	64,4	A922
Ningbo Yonghong Fasteners Co., Ltd.	78,3	A923
Yantai Agrati Fasteners Co., Ltd.	0,0	A925
Companies listed in Annex I	77,5	A928
All other companies	85,0	A999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the customs authorities of the Member States of a valid commercial invoice, which shall conform to the requirements set out in Annex II. If no such invoice is presented, the duty rate applicable to all other companies shall apply.
4. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

#### *Article 2*

Where any party from the People's Republic of China provides sufficient evidence to the Commission that it did not export the goods described in Article 1(1) originating from the People's Republic of China during the period of investigation, that is 1<sup>st</sup> October 2006 to 30<sup>th</sup> September 2007; that it is not related to an exporter or producer subject to the measures

imposed by this Regulation; and that it has either actually exported the goods concerned or has entered into an irrevocable contractual obligation to export a significant quantity to the Community after the end of the period of investigation, the Council, acting by simple majority on a proposal by the Commission, after consulting the Advisory Committee, may amend Article 1(2) in order to attribute to that party the duty applicable to cooperating producers not in the sample, i.e., 78,1%.

### *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*  
[...]



## ANNEX I

Cooperating exporting producers not included in the sample

TARIC Additional Code A928

Abel Manufacturing Co., Ltd.	Shanghai
Autocraft Industrial (Shanghai) Ltd.	Shanghai
Changshu Fuxin Fasteners Manufacturing Co., Ltd.	Changshu
Changshu Shining Sun Fasteners Manufacturing Co., Ltd.	Changshu
Changzhou Oread Fasteners Co., Ltd.	Changzhou
Chun Yu (Dongguan) Metal Products Co., Ltd.	Dongguan
Cixi Zhencheng Machinery Co., Ltd.	Cixi
Dongguan Danny & Kuen Metal & Co., Ltd.	Dongguan
Foshan Nanhai Gubang Metal Goods Co., Ltd.	Foshan
Gem-year industrial Co., Ltd.	Jiashan
Guangzhou Tianhe District Zhonggu Hardware Screw Manufacture	Guangzhou
Haining Xinxin Hardware Standard Tools Co., Ltd.	Haining
Haiyan Flymetal Hardware Co., Ltd.	Jiaxing
Haiyan Haitang Fasteners Factory	Jiaxing
Haiyan Hardware Standard Parts Co., Ltd.	Jiaxing
Haiyan Lianxiang Hardware Products Co., Ltd.	Jiaxing
Haiyan Mengshi Screws Co., Ltd.	Jiaxing
Haiyan Self-tapping Screws Co., Ltd.	Jiaxing
Haiyan Sun's Jianxin Fasteners Co., Ltd.	Jiaxing
Haiyan Xinan Standard Fastener Co., Ltd.	Jiaxing
Haiyan Xinglong Fastener Co., Ltd.	Jiaxing
Hangzhou Everbright Metal Products Co., Ltd.	Hangzhou
Hangzhou Spring Washer Co., Ltd.	Hangzhou
Hott Metal Part and Fasteners Inc.	Changshu

J. C. Grand (China) Corporation	Jiaxing
Jiangsu Jiangyu Metal Work Co., Ltd.	Dongtai
Jiashan Yongda Screw Co., Ltd.	Jiashan
Jiaxiang Triumph Hardware Co., Ltd.	Haining
Jiaxing Victor Screw Co., Ltd.	Jiaxing
Jinan Star Fastener Co., Ltd.	Jinan
Jin-Well Auto-parts (zhejiang) Co., Ltd.	Jiashan
Kinfast Hardware Co., Ltd	Haining
Ningbo Alliance Screws and Fasteners Co., Ltd.	Ningbo
Ningbo Anchor Fasteners Industrial Co., Ltd.	Ningbo
Ningbo Dafeng Machinery Co., Ltd.	Ningbo
Ningbo Development Zone Yonggang Fasteners Co., Ltd	Ningbo
Ningbo Fastener Factory	Ningbo
Ningbo Haixin Hardware Co., Ltd.	Ningbo
Ningbo Haixin Railroad Material Co., Ltd.	Ningbo
Ningbo Jinhui Gaoqiang Fastener Co., Ltd.	Ningbo
Ningbo Jinpeng High Strength Fastener Co., Ltd.	Ningbo
Ningbo Jintai Fastener Co., Ltd.	Ningbo
Ningbo Jinwei Standard Parts Co., Ltd.	Ningbo
Ningbo Jiulong Fasteners Manufacture Co., Ltd.	Ningbo
Ningbo Londex Industrial Co.,Ltd	Ningbo
Ningbo Minda Machinery & Electronics Co., Ltd.	Ningbo
Ningbo Ningli High-Strength Fastener Co., Ltd.	Ningbo
Ningbo Qunli Fastener Manufacture Co., Ltd.	Ningbo
Ningbo Special - Wind - Fasteners (China) Co., Ltd.	Ningbo
Ningbo Xinxing Fasteners Manufacture Co., Ltd.	Ningbo
Ningbo Yonggang Fasteners Co., Ltd.	Ningbo

Ningbo Zhenhai Xingyi Fasteners Co., Ltd	Ningbo
Ningbo Zhongbin Fastener Manufacture Co., Ltd.	Ningbo
Ningbo Zhongjiang High Strength Bolt Co., Ltd.	Ningbo
Robertson Inc. (Jiaxing)	Jiashan
Shanghai Boxed Screw Manufacturing Company Limited	Shanghai
Shanghai Fenggang Precision Inc.	Shanghai
Shanghai Foreign Trade Xiasha No. 2 Woodscrew Factory Co., Ltd.	Shanghai
Shanghai Great Diamond Fastener Co., Ltd.	Shanghai
Shanghai Hang Hong Metal Products Co., Ltd.	Shanghai
Shanghai Hangtou Fasteners Co., Ltd.	Shanghai
Shanghai Huaming Hardware Products Co., Ltd.	Shanghai
Shanghai Moregood C&F Fastener Co., Ltd.	Shanghai
Shanghai Moresun Fasteners Co., Ltd.	Shanghai
Shanghai Qingpu Ben Yuan Metal Products Co., Ltd.	Shanghai
Shanghai Ren Sheng Standardized Item Manufacture Ltd, Co	Shanghai
Shanghai Shuyuan Woodscrews Factory	Shanghai
Shanghai SQB Automotive Fasteners Company Ltd.	Shanghai
Shanghai Tapoo Hardware Co., Ltd.	Shanghai
Shanghai Yifan High-Intensity Fasteners Co., Ltd	Shanghai
Shanxi Jiaocheng Zhicheng Foundry Ltd.	Jiaocheng
Shenzhen Top United Steel Co., Ltd.	Shenzhen
Sundram Fasteners (Zhejiang) Limited	Jiaxing
Sunfast (Jiaxing) Enterprise Co., Ltd.	Jiaxing
Suzhou Escort Hardware Manufacturing Co., Ltd.	Suzhou
Taicang Rongtong Metal Products Co., Ltd.	Taicang
Tangshan Huifeng Standard Component Make Co., Ltd	Tangshan
Tangshan Xingfeng Screws Co., Ltd.	Tangshan

Tapoo Metal Products (Shanghai) Co., Ltd.	Shanghai
Tianjin Jiuri Manufacture & Trading Co., Ltd.	Tianjin
Wenzhou Excellent Hardware Apparatus Packing Co., Ltd.	Wenzhou
Wenzhou Junhao Industry Co., Ltd.	Wenzhou
Wenzhou Tian Xiang Metal Products Co., Ltd.	Wenzhou
Wenzhou Yili Machinery Development Co., Ltd	Wenzhou
Wenzhou Yonggu Fasteners Co., Ltd	Wenzhou
Wuxi Huacheng Fastener Co., Ltd.	Wuxi
Wuxi Qianfeng Screw Factory	Wuxi
Xingtai City Ningbo Fasteners Co., Ltd.	Ningbo
Yueqing Quintessence Fastener Co., Ltd.	Yueqing
Zhejiang Jingyi Standard Components Co., Ltd.	Yueqing
Zhejiang New Oriental Fastener Co., Ltd.	Jiaxing
Zhejiang Qifeng Hardware Make Co., Ltd.	Jiaxing
Zhejiang Rising Fasteners Co., Ltd.	Hangzhou
Zhejiang Yonghua Fasteners Co., Ltd.	Rui' An
Zhejiang Zhongtong Motorkits Co., Ltd.	Shamen
Zhongshan City Jinzhong Fastener Co., Ltd.	Zhongshan

## ANNEX II

A declaration signed by an official of the company, in the following format, must appear on the valid commercial invoice referred to in Article 1(3):

1. [The name and function of the official of the company which has issued the commercial invoice.]

(2) The following declaration: “I, the undersigned, certify that the [volume] of fastener products sold for export to the European Community covered by this invoice was manufactured by [company name and registered seat] [TARIC additional code] in the People's Republic of China. I declare that the information provided in this invoice is complete and correct.

[Date and signature] ”