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Proposal for a

COUNCIL REGULATION

repealing the anti-dumping measures on imports of certain iron or steel ropes and cables originating in the Russian Federation following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

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

This proposal concerns the application of Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community ('the basic Regulation'), and in particular Articles 9(2) and 11(2) thereof in the expiry review proceeding of the anti-dumping duty in force on imports of steel ropes and cables originating in the Russian Federation.

- **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**

The measures currently in force were imposed by Council Regulation (EC) No 1601/2001 on imports of steel ropes and cables originating, inter alia, in the Russian Federation and have been confirmed in October 2007, following an expiry review request lodged by the majority of the EU producers of the product concerned.

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

Not applicable.

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

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

- **Collection and use of expertise**

There was no need for external expertise.

- **Impact assessment**

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

The basic Regulation does not foresee a general impact assessment but contains an exhaustive list of conditions that have to be assessed.

3. LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

On 27 October 2012, the Commission initiated the second expiry review of the anti-dumping measures applicable to imports of steel ropes and cables originating in the Russian Federation. The attached proposal for a Council Regulation is based on the findings that it is not likely that injury would reoccur if the measures were allowed to lapse.

It is therefore proposed that the Council adopt the attached proposal for a Regulation terminating the proceeding and repealing the existing measures on imports of steel ropes and cables originating in the Russian Federation.

- **Legal basis**

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

- **Subsidiarity principle**

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

- **Proportionality principle**

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

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

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

- **Choice of instruments**

Proposed instruments: Regulation.

Other means would not be adequate for the following reason: The above-mentioned basic Regulation does not foresee alternative options.

4. BUDGETARY IMPLICATION

The proposal has no implication for the Union budget.

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THE COUNCIL OF THE EUROPEAN UNION,

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

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

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

Whereas:

A. PROCEDURE

1. Measures in force

- (1) By Regulation (EC) No 1601/2001² the Council imposed a definitive anti-dumping duty on imports of certain iron or steel ropes and cables (SWR) originating in the Russian Federation, Turkey, Thailand, and the Czech Republic. These measures will hereinafter be referred to as 'the original measures' and the investigation that led to those measures will be hereinafter referred to as 'the original investigation'.
- (2) The Commission had accepted in August 2001 a price undertaking offer by a Russian producer (JSC Severstal-Metiz). This undertaking agreement was repealed in October 2007³ because it was considered as not workable due to difficulties in the proper classification of the large number of product types exported by the company.
- (3) By Regulation (EC) 1279/2007⁴ the Council, following partial interim and expiry reviews, maintained the original measures for the Russian Federation in accordance with Article 11(2) of the basic Regulation. These measures will hereinafter be referred to as 'the measures in force' and the expiry review investigation will be hereinafter

¹ OJ L 343, 22.12.2009, p. 51.

² OJ L 211, 04.08.2001, p. 1.

³ OJ L 285, 31.10.2007, p. 52.

⁴ OJ L 285, 31.10.2007, p. 1.

referred to as 'the last investigation'. The same Regulation terminated the measures concerning imports of steel ropes and cables originating in Turkey and Thailand.

- (4) Currently⁵, there are also measures in force against SWR from Ukraine and the People's Republic of China, which were extended to imports of SWR consigned from Morocco, Moldova and the Republic of Korea.

2. Request for a review

- (5) On 27 October 2012, the Commission announced by a notice published in the *Official Journal of the European Union* the initiation of an expiry review ('notice of initiation')⁶ of the anti-dumping measures applicable to imports of SWR originating in the Russian Federation pursuant to Article 11(2) of the basic Regulation.

- (6) The review was initiated following a substantiated request lodged by the Liaison Committee of European Union Wire Rope Industries (hereafter referred to as 'EWRIS' or 'the applicant') on behalf of Union producers representing more than 50%, of the total Union production of certain iron or steel ropes and cables. The request was based on the grounds that the expiry of the measures would be likely to result in continuation of dumping and recurrence of injury to the Union Industry ('UI').

3. Investigation

3.1. Review investigation period and period considered

- (7) The investigation of continuation or recurrence of dumping and injury covered the period from 1 October 2011 to 30 September 2012 (RIP). The examination of the trends relevant for the assessment of a likelihood of a continuation or recurrence of injury covered the period from 1 January 2009 until the end of the RIP (period considered).

3.2. Parties concerned by the proceedings

- (8) The Commission officially advised the exporting producers, Union producers, importers and users known to it as well as the applicant and the authorities of the exporting country. Interested parties were given the opportunity to make their views known in writing and to request a hearing within the time-limit set out in the notice of initiation.

- (9) In view of the potentially large number of exporting producers in the Russian Federation involved in the investigation, sampling was initially envisaged in the notice of initiation in accordance with Article 17 of the basic Regulation. In order to enable the Commission to decide whether sampling would be indeed necessary and, if so, to select a sample, exporting producers from the Russian Federation were requested, to make themselves known within 15 days from the initiation of the proceeding and to provide the Commission with the information requested in the notice of initiation.

⁵ OJ L 36, 09.02.2012, p. 1.

⁶ OJ C 330, 27.10.2012, p. 5.

- (10) Given that only two exporting producers in the Russian Federation provided the information requested in the notice of initiation and expressed their willingness to further cooperate with the Commission, it was decided not to apply sampling for exporting producers.
- (11) The Commission announced in the notice of initiation that it had provisionally selected a sample of Union producers and invited interested parties to comment thereupon within a deadline provided for in the notice of initiation. The provisional sample consisted of five Union producers that were found to be representative of the Union industry in terms of volume of production and sales of the like product in the Union.
- (12) In the absence of any comments, the proposed companies were selected to be included in the final sample and interested parties were accordingly informed. However, one of the finally selected companies subsequently withdrew from the sample. The Commission therefore decided to reduce the sample to the four remaining companies, which were still found to be representative of the Union industry in terms of volume of production (29.3%) and sales (20.9%) of the like product in the Union.
- (13) Although sampling was envisaged in the notice of initiation of unrelated importers, neither any unrelated importer nor any user came forward. Therefore, sampling was not applied to unrelated importers.
- (14) Questionnaires were sent to the four sampled Union producers, the two exporting producers in the Russian Federation, and the related importer.

3.3. Questionnaire replies

- (15) Replies to the questionnaires were received from the four sampled Union producers, from the related importer and from one exporting producer from the Russian Federation.
- (16) Although two exporting producers from the Russian Federation had originally come forward, only one of them provided a reply to the questionnaire and is considered to be cooperating in the investigation. The cooperating exporting producer has a wholly owned subsidiary based in Italy, which also produces SWR and imports the product concerned from the Russian Federation. The other exporting producer provided a submission at the time of the initiation of the investigation and although was invited to fill in a questionnaire, failed to do so. It is therefore considered that the second exporting producer did not cooperate in the investigation.

3.4. Verification visits

- (17) The Commission sought and verified all information it deemed necessary for the purpose of determining the likelihood of continuation or recurrence of dumping and resulting injury and of the Union interest. Verification visits were carried out at the premises of the following companies:
 - a) Union producers:
 - CASAR Drahtseilwerk Saar GmbH, Germany,
 - BRIDON International Ltd. United Kingdom,

- TEUFELBERGER Seil GmbH, Austria,
 - Manuel Rodrigues de OLIVEIRA Sá & Filhos, S.A., Portugal;
- b) Exporting producer in the Russian Federation:
- JSC SEVERSTAL-Metiz, Cherepovets;
- c) Related importer:
- REDAELLI Tecna SpA, Italy.

B. PRODUCT CONCERNED AND LIKE PRODUCT

1. Product concerned

- (18) The product concerned is the same as that in the original investigation and in the last investigation, which led to the imposition of measures currently in force, i.e. iron and steel ropes and cables, including locked coil ropes, excluding ropes and cables of stainless steel, with a maximum cross-sectional dimension exceeding 3 mm, with fittings attached or not (in industry terminology often referred to as 'SWR'), currently falling within CN codes ex 7312 10 81, ex 7312 10 83, ex 7312 10 85, ex 7312 10 89 and ex 7312 10 98 (the 'product concerned').

2. Like product

- (19) The current expiry review investigation confirmed that SWR produced in the Russian Federation and exported to the Union, and SWR produced and sold in the Union by the Union producers have the same basic physical and technical characteristics and end uses and are therefore considered to be like products within the meaning of Article 1(4) of the basic Regulation.

C. LIKELIHOOD OF A CONTINUATION OR RECURRENCE OF DUMPING

1. Preliminary remarks

- (20) In accordance with Article 11(2) of the basic Regulation, it was examined whether dumping was currently taking place and whether the expiry of the existing measures would be likely to lead to a continuation or recurrence of dumping.
- (21) As explained above in recital (10), it was not necessary to select a sample of exporting producers in the Russian Federation. The cooperating exporting producer accounted for 99% of the exports of the product concerned from the Russian Federation to the Union during the RIP. On this basis, it was concluded that cooperation was high.
- (22) Since two other known producers in the Russian Federation did not cooperate in the investigation, the findings on the likelihood of continuation or recurrence of dumping set out below had to be based on the best available facts including Eurostat data, the Russian official statistics and limited data obtained from a second producer.

2. Dumping of imports during the RIP

(23) According to the request for review, the exports from the Russian Federation into the Union were allegedly dumped at an average margin of 130.8%. As mentioned in the notice of initiation (paragraph 4.1), the applicant compared the export prices from the Russian Federation to the Union (at ex-works level) with the domestic prices in the Russian Federation.

2.1. Normal value

(24) In accordance with Article 2(2) of the basic Regulation, it was first established for the cooperating exporting producer whether its total domestic sales of the like product to independent customers in the Russian domestic market were representative, i.e. whether the total volume of such sales was equal to at least 5% of the total volume of the corresponding export sales to the Union. The domestic sales of the like product by the cooperating exporting producer were found to be overall representative.

(25) Subsequently, the Commission identified those types of the like product sold domestically by the exporting producer which were identical or directly comparable to the types sold for export to the Union.

(26) It was further examined whether the domestic sales of the cooperating exporting producer were representative for each product type, i.e. whether domestic sales of each product type constituted at least 5% of the sales volume of the same product type to the Union. For the product types sold in representative quantities it was then examined whether such sales were made in the ordinary course of trade ('OCOT'), in accordance with Article 2(4) of the basic Regulation.

(27) The examination as to whether the domestic sales of each product type, sold domestically in representative quantities, could be regarded as having been made in the OCOT was made by establishing the proportion of the profitable sales to independent customers of the type in question. In all cases where the domestic sales of the particular product type were made in sufficient quantities and in the OCOT, normal value was based on the actual domestic price, calculated as a weighted average of all the domestic sales of that type made during the RIP.

(28) For the remaining product types where domestic sales were not representative or not sold in the OCOT, normal value was constructed in accordance with Article 2(3) of the basic Regulation. Normal value was constructed by adding to the manufacturing costs of the exported types, adjusted where necessary, a reasonable percentage for selling, general and administrative expenses and a reasonable margin for profit, on the basis of actual data pertaining to the production and sales of the like product in the OCOT, in accordance with the first sentence of Article 2(6) of the basic Regulation.

2.2. Export price

(29) For export sales to the Union market of the cooperating Russian exporting producer made directly to the independent customers, the export price was established on the basis of the prices actually paid or payable for the product concerned in accordance with Article 2(8) of the basic Regulation.

(30) For the export transaction where the export to the Union was made through a related trading company, the export price was established on the basis of the first resale price of the related trader to independent customers in the Union, pursuant to Article 2(9) of

the basic Regulation. Adjustments were made to take account of all the costs incurred between the importation and resale, and for profit, to establish a reliable export price. In the absence of information from independent importers concerning the level of profits accrued during the RIP, an average profit margin of 5% was used.

2.3. Comparison

- (31) The comparison between the weighted average normal value and the weighted average export price was made on an ex-works basis and at the same level of trade.
- (32) In order to ensure a fair comparison between normal value and the export price, account was taken, in accordance with Article 2(10) of the basic Regulation, of differences in factors which were demonstrated to affect prices and price comparability. For this purpose, due allowance in the form of adjustments was made for differences in transport, insurance, handling, loading and ancillary costs, financial costs, packing costs, commissions and rebates where applicable and justified.

2.4. Dumping margin

- (33) As provided for under Article 2(11) of the basic Regulation, the weighted average normal value by type was compared with the weighted average export price of the corresponding type of the product concerned. This comparison showed the existence of dumping which amounted to 4.7% for the exporting producer.

3. Developments of imports should measures be repealed

3.1. Preliminary remarks

- (34) Further to the analysis of the existence of dumping during the RIP, the likelihood of the continuation of dumping should measures be repealed was also investigated. In this respect the following elements were analysed: the volume and prices of dumped imports from the Russian Federation, the attractiveness of the Union market and other third country markets, production capacity and excess capacity for exports in the Russian Federation.

3.2. Volume and prices of dumped imports from the Russian Federation

- (35) According to Eurostat, during the period considered, the imports from the Russian Federation increased from 2 005 tonnes in 2009 to 2 343 tonnes in the RIP representing around 1% of the Union consumption in the RIP and in the period considered. As mentioned above in recital (33), the imports from the cooperating exporting producer were made at dumped prices (4.7%) despite the anti-dumping duty in force.

3.3. Attractiveness of the Union market and other third country markets

- (36) The exports to the Union constituted 3% of the total sales of the cooperating producer, while the majority of the sales (85%) were made on the Russian domestic market. The domestic market grew by 38% in the period considered⁷ and may further grow should

⁷ According to the data obtained from Prommetiz – Russian association of hardware producers.

the GDP of the Russian Federation continue to grow, as forecasted by publically available sources specialising on economic analysis. Moreover, the information gathered during the investigation revealed that the cooperating producer does not produce all types of the product concerned and therefore its competitive pressure on the Union producers is limited. This is likely to be the case also for the two other producers in view of no available information on the investments in new machinery, which could for instance allow the production of the product concerned of a bigger diameter. Furthermore, the limited competitive pressure of the exporting producers from the Russian Federation seems also be confirmed by the presence of the Union producers on the Russian market. According to the official Russian customs statistics the Union producers' exports of the like product to the Russian Federation represented 30% of all imports of the like product to the Russian market in RIP, making of the Union producers the largest exporter on the Russian market.

- (37) In reply to the final disclosure the applicant argued that the projected GDP growth of Russia (in the range of 3%) is rather moderate and will not allow for further development of the Russian SWR market. Consequently, the Russian market might not be able to absorb additional volumes of the like product. In this respect it is noted that the Russian GDP growth during the period considered, i.e. from 2009 to the end of the IP, was lower than the forecasted growth for the year 2014 and nevertheless allowed for the growth of the SWR market in Russia by 38%. Therefore the argument has been rejected.
- (38) The same party also pointed to the new types of products that the cooperating exporting producer has recently developed (in cooperation with its subsidiary based in the Union) and claimed that this confirms the investments made by this producer in the period considered. This fact however does not contradict the finding on the cooperating producer's inability to produce all type of ropes (especially SWR in the high end of the market). Therefore the argument has been rejected.
- (39) The attractiveness of the Union market should also be seen in the context of some acquisitions of Union producers by the Russians exporting producers. Indeed, two Russian producers currently own subsidiaries based in the Union. The verification visit to the EU based subsidiary of the cooperating exporter revealed that its sales were concluded mainly on the European market and that the related sales between the cooperating producer and this subsidiary remained limited in RIP.
- (40) On the basis of the data of the cooperating exporter, it has to be noted that the Russian export volume of the product concerned to third countries exceeded four times the export volume to the Union in RIP. The export prices of the cooperating exporting producer to third countries were found to be on average lower than its domestic sales price in the Russian Federation, but on average at higher levels than the export prices to the Union market. This allows a conclusion that the export sales to third countries' markets are more attractive than the sales to the Union market. In this context, the existence of long established sales channels with the Commonwealth of Independent States' (CIS) markets is also noted.
- (41) In reply to the final disclosure the applicant argued that the export prices of the Russian producers to the third markets are in fact lower than the export prices to the Union. A comparison between average export prices to Ukraine and some European countries based allegedly on the Russian customs statistics was evoked. No original

data underlying the comparison was submitted. In this respect it is noted that the comparison of the price difference between Russian export prices to the Union and to third markets carried out in the investigation was based on the verified questionnaire data of the cooperating exporting producer. Such price comparison was made at ex-works level taking into account the differences between the product types and the level of trade. The average prices submitted by the applicant do not reflect the complexity of the price components and ranges existing in the SWR market and resulting from a significant number of different products and different level of trade. Therefore the argument has been rejected.

- (42) The same party argued that the level of export volume of the Union industry to the Russian Federation is irrelevant in this case and rather pointed to the increased imports from the People's Republic of China to the Russian Federation and the need to take them into consideration in the analysis as they constitute a competitive threat to the presence of the Russian producers on the Russian and CIS markets. In this regard the fact that the Union producers remain the export leaders on the Russian market is relevant as it confirms inter alia the fact that the Russian producers are unable to produce all types of SWR for which demand exists on the Russian market. As regards the Chinese exports to the Russian Federation, it is noted that they grew in parallel to the rapid growth of the demand of the Russian market. No information was provided e.g. regarding Chinese export price levels to the Russian Federation or CIS countries or the characteristics of the imported product under investigation to allow for a further analysis. Finally, it is noted that according to the Russian customs statistics the Russian producers of the product concerned remained the leader on their SWR domestic market in the RIP and the total imports to this market accounted for only about 15% of the Russian SWR market. Therefore the argument has been rejected.

3.4. Production capacity and excess capacity available for exports in the Russian Federation

- (43) According to the request for review, the production capacity of all Russian exporting producers was 115 000 tonnes. During the investigation the applicant reassessed the Russian production capacity to be in a range between 220 000 and 250 000 tonnes, which was however not supported by any evidence. On the basis of the verified data of the cooperating exporter, the data submitted by a second known producer and the data contained in the request on the third producer, the production capacity of all Russian producers of the product concerned was established at the level of around 158 000 tonnes. In this context, it is noted that the production capacity of the cooperating exporting producer underwent structural adjustments in the period considered, as a result of which one production workshop was closed.
- (44) In reply to the final disclosure one party argued that some machinery from the closed production workshop was transferred to another production site of the cooperating producer. No evidence was provided however to support this claim. In this respect it is confirmed that the evidence gathered during the investigation confirms that the cooperating producer underwent in the period considered structural adjustments, which included scrapping of some machinery in all three production sites and closure of one production workshop. At the same time it cannot be excluded that certain machinery from the closed production workshop was transferred to the remaining ones. In any event, this does not change the estimation of the production capacity of

this producer and of Russia in total, which the party did not contest. Therefore the argument has been rejected.

- (45) Regarding the question of capacity utilisation and excess capacity, further to the data of two producers, in the absence of any precise information on the capacity utilisation of the third producer it was assumed that its capacity utilisation was in the range of the two other producers i.e. 90% in RIP. Considering the above, it was concluded that the total spare capacity in the Russian Federation is in the range of 17 000 tonnes. This corresponded to about 8% of the Union consumption in RIP.

3.5. Conclusion

- (46) In view of the findings that exports from the Russian Federation are still being dumped during the RIP, there is a likelihood of continuation of dumping on the Union market in case the current anti-dumping measures are removed.
- (47) However, the following points should be highlighted. Firstly, there is a limited spare capacity available in the Russian Federation, which may be absorbed by the fast growing demand on the domestic market. Secondly, the Russian producers do not possess capacities to deliver all types of ropes and therefore their competitive pressure on the Union market is limited. Thirdly, two of three known exporting producers have their fully owned subsidiaries in the Union producing the like product. Based on the information received from the subsidiary of the cooperating exporting producer, it can be seen that the like product produced by the subsidiary is sold primarily on the Union market while the exporting producer produces and sells the like product mostly for the Russian market. In addition, the Russian exporting producers have strong commercial links with the third country markets, in particular the CIS markets, which are more attractive for the Russian exporters because on average the prices charged in these markets are higher than the ones charged in the Union. On this basis it was concluded that the imports of the product concerned from the Russian Federation are unlikely to grow substantially should the measures be allowed to lapse.

D. DEFINITION OF THE UNION INDUSTRY

- (48) During the RIP, SWR are manufactured by over 30 Union producers. The output of those producers (established on the basis of the information collected from the cooperating producers and for the other Union producers on the data from the applicant) is therefore deemed to constitute the Union production within the meaning of Article 4(1) of the basic Regulation.
- (49) As explained under recital (12), due to the large number of Union producers, a sample was selected. For the purpose of the injury analysis, the injury indicators have been established at the following two levels:
- the macroeconomic elements (production, capacity, sales volume, market share, growth, employment, productivity, average unit prices, magnitude of dumping) were assessed, at the level of the whole Union production, on the basis of information collected from the cooperating producers, from Eurostat data and, for the other Union producers, an estimate based on the data from the applicant was used;
 - the analysis of microeconomic elements (i.e. stocks, wages, profitability, return on

investments, cash flow, ability to raise capital and investments) was carried out for the sampled Union producers on the basis of their information which was verified.

E. SITUATION ON THE UNION MARKET

1. Union Consumption

- (50) Union consumption increased by 8% from 195 426 tonnes to 211 380 tonnes between 2009 and the RIP.

	2009	2010	2011	RIP
Union consumption (in tonnes)	195 426	206 940	213 350	211 380
<i>Index</i>	100	106	109	108

2. Current imports from the Russian Federation

2.1. Volume, market share and prices of imports from the Russian Federation

- (51) According to Eurostat data, the volume of imports of the product concerned originating in the Russian Federation increased from 2 005 tonnes to 2 343 tonnes between 2009 and the RIP. Despite this increase, these volumes are lower than the imports from the Russian Federation during the last investigation, where the imports were 2 908 tonnes for 2005 and 3 323 tonnes for the period 1 July 2005 to 30 June 2006 (last RIP). Moreover, since the end of the RIP, imports from Russia show a decreasing trend (down by 20%).

- (52) The market share of the Russian imports was 1.03% in 2009 and 1.11% in the RIP.

- (53) As far as import prices are concerned, they have increased steadily by 12% over the period considered.

	2009	2010	2011	RIP
Import (in tonnes)	2 005	2 197	2 549	2 343
<i>index</i>	100	110	127	117
Market share	1.03%	1.06%	1.19%	1.11%
<i>index</i>	100	103	116	108
Price of import	1 054	1 084	1 171	1 178
<i>index</i>	100	103	111	112

2.2. Price undercutting

- (54) Price undercutting was established using the export prices of the cooperating Russian producer, without anti-dumping duty, and was found to range from 54.7% to 69.0% depending on the product types with a weighted average undercutting margin of 63.4%. However, in view of the low import volumes from the Russian Federation and the numerous different types of SWR that exists, the price undercutting could only be established on the basis of very few identical product types with low volumes (19.9 tonnes). Therefore, the undercutting margin may only be considered to be indicative.

3. Imports from other countries

3.1. Volume, market share and prices of imports from other countries

- (55) Imports from countries other than the Russian Federation have increased by 10.6% over the period considered, which is higher than the increase in consumption on the EU market (+8%). Despite the gain of EU market share by countries other than the Russian Federation, the respective market shares can be considered as being stable.
- (56) The main exporting countries during the RIP were South Korea with 16% market share followed by the PRC (1.78%), Thailand with about 1.65% market share, and the Russian Federation (see above, 1.11% market share) while the Union industry market share was close to 60%.

Countries/ Imports in tonnes	2009	2010	2011	RIP
South-Korea	32 027	23 926	28 906	34 798
China	5 797	4 067	5 174	3 765
Thailand	3 673	3 815	5 348	3 499
Other countries	34 938	38 974	39 376	42 444
Subtotal (excluding the Russian Federation)	76 435	70 782	78 804	84 506
Russia	2 005	2 197	2 548	2 343
Total imports (including the Russian Federation)	78 440	72 979	81 352	86 849

3.2. Price undercutting

- (57) *The overall average prices of imports of the like product from other countries remained stable and unchanged during the period considered and undercut Union industry prices on average by 57%.*

4. Situation of the Union Industry

- (58) Pursuant to Article 3(5) of the basic Regulation, the Commission examined all relevant economic factors and indices having a bearing on the state of the Union industry.

4.1. Preliminary remarks

- (59) In view of the fact that sampling was used with regard to the Union industry, the injury was assessed on the basis of information collected at the level of the entire Union industry ('UI') (macroeconomic elements as defined in recital (49)) and on the basis of information collected at the level of the sampled Union producers (microeconomic elements as defined in recital (49)).

(a) Production

- (60) The UI's production increased by 6% between 2009 and the RIP, i.e. from 214 475 tonnes to 228 368 tonnes. In a context of increase consumption (+8%), as mentioned under recital (52), the Union Industry increased its production volume by 6%.

UI	2009	2010	2011	RIP
Production volume (in tonnes)	214 475	223 385	224 559	228 368
<i>index</i>	100	104	105	106

(b) Capacity and capacity utilisation rates

- (61) The increase in Union consumption (+8%) also triggered an increase in production by the Union Industry by 6%.

UI	2009	2010	2011	RIP
Capacity	348 852	371 187	366 976	369 134
<i>index</i>	100	106	105	106
Capacity utilisation	61.5%	60.2%	61.2%	61.9%
<i>index</i>	100	98	100	101

(c) Sales volume

- (62) The sales by the UI on the Union market increased by 7% between 2009 and the RIP.

UI	2009	2010	2011	RIP
Sales to unrelated parties in the Union (in tonnes)	116 902	133 824	131 085	124 524
<i>index</i>	100	114	112	107

(d) Market share

- (63) The UI managed to keep its market share relatively stable during the period considered, i.e. at 60% in 2009 and at 59% during the RIP.

UI	2009	2010	2011	RIP
Market share	60%	65%	61%	59%
<i>index</i>	100	108	102	98

(e) Growth

- (64) Between 2009 and the RIP, when the Union consumption increased by 8%, the sales volume of the UI increased as well by 7%. The market share of the UI can be therefore considered as being stable, though it slightly lost market share, whereas the imports from the Russian Federation did slightly increase.

(f) Employment

- (65) While the sampled Union producers showed an increase of 5% during the period considered, the estimation by the applicant of the level of employment of the entire UI is different and shows a negative trend, being a decrease by 6% between 2009 and the RIP.

UI	2009	2010	2011	RIP
Employment	3 763	3 776	3 688	3 544
<i>index</i>	100	100	98	94

(g) Magnitude of dumping margin

- (66) As concerns the impact on the UI of the magnitude of the actual margins of dumping found (4.7%), given the low overall volume of the imports from the Russian Federation and the relatively low dumping margin, this impact cannot be considered to be significant.

(h) Stocks

- (67) The level of closing stocks of the UI decreased between 2009 and the RIP.

Sampled producers	2009	2010	2011	RIP
Closing stock (in tonnes)	11 723	10 240	9 813	10 489
<i>index</i>	100	87	84	89

(i) Sales prices and factors affecting domestic prices

- (68) Unit sales prices of the UI increased by 8% between 2009 and the RIP. This price development is linked to the fact that the UI was able to pass on the increase in the cost of production (by 8%) onto users. It is also linked to the progressive migration of the UI towards larger diameter SWR and a higher focus on special purpose ropes.

Sampled producers	2009	2010	2011	RIP
Average unit sales price in the EU (EUR/tonne)	3 625	3 658	3 809	3 911
<i>Index</i>	100	101	105	108

(j) Wages

- (69) Between 2009 and the RIP, the average wage per FTE increased by 20% during the period considered. Following the restructuring of some sampled companies, the proportion of white collar versus blue collar employees increased during the period considered, which is reflected in the increased average salary cost per employee.

Sampled producers	2009	2010	2011	RIP
Wages per FTE (EUR)	42 393	45 174	48 718	51 052
<i>index</i>	100	107	115	120

(k) Productivity

- (70) Productivity of the UI's workforce, measured as output per full time equivalent ('FTE') employed per year, was volatile over the period considered as it decreased in 2010 before going up again in 2011 and in the RIP.

UI	2009	2010	2011	RIP
Productivity	58	52	53	55
<i>index</i>	100	88	90	94

(l) Investments and ability to raise capital

- (71) Investments in SWR increased by 271% over the period considered, were significant and amounted to almost 16 million EUR during the RIP. The sampled producers did not face difficulty to raise capital over the period considered. Moreover, a large proportion of the investments could be financed by own generated cash flows.

Sampled producers	2009	2010	2011	RIP
Investments (EUR 1000)	5 845	6 025	12 656	15 839
<i>index</i>	100	103	217	271

(m) Profitability on the EU market

- (72) The sampled producers managed to achieve profits over the whole period considered. The profits achieved from 2009 to the RIP – despite the drop compared to 2009 - were well above the target profit of 5% set in the original investigation.

Sampled producers	2009	2010	2011	RIP
Profitability on the EU market	14.8%	10.1%	10.6%	10.6%
<i>index</i>	100	68	72	72

(n) Return on investments

- (73) The return on investments (ROI), expressed as the total profit generated by the SWR activity in percent of the net book value of assets directly and indirectly related to the production of SWR, broadly followed the above profitability trends over the whole period considered. Despite the drop, this indicator remains quite high.

Sampled producers	2009	2010	2011	RIP
ROI	37.7%	23.4%	25%	23%
<i>index</i>	100	62	66	61

(o) Cash flow

- (74) The cash-flow situation remains overall very positive, despite some deterioration between 2009 and the RIP: it follows to a certain extent the profitability trends over the whole period considered.

Sampled producers	2009	2010	2011	RIP
Cash Flow (EUR 1000)	57 545	40 640	38 297	43 380
<i>index</i>	100	71	67	75

(p) Recovery from the effects of past dumping

- (75) The majority of the indicators show that the UI adapted its production equipment to better face the new economic environment and be able to seize opportunities on EU and non EU markets in segments where high margins can be achieved. The improvement in the economic and financial situation of the UI, further to the imposition of anti-dumping measures in 2001, evidence that the measures are effective and that the UI has recovered from the effects of past dumping practices.

4.2. Conclusion

- (76) During the period considered the UI managed more or less to maintain its market share, prices increased by 8%, stocks remained at a reasonable level while production volume and consumption increased. The UI was profitable throughout the period considered, although profits were at a lower level in the RIP than in 2009. Considering the above, it can be concluded that the UI did not suffer material injury over the period considered.

F. LIKELIHOOD OF RECURRENCE OF INJURY

- (77) It has also been examined whether the recurrence of material injury would be likely if the measures were allowed to lapse. It is assessed that this is not likely to happen for the reasons as explained below.
- (78) As highlighted in recital (54) prices of imports from the Russian Federation were found to undercut EU prices. However, given the low volumes of matching product types, the present undercutting margin may only be considered to be indicative.
- (79) As explained in recital (51), the volume of imports of the product concerned originating in the Russian Federation was 2 005 tonnes in 2009 and 2 343 tonnes during the RIP, representing a market share of respectively 1.03% and 1.11%.

- (80) As explained in recitals (-43) and (45), the total Russian capacity is estimated to be about 158 000 tonnes, whereas during the last investigation this was estimated to be approximately at the level of the total EU consumption, namely 220 000 tonnes. Furthermore, the spare capacities appear currently to be limited.
- (81) During the last investigation, the Russian market was assessed as not able to absorb the level of supply. Currently, as explained in recital (36), the domestic consumption of SWR in Russia experienced a considerable growth by 38% in the period considered. In addition, publicly available economic forecasts estimate a strong GDP growth in the Russian Federation in the coming years. The Russian spare capacity, as mentioned in recital (45), is therefore likely to be absorbed by the growing Russian market as Russian prices are around 11% higher than export prices to the EU. In addition, Russian export prices to other markets, notably the CIS countries are on average 5.6% higher than the export prices to the EU. It is therefore unlikely that substantial quantities of either the spare capacity or their current sales on the more beneficial domestic market and/or in CIS country markets will be redirected to the Union market.
- (82) In the light of the above, it is concluded that the repeal of the measures on imports originating in the Russian Federation would in all likelihood not result in the recurrence of material injury to the UI as whole.

G. ANTI-DUMPING MEASURES

- (83) In the light of the above, the anti-dumping measures applicable to imports of SWR from the Russian Federation should be repealed and the present proceeding terminated in accordance with Article 9(2) and Article 11(2) of the basic Regulation.
- (84) All parties were informed of the essential facts and considerations on the basis of which it is intended to recommend that the existing measures be terminated with regard to imports originating in the Russian Federation. They were also granted a period to make representations subsequent to this disclosure. Comments were received by one interested party which also requested and was granted a hearing in the presence of the hearing officer,

HAS ADOPTED THIS REGULATION:

Article 1

The anti-dumping measures concerning imports of steel ropes and cables including locked coil ropes, excluding ropes and cables of stainless steel, with a maximum cross-sectional dimension exceeding 3 mm, with fittings attached or not, originating in the Russian Federation and currently falling within CN codes ex 7312 10 81, ex 7312 10 83, ex 7312 10 85, ex 7312 10 89 and ex 7312 10 98, are hereby repealed and the proceeding concerning these imports is terminated.

Article 2

The expiry review proceeding of the anti-dumping measures applicable to imports of steel ropes and cables including locked coil ropes, excluding ropes and cables of stainless steel, with a maximum cross-sectional dimension exceeding 3 mm, with fittings attached or not,

currently falling within CN codes ex 7312 10 81, ex 7312 10 83, ex 7312 10 85, ex 7312 10 89 and ex 7312 10 98 and originating in the Russian Federation, initiated pursuant to Article 11(2) of Regulation (EC) No 1225/2009, is hereby terminated.

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