

**COMMISSION IMPLEMENTING REGULATION (EU) 2017/648****of 5 April 2017****imposing a definitive anti-dumping duty on imports of okoumé plywood originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union <sup>(1)</sup> ('the basic Regulation'), and in particular Article 11(2) thereof,

Whereas:

**A. PROCEDURE****1. Measures in force**

- (1) Following an anti-dumping investigation ('the original investigation'), the Council imposed, by means of Regulation (EC) No 1942/2004 <sup>(2)</sup> a definitive anti-dumping duty on imports of okoumé plywood originating in the People's Republic of China ('the PRC' or 'China' or 'country concerned'). The measures took the form of an *ad valorem* duty and the duty levels imposed ranged from 6,5 % to 23,5 % for four producers and 66,7 % for all other producers. Following an expiry review, these measures were maintained by Council Implementing Regulation (EU) No 82/2011 <sup>(3)</sup> ('the previous review').

**2. Request for an expiry review**

- (2) Following the publication of a notice of impending expiry <sup>(4)</sup> of the anti-dumping measures in force, the Commission received a request for the initiation of an expiry review of the measures against the PRC pursuant to Article 11(2) of the Council Regulation (EC) No 1225/2009 <sup>(5)</sup> ('the expiry review request' or 'the request').
- (3) The request was lodged on 22 October 2015 by the European Panel Federation ('EPF') ('the applicant') on behalf of producers representing more than 25 % of the total Union production of okoumé plywood. The request is based on the grounds that the expiry of the measures would be likely to result in recurrence of dumping and recurrence of injury to the Union industry.

**3. Initiation of an expiry review**

- (4) Having determined, after consulting the Committee established by Article 15(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 29 January 2016, by a notice published in the *Official Journal of the European Union* <sup>(6)</sup> ('Notice of Initiation'), the initiation of an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009.

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 21.

<sup>(2)</sup> Council Regulation (EC) No 1942/2004 of 2 November 2004 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of okoumé plywood originating in the People's Republic of China (OJ L 336, 12.11.2004, p. 4.).

<sup>(3)</sup> Council Implementing Regulation (EU) No 82/2011 of 31 January 2011 imposing a definitive anti-dumping duty on imports of okoumé plywood originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009 and terminating a partial interim review pursuant to Article 11(3) of Regulation (EC) No 1225/2009 (OJ L 28, 2.2.2011, p. 1).

<sup>(4)</sup> Notice of the impending expiry of certain anti-dumping measures (OJ C 161, 14.5.2015, p. 8).

<sup>(5)</sup> Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community (OJ L 343, 22.12.2009, p. 51). This Regulation was repealed by Regulation (EU) 2016/1036.

<sup>(6)</sup> Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of okoumé plywood originating in the People's Republic of China (OJ C 34, 29.1.2016, p. 5.).

#### 4. Investigation

##### 4.1. Review investigation period and period considered

- (5) The investigation of the likelihood of continuation or recurrence of dumping and injury covered the period from 1 January 2015 to 31 December 2015 (the 'review investigation period' or 'RIP'). The examination of the trends relevant for the assessment of the likelihood of a continuation or recurrence of injury covered the period from 1 January 2012 to the end of the review investigation period (the 'period considered').

##### 4.2. Parties concerned by the investigation

- (6) The Commission officially advised the applicants, the other known Union producers, the exporting producers in the PRC, importers/users which were known to be concerned, as well as the authorities of the PRC of the initiation of the expiry review.
- (7) 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.

##### 4.3. Sampling

- (8) In the Notice of Initiation, the Commission stated that it might sample interested parties, in accordance with Article 17 of the basic Regulation.

##### 4.3.1. Sampling of exporting producers in the PRC

- (9) In view of the apparent large number of exporting producers in the PRC, sampling was envisaged in the Notice of Initiation.
- (10) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all known exporting producers in the PRC to provide the information specified in the Notice of Initiation. In addition, the Commission requested the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.
- (11) Since only two companies in the PRC came forward, sampling was not necessary.

##### 4.3.2. Sampling of Union producers

- (12) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. In accordance with Article 17(1) of the basic Regulation, the Commission selected the sample on the basis of the largest representative volume of production, taking also into account the sales volume and geographical spread. The sample consisted of five Union producers. The sampled Union producers accounted for around 74 % of the total Union production during the RIP. The Commission invited interested parties to comment on the provisional sample. No comments were received within the deadline and the provisional sample was thus confirmed. The sample is considered representative for the Union industry.

##### 4.3.3. Sampling of unrelated importers, questionnaires and cooperation

- (13) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked all unrelated importers to provide the information specified in the Notice of Initiation.
- (14) Around 35 known potential importers/users were contacted at initiation stage and were invited to explain their activity and to fill in the sampling form for unrelated importers attached to the Notice of Initiation, if applicable.
- (15) Thirteen importers submitted the sampling form. All of them indicated that they did not import okoumé plywood from China. On this basis, sampling was not considered warranted.

#### 4.4. Questionnaires and verification visits

- (16) The Commission sought and verified all the information deemed necessary for the purpose of determining the likelihood of continuation or recurrence of dumping, the likelihood of continuation or recurrence of injury and Union interest.
- (17) The Commission sent questionnaires intended for exporting producers to two companies in the PRC mentioned in recital (11), twelve known producers in potential analogue countries (Gabon, Morocco, Switzerland and Turkey), and the five sampled Union producers.
- (18) Only one company in the PRC replied partly to the questionnaire while full questionnaire replies were received from, two producers in Gabon, one producer in Morocco and five sampled Union producers.
- (19) The Commission carried out verifications at the premises of the following companies:
- (a) Union producers:
- F.A. MOURIKIS SA (Greece),
  - GARNICA PLYWOOD SA (Spain),
  - JEAN THÉBAULT SAS (France),
  - JOUBERT LES ELIOTS SAS (France),
  - JOUBERT ST-JEAN-D'ANGÉLY SAS (France).
- (b) Producer in the market economy country
- CEMA BOIS DE L'ATLAS (Morocco)

#### 4.5. Disclosure

- (20) On 13 February, the Commission disclosed to all interested parties the essential facts and considerations on the basis of which it intends to maintain the anti-dumping measures in force and invited all interested parties to comment. No comments were submitted.

### B. PRODUCT CONCERNED AND LIKE PRODUCT

#### 1. Product concerned

- (21) The product concerned is the same as in the original investigation and is defined as follows: plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness, with at least one outer ply of okoumé not coated by a permanent film of other materials, originating in the PRC, currently falling within CN code ex 4412 31 10 (TARIC code 4412 31 10 10). The product concerned is used for a wide variety of end-uses. It is used in the building industry in exterior joinery and carpentry applications for boarding, shutter boards, exterior basements and balustrades and riverside panelling. It is also used for more decorative purposes in, inter alia, road transports (e.g. cars, coaches, caravans, camping cars), maritime transport (yachts), furniture industry and doors.
- (22) There are two main types of okoumé plywood, plywood made solely with okoumé ('full okoumé') and plywood with at least one of the outer faces made of okoumé, the rest being made of other wood ('faced okoumé') (the latter can also be referred to as 'combi' or 'twin'). Both main types of okoumé plywood have the same external appearance. Despite differences in mechanical properties, they all share the same basic physical and technical characteristics, and are used for the same basic purposes.

## 2. Like product

- (23) The investigation showed that the following products have the same physical and technical characteristics as well as the same basic uses:
- the product concerned,
  - the product produced and sold in the Union by the Union industry.
- (24) The Commission concluded that these products are like products within the meaning of Article 1(4) of the basic Regulation.

## C. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

### 1. Preliminary remarks

- (25) In accordance with Article 11(2) of the basic Regulation, it was examined whether the expiry of the existing measures would be likely to lead to a continuation or recurrence of dumping.
- (26) As mentioned above in recital (18) only one company in the PRC replied partly to the questionnaire. This company reported that it was not producing nor selling okoumé plywood during the period considered.
- (27) In view of the lack of cooperation of any other producer in the PRC, the Commission informed the Chinese authorities that in accordance with Article 18 of the basic Regulation facts available may be used. The Commission did not receive any comments or requests for an intervention of the Hearing Officer from the Chinese authorities.
- (28) On this basis, in accordance with Article 18(1) of the basic Regulation, the findings in relation to the likelihood of continuation or recurrence of dumping set out below were based on facts available, in particular:
- (i) information in the expiry review request;
  - (ii) Eurostat statistics and the data collected by Member States pursuant to Article 14(6) of the basic Regulation ('14(6) database');
  - (iii) publicly available statistics of the Food and Agriculture Organisation of the United Nations ('FAO').

The Chinese export statistics database could not be used as its coding structure was not precise enough to provide useful information.

- (29) Eurostat and 14(6) database indicated no imports of the product concerned from the PRC during the RIP; therefore dumping could not be established during this period in the Union market.
- (30) Dumping calculations were performed in the context of the likelihood of recurrence of dumping.

### 2. Development of imports should measures be repealed

- (31) In order to establish the likelihood of recurrence of dumping should measures be repealed, the following elements were analysed: (i) possible dumping levels in the Union market and in other third countries; (ii) production and production capacity in China; and (iii) attractiveness of the Union market.
- (32) In accordance with Article 18 of the basic Regulation, the findings in relation to the likelihood of recurrence of dumping set out below were based on facts available, namely the sources mentioned in the recital (28).

(i) **Possible dumping levels in the Union market and other third countries**

*Analogue country*

- (33) Four exporting producers were granted market economy treatment (MET) in the original investigation. According to Article 2(7)(a) of the basic Regulation, normal value for the remaining exporting producers shall be determined on the basis of the price or constructed value in a market economy third country. For this purpose, a market economy third country had to be selected ('the analogue country').
- (34) Turkey was selected as an analogue country in the original investigation and in the previous review. In the Notice of Initiation of the present review, the Commission proposed to use Turkey as an analogue country.
- (35) The Commission sought information concerning producers of okoumé plywood in other potential analogue countries and contacted known producers of okoumé plywood in Gabon, Morocco and Switzerland and invited them to provide the necessary information.
- (36) Two producers in Gabon and one producer in Morocco came forward and provided the information requested. None of the Turkish producers cooperated.
- (37) Gabon was not considered a suitable analogue country since local okoumé plywood producers had a clear comparative advantage by benefiting from significantly lower raw material input costs <sup>(1)</sup>, the product manufactured in Gabon for sale on the domestic market appeared to be of a low quality, the domestic market was small with no imports of okoumé plywood and an import duty of 30 %.
- (38) Morocco was considered to be a suitable analogue country because, despite its high import duties, it had substantial imports of the like product which were competing with the domestically produced product.
- (39) Interested parties were invited to comment on this selection. No comments were received.

*Normal value*

— for exporting producers granted MET in the original investigation

- (40) As mentioned in the recital (33) above, four exporting producers were granted MET in the original investigation. Due to lack of cooperation, in accordance with Article 18 of the basic Regulation, the normal value for these exporting producers was based on the facts available, namely the estimation made in the expiry review request.

— for exporting producers not granted MET in the original investigation

- (41) One Moroccan producer cooperated and submitted a questionnaire reply. Pursuant to Article 2(7)(a) of the basic Regulation, normal value was calculated on the basis of the data verified at the premises of this producer as set out below.
- (42) Normal value was established for both main product types described in recital (22).
- (43) It was examined whether the domestic sales of the like product could be regarded as being sold in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation. This was done by establishing for the like product sold on the Moroccan market the proportion of profitable domestic sales to independent customers during the RIP.
- (44) The volume of profitable sales of the like product represented less than 80 % of the total sales volume of the like product, thus the normal value was based on the actual domestic price calculated as a weighted average of profitable sales only.

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<sup>(1)</sup> Okoumé is a tropical wood which grows predominantly in Gabon and to a lesser extent in Equatorial Guinea and in Cameroon.

*Export price*

- (45) As mentioned above in recital (28), due to the non-cooperation of the Chinese producers, the export price was based on facts available, in accordance with Article 18 of the basic Regulation, i.e. on information in the expiry review request. Specifically, the export price for both main product types described in recital (22) was based on more than ten commercial offers to the Union market and to other third countries (namely Bosnia and Herzegovina, Switzerland, Turkey, Gulf States and Norway), made by email or available as public commercial offers on different Chinese websites during the RIP, as contained in the expiry review request. The prices contained in the commercial offers were ranging from 313 EUR/m<sup>3</sup> to 540 EUR/m<sup>3</sup> (CIF). To be noted that these price levels were in the same range as the price level of okoumé plywood of imports from China reported in Eurostat and 14(6) database after the RIP (third quarter of 2016). Although the quantities concerned were marginal, this price level confirms the representativity of the commercial offers as indication of possible exports prices of okoumé plywood from China.

*Comparison*

- (46) The Commission compared the normal value and the export price thus established on an ex-works basis per product type described in recital (22). Where justified for the purpose of a fair comparison, the export price and normal value were adjusted for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. Adjustments were made for transport costs (domestic and ocean freight) based on the facts available, in accordance with Article 18 of the basic Regulation, i.e. on information in the expiry review request.

*Dumping margin*

- (47) The Commission compared the weighted average normal value to the weighted average export price per product type as established above in accordance with Article 2(11) and (12) of the basic Regulation.

— for exporting producers granted MET in the original investigation

- (48) On this basis, the weighted average dumping margin expressed as a percentage of the cost, insurance, freight ('CIF') Union frontier price, duty unpaid, was above 45 % in both the Union market and other third countries.

— for exporting producers not granted MET in the original investigation

- (49) The weighted average dumping margin expressed as a percentage of the cost, insurance, freight ('CIF') Union frontier price, duty unpaid, was above 100 % in both the Union market and other third countries.

**(ii) Production and production capacity in China***Production in China*

- (50) In the absence of cooperation from the Chinese producers and any publicly available information, production in the PRC was established on the basis of estimates provided by the applicant in its request for the current expiry review, based on its best knowledge of the market.
- (51) The applicant estimated the production of okoumé plywood in China on the basis of the number of okoumé logs imported in China in 2014 which were used for the production of plywood. Based on this, the production of okoumé plywood was estimated to be between at least 290 000 m<sup>3</sup> and 2,9 million m<sup>3</sup> at most, depending on the product type produced, as described in recital (22), that is full okoumé or faced okoumé, respectively. This corresponded to a minimum of 1,5 times to a maximum of 15 times of the total Union consumption.

*Production capacity in China*

- (52) In the absence of cooperation from the Chinese producers of okoumé plywood or other available information on the Chinese okoumé plywood industry, the situation of the Chinese plywood industry as a whole (regardless the

type of wood species used) was examined, as it was done in the previous review. In line with the previous investigations, it was confirmed that plywood is produced by the same companies, on the same equipment, whatever the wood species used. The previous review also established that okoumé plywood is more lucrative than other types of plywood. Therefore, in the absence of measures, it is likely that Chinese producers shift their production from other types of plywood towards the more lucrative okoumé plywood.

- (53) On this basis, significant production capacity potentially available in China is indicated by the production volumes of all types of plywood, which, based on FAO statistics, accounted for 113 million m<sup>3</sup> during the RIP. Consequently, only a minor shift from other types of wood to okoumé is needed to substantially increase the production volumes of okoumé plywood, which could be used for exports.

(iii) ***Attractiveness of the Union market***

- (54) The main element used to establish the attractiveness of the Union market should the measures be repealed was the price level of Chinese exports to other third countries compared to the price level of the Chinese exports to the Union. The commercial offers mentioned above in recital (45) to the Union market and to other third countries indicated that during the RIP the Union market was indeed attractive as the Chinese export prices of okoumé plywood to the Union market were higher than the Chinese export prices to all other third markets for which commercial offers were available, with the exception of Norway. Namely, the export price offers to the Union market were around 30 % higher than to Bosnia and Herzegovina and around 40 % higher than to Turkey and Gulf States. As there was no statistics available on Chinese export volume of okoumé plywood to these countries, the representativity in volume terms could not be established. However higher potential export prices to the Union would make the Union market attractive as exports to the Union would yield higher profits.
- (55) In addition, anti-dumping duties on imports of Chinese plywood <sup>(1)</sup> exists in the Republic of Korea, Morocco and Turkey, while the United States of America issued a preliminary determination of the countervailing measures against Chinese plywood in January 2017. Chinese exporting producers thus will have limited access to these markets and will be limited in exporting their production or re-directing their exports to these markets. This leaves the Union market even more attractive for Chinese plywood imports.
- (56) It is therefore likely that should measures be repealed, in view of the considerable production capacity in China which could be easily increased, Chinese exports would resume in considerable volumes on the Union market. It is worth recalling that before the original measures were imposed, in 2004, Chinese sales volumes in the Union market amounted to 83 606 m<sup>3</sup>, corresponding to 44 % of the Union consumption during the current RIP.

**3. Conclusion on the likelihood of recurrence of dumping**

- (57) In conclusion, the significant production capacity available in China, the possibility of Chinese producers to easily increase production volumes available for exports, the possible high dumped prices in other third markets as well as in the Union market and the attractiveness of the Union market, indicate that a repeal of the measures would likely result in Chinese exporting producers re-entering the Union market at dumped prices and in significant quantities. It is therefore considered that there is a likelihood of recurrence of dumping should the current anti-dumping measures be allowed to lapse.

**D. DEFINITION OF THE UNION INDUSTRY**

- (58) Within the Union, the like product is known to be manufactured by thirteen producers in France, Greece, Hungary, Italy and Spain. Total Union production is estimated at 162 000 m<sup>3</sup>. The Union producers accounting for the total Union production constitute the Union industry within the meaning of Article 4(1) of the basic Regulation.
- (59) As mentioned in recital (12), a sample of five Union producers, representing 74 % of the total Union production during the RIP, was selected.

<sup>(1)</sup> HS code 4412 31.

## E. SITUATION ON THE UNION MARKET

## 1. Union consumption

- (60) Union consumption of okoumé plywood was established on the basis of sales volumes of the complainant Union producers and other Union producers on the Union market and the volume of imports from third countries into the Union based on Eurostat data.
- (61) During the period considered the Union consumption developed as follows:

Table 1

## Union consumption

	2012	2013	2014	RIP
Total consumption (m <sup>3</sup> )	181 749	176 005	175 652	188 727
Index (2012 = 100)	100	97	97	104

Source: Expiry review request, Eurostat, verified questionnaire replies

- (62) From 2012 to 2013 Union consumption declined. Between 2012 and 2014, the declining trend had gradually stabilised and turned towards increase during the RIP reflecting the slight improvement in some industrial activities. As a result, Union consumption has slightly increased, by 4 % during the period considered.
- (63) However, this has to be seen in the light of the developments after the previous review. Between the RIP of the previous review (1 October 2008-30 September 2009) and the RIP of the current review, Union consumption overall decreased by 35 % (from 291 421 m<sup>3</sup> during the RIP of the previous review to 188 727 m<sup>3</sup> during the RIP of the current review), despite the slightly increasing trend during the current period considered. The overall decreasing trend, that in fact had already started even before the previous review, was explained by the fact that okoumé plywood has to a certain extent been substituted by other tropical wood species. Also the economic crisis and the consequent reduction of certain industrial activities, including construction, nautism and light commercial/tourism vehicles, had contributed to the declining trend in demand for okoumé plywood in the Union.

## 2. Volume, prices and market share of imports from the PRC

## 2.1. Volume and market share of imports from the PRC

Table 2

## Volume and market shares of imports from the PRC

	2012	2013	2014	RIP
Volume of imports (m <sup>3</sup> )	1 043	0	62	0
Index (2012 = 100)	100	0	6	0
Market share (%)	0,57	0,00	0,04	0,00

Source: Eurostat



- (64) During the period considered of the original investigation the market share of imports from China had increased rapidly from practically zero to 18,7 % <sup>(1)</sup>. It had subsequently decreased to 4,3 % (12 620 m<sup>3</sup>) <sup>(2)</sup> during the RIP of the previous review. During the period considered of the current review, the imports from China have practically ceased, with the exception of 2012, when Chinese import volumes amounted to around 1 000 m<sup>3</sup>.

## 2.2. Price of imports and price undercutting

Table 3

### Average price of imports from the PRC and price undercutting

	2012	2013	2014	RIP
Average price EUR/m <sup>3</sup>	549	0,00	168	0,00
Index (2012 = 100)	100	0	31	0

Source: Eurostat

- (65) The only year where there were substantial quantities of imports from China was 2012. During that year the average price of Chinese imports was 549 EUR/m<sup>3</sup> which was significantly lower than the Union industry prices during the same year (756 EUR/m<sup>3</sup>).

## 3. Import from other third countries

Table 4

### Import volumes, market shares and prices from other third countries

	2012	2013	2014	RIP
<b>Gabon</b>	<b>40 467</b>	<b>43 964</b>	<b>41 029</b>	<b>42 711</b>
Index (2012 = 100)	100	109	101	106
Market share (%)	22,3	25,0	23,4	22,6
Average price (EUR/m <sup>3</sup> )	628,64	625,76	636,40	645,32
Index (2012 = 100)	100	100	101	103
<b>Morocco</b>	<b>15 431</b>	<b>7 298</b>	<b>5 182</b>	<b>4 492</b>
Index (2012 = 100)	100	47	34	29
Market share (%)	8,5	4,1	3,0	2,4
Average price (EUR/m <sup>3</sup> )	662,27	678,51	696,75	700,81
Index (2012 = 100)	100	102	105	106

<sup>(1)</sup> See recital (77) of Commission Regulation (EC) No 988/2004 of 17 May 2004 imposing provisional anti-dumping duties on imports of okoumé plywood originating in the People's Republic of China (OJ L 181, 18.5.2004, p. 5).

<sup>(2)</sup> See recitals (42) and (43) of Implementing Regulation (EU) No 82/2011.

	2012	2013	2014	RIP
<b>Other third countries (*)</b>	<b>774</b>	<b>549</b>	<b>1 550</b>	<b>78</b>
<i>Index (2012 = 100)</i>	100	71	200	10
Market share (%)	0,4	0,3	0,9	0,0
Average price (EUR/m <sup>3</sup> )	545,80	572,55	576,47	842,50
<i>Index (2012 = 100)</i>	100	105	106	154
<b>Total other third countries</b>	<b>56 672</b>	<b>51 812</b>	<b>47 761</b>	<b>47 281</b>
<i>Index (2012 = 100)</i>	100	91	84	83
Market share (%)	31,2	29,4	27,2	25,1
Average price EUR/m <sup>3</sup>	636,66	632,63	641,01	650,92
<i>Index (2012 = 100)</i>	100	99	101	102

(\*) Except Gabon and Morocco

Source: Eurostat

- (66) During the period considered, imports from other third countries were almost exclusively from Gabon and Morocco, while the share of any other third country was negligible. Imports from Gabon and Morocco into the Union continuously decreased from 55 899 m<sup>3</sup> in 2012 to around 47 203 m<sup>3</sup> during the RIP, i.e. by 16 %. Since the Union consumption only increased by 4 % (see recital (62) and Table 1) the corresponding market share of Gabon and Morocco countries decreased to even a greater extent, i.e. from 30,8 % in 2012 to 25,0 % during the RIP or by 5,7 percentage points.
- (67) During the period considered of the current investigation the import prices from Gabon and Morocco were on average between 16 % to 17 % lower than the Union industry sales prices on the Union market (see Table 8). Compared to the import prices from China in 2012 (the only year during the period considered where China exported substantial quantities to the Union), the import prices from these countries were on average 16 % above the Chinese import prices.
- (68) More specifically, Gabon is the largest exporting third country to the Union. Import volumes from Gabon increased from 40 467 m<sup>3</sup> in 2012 to 42 711 m<sup>3</sup> during the RIP, i.e. by 6 %. This increase translated in a slight increase of its market share from 22,3 % in 2012 to 22,6 % during the RIP, i.e. an increase of 0,3 percentage points. The average import prices from Gabon were between 17 % to 18 % lower than the Union industry prices (see table 8), while they were above the average import prices from China in 2012, that is the only year with substantial import volumes from this country in the Union market. They were also above the potential import prices from China based on the commercial offers during the RIP referred to above in recital (45). They slightly increased from 628,64 EUR/m<sup>3</sup> in 2012 to 645,32 EUR/m<sup>3</sup> during the RIP, which corresponded to an increase of 3 %.
- (69) Concerning Morocco, its import volumes decreased considerably during the period considered (from 15 431 m<sup>3</sup> in 2012 to 4 492 m<sup>3</sup> during the RIP). Consequently the market share decreased from 8,5 % in 2012 to 2,4 % during the RIP. The import prices from Morocco were higher than the prices of imports from China in 2012, and higher than the potential import prices based on the commercial offers during the RIP referred to above in recital (45).

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

##### 4.1. General remarks

- (70) In accordance with Article 3(5) of the basic Regulation, the Commission examined all economic factors and indices having a bearing on the state of the Union industry.
- (71) As mentioned in recital (12), sampling was used for the injury determination.
- (72) For the injury determination the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators relating to the whole Union industry on the basis of information provided by the applicant in the expiry review request and the provided in the replies of the sampled Union producers. The Commission evaluated the microeconomic indicators relating only to the sampled companies on the basis of data contained in the questionnaire replies of the sampled Union producers. Both sets of data were found representative of the economic situation of the Union industry.
- (73) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin and recovery from past dumping.
- (74) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital.

##### 4.2. Macroeconomic indicators

###### 4.2.1. Production, production capacity and capacity utilisation

- (75) The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 5

#### Production, production capacity and capacity utilisation

	2012	2013	2014	RIP
Production volume (m <sup>3</sup> )	143 729	145 002	146 287	147 767
<i>Index (2012 = 100)</i>	100	101	102	103
Production capacity (m <sup>3</sup> )	179 561	182 583	184 388	184 738
<i>Index (2012 = 100)</i>	100	102	103	103
Capacity utilisation (%)	80	79	79	80
<i>Index (2012 = 100)</i>	100	99	99	100

Source: Expiry review request, verified questionnaire replies

- (76) Production increased slightly during the period considered from 143 729 m<sup>3</sup> in 2012 to 147 767 m<sup>3</sup> during the RIP, i.e. by 3 %. This increase reflected the slight improvement in the okoumé market in the Union as mentioned in the recital (62). Despite this slight increase, the production volume of the Union industry remained below the volumes found in the investigation period of the original investigation and during RIP of the previous review, i.e. below 267 591 m<sup>3</sup>. This reflected the drop in consumption on the market and the fact that production takes place mainly on the basis of orders.

- (77) The production capacity increased slightly, in line with the production volume, from around 179 561 m<sup>3</sup> in 2012 to 184 738 m<sup>3</sup> during the RIP, i.e. by 3 %. This capacity is however at a considerably lower level than in the previous review, i.e. 68 % lower than 577 205 m<sup>3</sup> established during the RIP of the previous review. This was due to the closures of a number of Union producers of okoumé plywood, including the largest producer in the Union, Plysorol, and also to the reduction in production of those Union producers that are still in the business.
- (78) Since the adaptation of the production capacity to match the lower levels of consumption took place mainly before the period considered, the capacity utilisation rate has been stable and at a higher level compared to the rates established during the RIP in the previous review (41 %) <sup>(1)</sup>.

#### 4.2.2. Sales volume and market share

- (79) The Union industry's sales volume and market share developed over the period considered as follows:

Table 6

#### Sales volume and market share

	2012	2013	2014	RIP
Sales volume (m <sup>3</sup> )	124 033	124 193	127 829	141 446
Index (2012 = 100)	100	100	103	114
Market share (%)	68,2	70,6	72,8	74,9

Source: Expiry review request, verified questionnaire replies

- (80) Sales volume increased over the period considered from 124 033 m<sup>3</sup> in 2012 to around 141 446 m<sup>3</sup> during the RIP, i.e. by 14 %, which was more than the 4 % increase of consumption described in the recital (62). Therefore the increase in sales volumes, taking also into account the parallel decrease of imports from other third countries described in recital (66), contributed to an increase in market share of the Union industry from 68,2 % in 2012 to 74,9 % during the RIP. However, this market share level still falls short of the Union industry's 80,2 % market share during the RIP of the previous review.

#### 4.2.3. Growth

- (81) While Union consumption increased by 4 % during the period considered, the sales volume of the Union industry increased to a higher degree, i.e. by 14 %, which translated into an increase of market share of 6,7 percentage points.

#### 4.2.4. Employment and productivity

- (82) Employment and productivity developed over the period considered as follows:

Table 7

#### Employment and productivity

	2012	2013	2014	RIP
Number of employees	543	480	470	492
Index (2012 = 100)	100	88	87	91

<sup>(1)</sup> See recital (50) of Implementing Regulation (EU) No 82/2011.

	2012	2013	2014	RIP
Productivity (m <sup>3</sup> /employee)	265	302	311	300
<i>Index (2012 = 100)</i>	100	114	118	113

Source: Expiry review request, verified questionnaire replies

- (83) Employment of the Union industry overall decreased from 2012 to 2014 by 13 % and subsequently increased lightly (by 4 %) from 2014 to the RIP. Overall, during the period considered it decreased by 9 %. Due to companies closures and restructuring, the employment level in the period considered was only around half of the level established during the RIP of the previous review (983 persons).
- (84) As explained in the recital (76), the production volume increased by 3 % during the period considered. Consequently, the productivity measured as annual output (cubic metres) per person employed increased by 13 % during the period considered. This reflects the fact that production increased slightly, while the employment level decreased. This is an indication of the improved efficiency and results of the restructuration by the Union producers.

#### 4.2.5. Magnitude of the dumping margin and recovery from past dumping

- (85) As mentioned in the recital (29), there were no imports of the product concerned from the PRC during the RIP. Therefore there no dumping could be established during this period in the Union market and the magnitude of the dumping margin could not be assessed. Consequently there was also no direct price pressure on the Union market during the period considered. On this basis the anti-dumping measures in force were in overall effective.

#### 4.3. Microeconomic indicators

##### 4.3.1. Prices and factors affecting prices

- (86) The average sales prices of the Union industry to unrelated customers in the Union developed over the period considered as follows:

Table 8

#### Average sales prices and unit costs

	2012	2013	2014	RIP
Average unit selling price in the Union (EUR/m <sup>3</sup> )	756	760	771	780
<i>Index (2012 = 100)</i>	100	101	102	103
Unit cost of production (EUR/m <sup>3</sup> )	783	762	759	778
<i>Index (2012 = 100)</i>	100	97	97	99

Source: Verified questionnaire replies

- (87) The Union industry's average unit sales price to unrelated customers in the Union increased by 3 % over the period considered. These price levels were nevertheless lower than the ones observed during the previous review investigation when they had increased from 786 EUR/m<sup>3</sup> in 2006 to 887 EUR/m<sup>3</sup> during the RIP, peaking at 930 EUR/m<sup>3</sup> in 2008 <sup>(1)</sup>.

<sup>(1)</sup> See recital (53) of Implementing Regulation (EU) No 82/2011.

- (88) Over the period considered the unit cost of production decreased slightly by 1 %.
- (89) The Commission established that the Union industry has been adapting to the deteriorated market situation by reducing its production capacity and its cost of production in comparison with the RIP of the previous review. As explained in the recital (77), this has entailed closures of large Union producers and reductions of production before the period considered and improvements in productivity during the period considered as described in the recital (84).

#### 4.3.2. Labour costs

- (90) The average labour costs of the Union industry developed over the period considered as follows:

Table 9

#### Labour costs

	2012	2013	2014	RIP
Average labour costs per employee (EUR)	32 266	33 259	33 516	32 638
Index (2012 = 100)	100	103	104	101

Source: Verified questionnaire replies

- (91) Between 2012 and the RIP, the average labour costs per employee of the sampled Union producers was stable. It only slightly increased by 1 %.

#### 4.3.3. Inventories

- (92) Stock levels of the Union industry developed over the period considered as follows:

Table 10

#### Inventories

	2012	2013	2014	RIP
Closing stocks (in m <sup>3</sup> )	10 172	10 780	12 060	7 661
Index (2012 = 100)	100	106	119	75
Closing stocks as percentage of production (%)	9	9	10	7
Index (2012 = 100)	100	106	117	73

Source: Verified questionnaire replies

- (93) Usually, as also observed during the original investigation, the okoumé plywood is produced on order and the stock levels are therefore typically low. The stock levels however increased during the period considered of the previous review reaching 6 589 m<sup>3</sup> during the RIP of a the previous review as a consequence of dropping sales volumes. During the period considered of the current review they still remained on a relatively high level, and decreased only during the current RIP. In any event, they still remained above the level that could reasonably be considered to reflect the amounts of goods sold but not yet delivered.

- (94) Overall closing stocks decreased by 25 % over the period considered. Closing stocks as a percentage of production decreased from 9 % in 2012 to 7 % during the RIP, i.e. by 2 percentage points.

#### 4.3.4. Profitability, cash flow, investments, return on investments and ability to raise capital

Table 11

#### Profitability, cash flow, investments and return on investment, ability to raise capital

	2012	2013	2014	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	– 3,5	– 0,2	1,6	0,3
<i>Index (2012 = 100)</i>	100	195	247	208
Cash flow (EUR)	2 212 306	3 019 172	3 020 670	1 614 559
<i>Index (2012 = 100)</i>	100	136	137	73
Investments (EUR)	665 967	3 052 041	9 226 166	1 991 786
<i>Index (2012 = 100)</i>	100	458	1 385	299
Return on investments (%)	– 8,2	– 0,4	3,9	0,7
<i>Index (2012 = 100)</i>	100	195	247	208

Source: Verified questionnaire replies

- (95) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. During the whole period considered, the Union industry profitability was very low. It was negative at the beginning of the period considered and turned only slightly positive in 2014 and during the RIP. Overall it improved from – 3,5 % in 2012 to 0,3 % during RIP. This level is markedly lower than the one observed in the previous review where it varied between 4,3 % and 9,8 %. As explained in the recitals (86) to (89) above, the improvement in profitability was due to a slight increase of sales prices and sales volumes and also a slight decrease of cost of production, which was also partly due to the improvement in productivity.
- (96) The net cash flow is the Union industry's ability to self-finance their activities. The cash flow increased from 2012 to 2014 and decreased during the RIP, reaching levels below the one of 2012. Overall, in absolute terms cash flow was at a low level throughout the period considered and it was markedly lower than during the period considered of the previous review where it varied between 10,5 million EUR and 15,9 million EUR. The low level of cash flow is in line with the low profitability observed throughout the period considered of the current review.
- (97) Linked with the downscaling of the Union industry, the investments at the beginning of period considered (2012) were at a very low level and materially below the levels observed during the previous review as well as below the level necessary to compensate the depreciation of the fixed assets. They reached comparable levels with the previous review (between 3,6 million EUR and 8,1 million EUR) in the years 2013 and 2014 but reduced again during the RIP of the current investigation.

- (98) The return on investments is the profit in percentage of the net book value of fixed assets. As the other financial indicators, the return on investment from the production and sale of the like product was negative in 2012 and 2013 and slightly positive in 2014 and RIP following the trend of profitability. Overall, return on investments increased from – 8,2 % to 0,7 % over the period considered.
- (99) As far as the ability to raise capital is concerned, the low profit of the Union industry and its weak ability to generate cash made the increase of the internally generated funds very low. Consequently, the ability to raise capital had deteriorated from the previous review. In some cases this had an impact on the ability to carry out investments.

## 5. Conclusion on injury

- (100) The analysis showed that the Union industry was in a fragile situation. Following the decrease of the Union market consumption after the previous review, as described in recital (62), the Union industry was forced to adapt to the deteriorated market conditions, which only improved during the RIP. The Union responded by restructuring and significantly downsizing, which resulted in the closure of a number of Union producers, a significant loss of employment as well as a substantial decrease of production capacity and production volume in comparison with the previous review. These efforts were starting to have a positive impact towards the end of the period considered of the current review, where Union industry productivity, sales, market share and profitability increased again. However, the process of recovering of the Union industry is slow and still at its very early stage as the profit achieved during the RIP were very low in comparison with those achieved during the period considered of the previous review.

## F. LIKELIHOOD OF RECURRENCE OR CONTINUATION OF INJURY

- (101) The previous review concluded that the expiry of the measures would be likely to result in a recurrence of injury to the Union industry caused by dumped imports of the product concerned from China <sup>(1)</sup>.
- (102) Subsequent to the previous review, the Union market of okoumé plywood had deteriorated with decreased consumption as described in recitals (63) above. Consequently the recovery observed in the previous review had reversed afterwards and the Union industry had gone through a series of closures. Only during the last two years of the period considered of the current review, the Union industry had returned to profits, which were still very low and only slightly above break-even during the RIP.
- (103) The current review showed that the Union industry is in a fragile situation. Therefore, the Union industry would be particularly vulnerable should dumped and low priced imports from China re-enter the Union market. It is therefore very likely that material injury would recur should measures be allowed to lapse. A number of elements support this assessment.
- (104) First, as described in recitals (52) and (53) above, in view of the considerable production capacities of the Chinese exporting producers, the significant estimated spare capacity in China and the attractiveness of the Union market, it is likely that in the absence of measures imports from China will resume in significant quantities. As an indication of the potential of the Chinese exporting producers to quickly increase their production and exports of okoumé plywood, it is recalled that in the original investigation Chinese exporting producers were able to increase their exports to the Union market from around 9 500 m<sup>3</sup> to more than 83 500 m<sup>3</sup> in less than three years (from 2001 to mid-2003).
- (105) No elements have been found that would indicate that the use of okoumé in the production of plywood has been substituted in a stable manner by other wood species. The investigation found that Chinese producers are still using okoumé to manufacture plywood, as demonstrated in the recital (51) above, by the significant production volume of okoumé plywood available in China. Due to the anti-dumping duties in place imports from China almost ceased during the period considered, nevertheless, as confirmed by the investigation, there was demand for okoumé plywood on the Union market during the same period.

<sup>(1)</sup> See recitals 64 to 72 of Implementing Regulation (EU) No 82/2011.



- (106) Second, concerning the likely price level at which the Chinese exporting producers would export to the Union market, as there were no imports from China during the RIP, this was based on the commercial offers to the Union market and to other third countries provided in the expiry review request, described in recital (45). On this basis prices would range from 313 EUR/m<sup>3</sup> to 540 EUR/m<sup>3</sup>. The representativity of these price indications was confirmed by the price level reported in 14(6) database after the RIP of the current review, as mentioned in recital (45).
- (107) On this basis, the import prices from China would undercut the Union industry prices on average by over 100 %.
- (108) In the likely scenario that imports from China of the product concerned would re-enter the Union market at dumped prices considerably lower than the Union industry prices and in significant quantities, the Union industry, would not be in a position to maintain its current price levels. This likely depression of prices would indeed jeopardise the current, still weak, recovery of the Union industry and the Union industry would be brought to losses very quickly.
- (109) Moreover the Union industry would rapidly lose sales and market share on the Union market and production would consequently decrease. As a result the capacity utilisation rate, which had returned to acceptable levels only after a significant restructuring process, would decrease again. This development would likely lead to further closures of Union producers. As a matter of fact, taking into account the still fragile situation of the Union industry, it is not excluded that the mere existence of this industry in the Union would be put in danger.
- (110) On the basis of the above, it is concluded that should the measures be allowed to expire, there is a likelihood of a rapid recurrence of material injury from renewed dumped imports of the product concerned from China.

## G. UNION INTEREST

### 1. Preliminary remarks

- (111) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing measures against China would be against the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

### 2. Interest of the Union industry

- (112) The maintenance of the anti-dumping measures on imports of the product concerned from China would enhance the possibility for the Union industry to reach a reasonable level of profitability, as it would help the Union industry to maintain its prices at reasonable levels covering its cost of production. Measures would prevent Chinese exporting producers to substantially increase their export volumes at low and dumped price levels and thus push out the Union industry of the market. Indeed, there is a clear likelihood of recurrence of injurious dumping in substantial volumes which the Union industry could not withstand, especially considering its vulnerable situation after the deterioration of the market. Measures would allow the Union industry to consolidate its recovery and to improve its economic and financial indicators towards a stable and healthy profitability. On the other hand, should measures be allowed to lapse, the mere existence of the Union industry would be put in danger, leading to closures and job losses on the Union market.
- (113) Accordingly, it is concluded that the maintenance of anti-dumping measures against China would clearly be in the interest of the Union industry.

### 3. Interest of importers

- (114) Around 36 known potential importers/users were contacted at initiation stage and were invited to explain their activity and to fill in the sampling form for unrelated importers attached to the Notice of initiation, if applicable.

- (115) Thirteen importers submitted the sampling form. All of them indicated that they did not import okoumé plywood from China.
- (116) In the absence of any evidence suggesting that the current anti-dumping measures in force considerably affected importers, it is concluded that the continuation of measures will not affect the Union importers to a significant extent.
- (117) Concerning users, the main ones are in the building industry, industrial applications such as transports and maritime end-uses, and other outlets such as furniture. These industries account for some 80 % of the okoumé plywood consumption according to the expiry review request. Other main users are industrial manufacturers of movable products such as road, railway and maritime transports, and vertical transports (elevators).
- (118) None of the contacted at the initiation stage users came forward with comments. Moreover no operators came forward after the publication of the Notice of initiation.
- (119) While no okoumé plywood users associations are known, the Commission contacted the 'European Consumer Organisation' and invited it to make its views known. No comments were received.
- (120) In addition no other users or associations came forward with comments.
- (121) On the basis of the above, the Commission concluded that the maintenance of the measures would not have a significant negative impact on users in the Union.

#### **4. Conclusion on Union interest**

- (122) On the basis of the above, the Commission concluded that there were no compelling reasons that it was not in the Union interest to maintain measures on imports of okoumé plywood originating in China.

#### **H. ANTI-DUMPING MEASURES**

- (123) It follows from the above considerations that, under Article 11(2) of the basic Regulation, the anti-dumping measures applicable to imports of okoumé plywood originating in the PRC imposed by Implementing Regulation (EU) No 82/2011 should be maintained.
- (124) The individual company anti-dumping duty rates specified in this Regulation are solely applicable to imports of the product concerned produced by these companies and thus by the specific legal entities mentioned. Imports of the product concerned manufactured by any other company not specifically mentioned in the operative part of this Regulation with its name and address, including entities related to those specifically mentioned, cannot benefit from these rates and shall be subject to the duty rate applicable to 'all other companies'.
- (125) Any claim requesting the application of these individual anti-dumping duty rates (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 (1) forthwith with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with, for instance, that name change or that change in the production and sales entities. If appropriate, this Regulation will then be accordingly amended by updating the list of companies benefiting from individual duty rates.
- (126) In order to minimise the risks of circumvention due to the high difference in the duty rates, it is considered that special measures are needed in this case to ensure the proper application of the anti-dumping duty. These special measures include the presentation to the Customs authorities of the Member States of a valid commercial invoice, which shall conform to the requirements set out in the Article 1(3) of this Regulation. Imports not accompanied by such an invoice shall be made subject to the anti-dumping duty applicable to 'all other companies'.

(127) 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,

(128) The Committee established by Article 15(1) of Regulation (EU) 2016/1036 did not deliver an opinion,

HAS ADOPTED THIS REGULATION:

#### Article 1

1. A definitive anti-dumping duty is hereby imposed on imports of okoumé plywood, defined as plywood consisting solely of sheets of wood, each ply not exceeding 6 mm thickness, with at least one outer ply of okoumé not coated by a permanent film of other materials, currently falling within CN code ex 4412 31 10 (TARIC code 4412 31 10 10) and originating in the People's Republic of China.

2. The rate of the anti-dumping duty applicable to the net, free-at-Union frontier price, before duty, for the products described in paragraph 1 and manufactured by the companies listed below shall be as follows:

Company	Duty rate	TARIC additional code
Nantong Zongyi Plywood Co. Ltd Xingdong Town, Tongzhou City, Jiangsu Province, People's Republic of China	9,6 %	A526
Zhejiang Deren Bamboo-Wood Technologies Co. Ltd Linhai Economic Development Zone, Zhejiang, People's Republic of China	23,5 %	A527
Zhonglin Enterprise (Dangshan) Co. Ltd Xue Lou Miao Pu, Dangshan County, Anhui Province 235323, People's Republic of China	6,5 %	A528
Jiaxing Jinlin Lumber Co. Ltd North of Ganyao Town, Jiashan, Zhejiang Province, People's Republic of China	17 %	A529
All other companies	66,7 %	A999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: 'I, the undersigned, certify that the (volume) of okoumé plywood sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in (country concerned). I declare that the information provided in this invoice is complete and correct.' If no such invoice is presented, the duty applicable to 'All other companies' shall apply.

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

#### Article 2

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

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

Done at Brussels, 5 April 2017.

*For the Commission*

*The President*

Jean-Claude JUNKER

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