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Subject: R591 - Expiry review of the anti-dumping measures applicable to imports of certain iron or steel fasteners originating in the People's Republic of China

EFDA Submission to the Final Disclosure (non-limited)

Dear Mr. Rossi,

Thank you very much for your letter dated 15 December 2014 containing the General Disclosure Document.

The European Fastener Distributor Association (EFDA) is the umbrella association for over 140 importers and distributors of fasteners in the European Union with a combined annual turnover of approximately EUR 3 billion within all European member states. EFDA combines and represents the leading national fastener distribution associations of France, Germany, Great Britain and Ireland, the Netherlands and Spain as well as fastener distributing companies from other European countries with an individual membership.

The importing distributors are highly affected by the measures applied by the Council by means of Regulation (EC) No 91/2009. For these reasons EFDA has a great interest in the outcome of the expiry review. As an interested party, EFDA already submitted a response to the Commission at the initiation of the procedure, on 7 February 2014.

We now take the opportunity to respond to the General Disclosure Document.

1. General Aspects

As already pointed out in our submission mentioned above, EFDA does not object in principle to fair and appropriate trade defence measures on fasteners originating from the People's Republic of China (PRC). We maintain, however, that the duty levels applied by the Council by means of Regulation (EC) No 91/2009 were not appropriate to achieve this objective, primarily because of the choice of the analogue country and the very limited and selective sample from that country used to establish the normal value.

In fact, the high anti-dumping duties have distorted the fastener market radically and unnecessarily and have catalysed circumvention to the detriment of the European manufacturers and the honest and conscientious European importers and distributors. Should the anti-dumping duties on certain iron and steel fasteners originating in PRC definitely be maintained as proposed in the General Disclosure Document, the significant errors inherent in the original decision will be perpetuated. We are, however, aware of the fact that an abrupt removal of the existing anti-dumping duties would have similarly detrimental effects to their original imposition.

The Disclosure confirms our assessment that the imposition of anti-dumping measures has not created a fair market re-establishing a competitive environment for the EU fastener industry, but it has almost entirely stopped imports from China. The review reveals that the Chinese market share in the European Union has decreased from 26 % before the original measures were imposed to 0,5 % in 2013, imports from China decreased by more than 98 %. Accordingly, the Disclosure states that 'imports of products from PRC almost disappeared on the Union market after the imposition of the original measures in 2009' (item 85).

In the same period the average price of Chinese imports has increased significantly by 28 % (item 61), resulting in a much lower undercutting margin than originally calculated (item 63). The Review presumes, however, that the prices are much higher than what they would be in the absence of measures. The Review completely disregards that due to higher material costs, improved environmental standards and increasing living standards production and labour costs in China have been rising continuously and will keep rising in the future with corresponding impacts on the product prices.

2. Analogue Country

We acknowledge that the Commission moved away from India as an analogue country and took up our proposal to consider, next to Taiwan, Malaysia as an appropriate analogue country. With Malaysia being considered an analogue country no dumping was asserted during the review investigation period (RIP). To our regret, the Commission considered this finding of limited relevance to assert whether dumping of imports continued during the RIP. Reasons for this conclusion are low imported quantities and the lack of information regarding the product mix exported by Chinese producers to the European Union (item 37).

The 'negligible volumes of 9,000 tonnes' (item 36) of iron and steel fasteners imported from PRC into the European Union are, however, the inevitable consequence of the high anti-dumping duties which have virtually extinguished imports from China. In other words, the

application of high anti-dumping duties has made the determination of dumping during the RIP impossible. This phenomenon occurs several times in the Disclosure, e.g. with regard to the increased average import price (28 %) from PRC, which could not be considered a meaningful indicator because of the very few quantities of imports from China (e.g. item 61).

Giving no sufficient evidence whether dumping continues, this mechanism, inherent in the anti-dumping basic regulation, leads rather to an assumption of the likelihood of recurrence of dumping should the anti-dumping measures lapse. In the case of assuming the likelihood of recurrence of dumping, however, general presumptions prevail over concrete facts as becomes clear throughout the Disclosure.

It is with great concern that we take note of the Commission having taken Japan into consideration as a possible analogue country. The application of an inappropriate analogue country like Japan would lead to more distortions in the calculation of the normal value. The Japanese fastener market is for many reasons not comparable to China's market. Japan produces and exports special fasteners of extremely high value and does itself depend on imports of standard and lower grade fasteners from PRC or Taiwan. The value per tonne of Japanese fastener production (about EUR 6,280) is about twice as high as the average selling price in the European Union, as established by the Review, of EUR 2,974/tonne.

EFDA continues to propose Taiwan as the most appropriate analogue country. Taiwan is one of the world's largest fastener manufacturing economies, with many long established factories producing and supplying right across the products designated by the Council Regulation (EC) No 91/2009. Taiwan's more than 1,000 legitimate and developed fastener producers use Asian manufacturing technologies and pay characteristic Asian employment and other business costs in a market economy environment. Taiwan is not only acknowledged as the largest exporter to the European market but also to the North American market. It has its own steel production and represents in many aspects a comparable reference with China.

3. Circumvention

Circumvention harms both European manufactures as distributors of fasteners. Reducing and preventing circumvention is an important issue to EFDA.

The review concludes that circumvention practices indicate dumping exporters were keen to reach the Union market at dumped prices without having to pay the duties and, if the measures were allowed to lapse, they would re-direct dumped imports straight to the Union market, without needing to resort to circumvention (item 44). EFDA does not share this assessment. Quite the contrary, we fully support the affirmation made in the Disclosure that circumvention is the direct result of the imposition of the high duty rates (item 106). A lower, more appropriate level of anti-dumping duties would have contributed to considerably reduce circumvention.

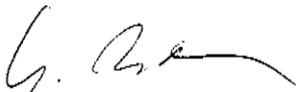
4. Sources of Supply

EFDA welcomes the acknowledgement in the Disclosure saying there are two categories of fasteners that have to be distinguished: fasteners with very high quality standards required by high-end users, e.g. automotive, and fasteners of a quality level required by more general users (item 102). At the beginning of the original investigation distributors argued that the same CN code may apply to fasteners of either category. While the anti-dumping measures apply to fasteners of both categories with the effect of a complete blocking of imports from PRC, the European fastener industry has not chosen to cover the complete range of products missing on the European market. Instead it continued to focus on the production of high-end quality fasteners.

European distributors have worked hard to adapt to the distortion on the fastener market. It is not true, though, that they can easily buy many of their requirements of a broad spectrum from the Union industry or third countries (see item 101). Their ability to supply the requirements of European users now rests on a substantially narrowed range of import sources of third countries outside the European Union. In fact, further narrowing of this supply base would constitute a significant risk to many important European industry sectors.

Despite our deep concern that the original decision to impose very high anti-dumping duties has so far proven dysfunctional and that it would be perpetuated if the measures were maintained, EFDA remains to be totally committed to a stronger engagement with the European Commission and will continue to seek equitable solutions to these issues.

Yours sincerely,



Dr. Volker Lederer
President