



COMMISSION OF THE EUROPEAN COMMUNITIES

**Brussels, 21.04.1997
COM(97) 160 final**

Proposal for a

COUNCIL REGULATION (EC)

**imposing a definitive anti-dumping duty on imports of unbleached (grey) cotton
fabrics originating in the People's Republic of China, Egypt, India, Indonesia,
Pakistan and Turkey**

(presented by the Commission)

Explanatory Memorandum

- (1) The Commission, by Regulation (EC) No 2208/96 (1), imposed provisional anti-dumping duties on imports of unbleached (grey) cotton fabrics originating from the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey on 20 November 1996.
- (2) After the imposition of provisional duties, interested parties were given the opportunity to submit their comments and, if requested, to be heard.
- (3) Following a number of requests by exporters and importers, the scope of the investigation was adjusted to exclude medical gauze, given its particular physical characteristics and its very specific final use.
- (4) Some claims submitted by exporters relating to the determination of dumping margins were accepted and the dumping calculations were amended accordingly, where appropriate. The effect of this was an overall reduction of dumping margins. The definitive average margins vary between 13 and 15%. The largest reduction in dumping margin was for Pakistan, where the average dropped from 27.9% to 14.3%.
- (5) Following exporters' submissions, the method of calculating undercutting and underselling was changed to take account of the different product types existing. However, the new method confirmed the existence of substantial price undercutting.

(1) Official Journal No L 295 of 20 November 1996, p. 3.

- (6) Given the sensitivity and the strategic location of the product in the production chain, and comments received from interested parties, the Community interest aspects of the proceeding were extensively investigated. The analysis confirmed that measures would have beneficial effects for the Community industry, in that they would allow it to increase production, reduce costs and re-establish profitability, while they would not unduly affect the downstream industry. Therefore, the provisional conclusions that anti-dumping measures are not against the interest of the Community as a whole were confirmed.
- (7) In accordance with Article 9 of Council Regulation (EC) No 384/96, the Commission therefore proposes that the Council impose definitive anti-dumping duties on imports of unbleached (grey) cotton fabrics originating from the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey. In view of the extent of the injury, it is also recommended that the provisional anti-dumping duties should be definitively collected to the extent of the amount of the definitive duties imposed.

COUNCIL REGULATION (EC) NO/97

of...

imposing a definitive anti-dumping duty on imports of unbleached (grey) cotton fabrics originating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community¹, and in particular Article 9 thereof,

Having regard to the proposal submitted by the Commission after consulting the Advisory Committee as provided for by the above Regulation,

Whereas:

A. PROVISIONAL MEASURES

- (1) Commission Regulation (EC) No 2208/96² (hereinafter referred to as 'the provisional Regulation') imposed a provisional anti-dumping duty on imports into

¹ OJ No L 56 of 6.3.1996, p.1, referred to as the Basic Regulation

² OJ No L 295 of 20.11.1996, p. 3

the Community of unbleached (grey) cotton fabrics falling within CN codes 5208 11 to 5208 19 and 5209 11 to 5209 19 originating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey.

B. SUBSEQUENT PROCEDURE

- (2) The Commission continued to seek and verify all information deemed necessary for its definitive findings and carried out investigations at the premises of importers in the Community related to producers/exporters in the countries concerned:
 - Eurotex Trading Corp. GmbH, Hamburg, Germany
 - Mafatlal Limited, Romaga AG (UK and Switzerland), Lancashire, UK

- (3) As announced in recital (13) of the provisional Regulation, the Commission further investigated whether or not gauze should be excluded from the scope of this proceeding and carried out investigations at the premises of the following companies in the Community:
 - Torval, Torras Valenti S.A., Navarcles, Barcelona, Spain
 - Texpol, Textil Planas Oliveras S.A., Manresa, Barcelona, Spain.

- (4) Following the imposition of the provisional anti-dumping measures, certain interested parties submitted comments in writing.

- (5) Those parties who so requested were granted an opportunity to be heard by the Commission.

- (6) Upon request, parties were informed of the essential facts and considerations on the basis of which it was intended to recommend the imposition of definitive anti-dumping duties and the definitive collection of amounts secured by way of provisional duties. They were also granted a period within which to make representations subsequent to this disclosure.
- (7) The oral and written comments submitted by the interested parties were considered and, where deemed appropriate, taken into account for the definitive findings.

C. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

- (8) It should be recalled that this proceeding covers all flat unbleached (grey) cotton fabrics containing at least 85% cotton. Grey cotton fabrics are produced in many different types or "constructions", which are defined by a combination of the count (weight) of the yarn used, and the number of threads used for both warp and weft and the way yarns are interlaced. Moreover, many producers can generally produce any construction of grey cotton fabrics on demand.
- (9) On the basis of the information available at the provisional stage, the Commission considered that domestic and export types from the countries concerned were like products within the meaning of Article 1 (4) of the Basic Regulation, as shown in recital (12) of the provisional Regulation. It also considered that the types sold on the domestic market in India and the types exported by Chinese companies were like products, as well as the types exported from all countries concerned and the types produced by Community producers.

(10) Following the disclosure of provisional findings, several requests were presented for the exclusion of specific types of grey cotton fabrics from the scope of the proceeding. The types in question included fabrics of different constructions for various specific uses. These types included, *inter alia*, certain fabrics for use in embroidery, fabrics for use in polishing disks, and fabrics for the manufacture of bandages, dressings and medical gauze (referred to as “gauze”).

(11) With regard to gauze, the Commission found that:

- gauze fabrics have different physical characteristics, given their particularly light constructions which renders them generally unsuitable for any other purpose and therefore not interchangeable with the constructions used, for example, in the garment and household furnishing sectors;
- gauze fabrics have a specific sanitary/pharmaceutical application, which is different from the other fabrics used in the textile industry, as the product can only be used to produce medical gauze, which is defined by the “European Pharmacopoeia” set by the Council of Europe (CN 3005 90 31), and has to comply with strict hygiene rules;
- by virtue of their classification under an individual CN code 5208 11 10, fabric for medical gauze is clearly identifiable as a specific product and can therefore be excluded without prejudicing the effectiveness of any measures imposed. The evasion of any measures by means of fraudulent product mis-descriptions would be difficult and easily detectable.

Fabrics for the manufacture of bandages, dressings and medical gauze, classified under CN heading 5208 11 10, are excluded from the scope of this proceeding. Any provisional anti-dumping duty levied on this product should consequently be released or reimbursed.

- (12) With regard to all other types of fabrics for which requests for exclusion from the scope of this proceeding were received, it should be stressed that they clearly fall under the like product definition set out above. They are therefore included in the scope of the proceeding.

D. EXPORTERS AND PRODUCERS IN THE COUNTRIES OF ORIGIN

1. Individual examination in the context of sampling

- (13) Several Turkish parties argued that it was contradictory to consider that, on the one hand, a sample containing only two companies would still be representative of Turkish production and exports of the product concerned, but on the other hand to refuse to grant individual examination to the companies which so requested.

The argument raised mixes up the question of the representativeness of the sample in Turkey with the question of whether requests for individual examination can be accepted, which depends on the burden represented by the number of individual requests received from all the countries subject to investigation.

It should be recalled that in recital (26) to (28) of the provisional Regulation, it was already concluded that, having regard to Article 17 (3) of the Basic Regulation, no individual examination could be granted because the number of producers/exporters was so large, in a case including several hundred exporters in six countries, that individual examination would have been unduly burdensome and would have prevented completion of the investigation in good time.

E. DUMPING

1. Normal value

(a) Market economy countries

(i) Construction of normal value methodology

- (14) Two Egyptian producers/exporters questioned the use of constructed normal value where the domestic prices of another producer/exporter in the sample could have been used to establish normal value for similar constructions.

It should be noted that, although some products had the same construction, the different spinning methods, the efficiency of the looms and the different qualities of cotton used in Egypt caused such a large variation in the cost of the end-product that using the price of another producer/exporter as a basis for normal value would not have been appropriate.

- (15) Two Indian producers/exporters claimed that normal value had been incorrectly determined because domestic sales of second quality products had been excluded from the calculation of normal value.

Considering that exports to the Community were first quality products, normal value had to be calculated on the basis of the comparable product in accordance with Article 1 (2) of the Basic Regulation, i.e. first quality products sold on the domestic market of the exporting country.

- (16) Several parties challenged the use of two different thresholds, namely 5% and 10%, to assess representativeness of respectively domestic sales and profitability. One party argued that if domestic sales were considered unrepresentative in terms of profit, they should equally be considered unrepresentative in terms of SG&A.

The argument raised appears to confuse the different thresholds used by the Commission in order to establish (i), whether domestic prices should be used as a basis for normal value and, (ii), whether domestic sales are profitable. Reference is made to recitals (29) to (36) of the provisional Regulation where the methodology followed by the Commission, in conformity with Article 2 of the Basic Regulation and its consistent practice, is explained in detail. For the sake of clarification, it should be noted that the fact that some sales, or indeed all sales, appear to be loss-making does not render the SG&A unreliable when constructing an appropriate normal value. On the other hand, it is the Commission's practice to consider the entirety of domestic sales as not being in the ordinary course of trade if less than 10% of the volume of such sales is profitable (see recital (33) of the provisional Regulation). This threshold is also used to determine whether the profit realised on the domestic market can provide an appropriate basis for the calculation of constructed normal value.

(ii) Costs of manufacturing

- (17) Two Egyptian producers/exporters disputed the Commission's decision to increase the reported costs of raw cotton purchases.

In one case, this was done because the producer/exporter had failed to take into account the actual prices paid which reflected the exceptional increase in the market price of raw cotton in the course of the 1994/1995 season (which covered most of the investigation period). In the other case, an adjustment was made because the reporting of raw cotton costs was based on the financial year rather than on the investigation period. Provisional findings are therefore confirmed.

(iii) Selling, General and Administrative expenses (SG&A)

- (18) Several parties challenged the inclusion of financing costs in the construction of normal value.

In that respect, it should be noted that the Commission's consistent practice has been to include all costs incurred to produce and sell the product concerned on the domestic market, including financing costs, in the construction of normal value. Financing costs as reported were thus used in the construction of normal value.

- (19) Two Indonesian producers/exporters with related distributors on the domestic market argued that the Commission had wrongly accounted for the costs of these distributors and requested that the SG&A be reduced to reflect the limited activities of these related companies.

In this context, it should be noted that it is considered normal to treat sales companies and the producer/exporter with which they are associated as a single economic unit, in so far as the sales companies concerned in this case carry out functions on the domestic market which are essentially identical to those performed by a subsidiary or sales department. Given that the Commission considered that the above conditions were met in this case with regard to these related distributors, their costs were calculated in accordance with Article 2 (5) of the Basic Regulation and taken into account in the construction of normal values for the two producers/exporters concerned.

(iv) Domestic profit margin

- (20) With regard to the profit margin used in the construction of normal value, some producers/exporters argued that domestic profitability should have been assessed only on the basis of those constructions sold both domestically and on the Community market.

It should however be recalled that Article 2 (2) of the Basic Regulation provides that the “sales of the like product intended for domestic consumption shall normally be used to determine normal value”. Therefore, all domestic sales of the like product intended for domestic consumption were used to establish the domestic profit margin, whether or not the particular construction was also exported to the Community.

- (21) The Pakistani producers/exporters argued that in calculating domestic profit for the only producer/exporter with domestic sales in the ordinary course of trade, the Commission erroneously excluded certain transactions, the effect of which was artificially to inflate the profit margin. In addition, they argued that this profit margin was not representative of the Pakistani market and should not have been used in the construction of normal value for the other three companies in the sample, since none of them made a profit on their domestic sales of the product concerned.

Article 2 (3) of the Basic Regulation provides that the profit achieved on profitable domestic sales in the ordinary course of trade should be used in the construction of normal value for companies with no or insufficient domestic sales of the like product in the ordinary course of trade. In this respect, the methodology used for provisional determinations is confirmed.

However, on reviewing its calculations, it became apparent to the Commission that certain transactions which had been excluded for provisional determinations should in fact be included in the turnover. A revised profit margin was thus calculated and applied in the construction of normal value for the producer/exporter concerned as well as the other three producers/exporters which had no or insufficient domestic sales.

(b) Non-market economy country: the People's Republic of China

- (22) The representatives of the Chinese producers/exporters argued that the People's Republic of China was now a market economy country and therefore the use of an analogue country to determine normal value was inappropriate as Chinese domestic prices and/or production costs should be considered reliable.

The Commission recognises that economic reforms are under way in China, and the fact that the economy of the People's Republic of China is in transition from a planned, fully State-controlled economy to a partially market-oriented economy. However, in accordance with Article 2 (7) of the Basic Regulation which applies to the People's Republic of China, the request could not be granted and the conclusions of recital (47) of the provisional Regulation are therefore confirmed.

2. Export price

- (23) It was argued, in respect of the sole Chinese related importer based in the Community that the dumping calculations were incorrect as they included all Chinese products sold by the related importer on the Community market, and not only those products purchased from its related producer/exporter in the sample.

In this respect, it should be noted that, as all three Chinese producers/exporters in the sample were directly or indirectly related via the Chinese State, all their exports of the product concerned were treated as if they had emanated from one exporter. Consequently, all three producers/exporters were considered to be related to the importer in question, and all their export prices were reconstructed accordingly.

- (24) It was also argued that, as the above related importer in the Community only acted as an agent, the profit margin of 5% used by the Commission for provisional determinations was too high.

The functions performed by the related company were found to be those typically performed by an importer. For the purpose of definitive determinations, the average profit margin of 4.4% found for two unrelated importers in the Community was used.

- (25) Two Indian producers/exporters which formed part of the same group and sold part of their production to the Community through three related trading companies claimed that the Commission erroneously constructed export prices using profit and SG&A margins disproportionate to the mere trading activities of the related importers.

Having verified the information provided by the three related companies, the Commission constructed export prices on the basis of re-calculated costs incurred between importation and resale. This re-calculation was required because the three related companies were unable to demonstrate that the allocation of costs submitted to the Commission was historically utilised or properly reflected the costs relating to the product concerned. The Commission consequently made a new allocation of costs on the basis of turnover and a reasonable estimate of costs incurred for processed and non-processed textile goods sold in the Community. The profit margin provisionally estimated at 5% was changed to 4.4% to reflect information received from independent importers in the Community (see recital (24)).

- (26) One Indian producer/exporter argued that the Commission should treat “master contracts” and not invoices as individual transactions, claiming that master contracts determined the export price, and that the prices agreed therein depended on the so called “ready quota” system existing in India.

The verification revealed that 94 master contracts were applicable during the investigation period. Prices in the master contracts for identical grey cotton fabric types to the same customer varied to such an extent from master contract to master contract that they were completely unreliable. Moreover, a random check revealed that prices varied significantly between invoices and master contracts. It was therefore concluded that master contracts could not form a reliable basis to determine export prices, which were therefore established on the basis of the invoice prices paid or payable for the product when sold for export to the Community during the investigation period.

3. Comparison

- (27) In accordance with recital (54) of the provisional Regulation, adjustments for the purpose of ensuring a fair comparison between normal value and export price were granted only when a claim was made within the time limits set for that purpose and when the party concerned could demonstrate the effect of any alleged difference on price and price comparability.
- (28) Several producers/exporters challenged the Commission’s refusal to grant an adjustment for level of trade.

Article 2 (10) (d) of the Basic Regulation requires that it be shown that the difference in level of trade has affected price comparability, which is demonstrated by consistent and distinct differences in functions and prices of the seller for the different levels of trade in the domestic market of the exporting country. In the absence of substantiated evidence to this effect, the claims were rejected.

- (29) All Egyptian producers/exporters companies challenged the Commission's refusal to grant them an adjustment to normal value for credit costs.

As mentioned in recital (57) of the provisional Regulation, no evidence was provided that the payment terms had been agreed at the time of sale, and no proof was provided that credit terms were a factor taken into account in the determination of the prices charged. Indeed, all three producers/exporters admitted that prices did not vary according to payment terms. Moreover, the claims were incorrect in respect of the number of days and interest rates, and consequently provisional findings are confirmed.

- (30) Three Indonesian producers/exporters claimed that they should have been granted an allowance for sales of second quality products to the Community.

For one of them, this claim was taken into account by the calculation of an adjusted normal value comparable to export prices of second quality products to the Community.

For another producer/exporter, the investigation showed that export prices for products of printing quality showed no difference compared to prices of first quality products and an adjustment was consequently not required.

A third producer/exporter requested either exclusion of its export sales of second quality products from the dumping calculation, or an adjustment for differences in physical characteristics. Considering that these second quality products fell within the definition of the like product, it was decided not to exclude the transactions concerned from the calculation of dumping, but to make an adjustment to normal value.

- (31) Several producers/exporters claimed that other dates, such as the date of order, the date of contract or the date of payment, should be used in preference to date of invoice in the dumping calculation which allegedly better reflected the material terms of sale.

It should be noted that Article 2 (10) (j) of the Basic Regulation provides that the date of sale should normally be the date of invoice, unless the date of contract, purchase order or order confirmation more appropriately reflects the material terms of sale. The producers/exporters concerned did not demonstrate that the alternative date they proposed more appropriately established the material terms of sale. Therefore, there was no reason to depart from the consistent practice of using the date of invoice as the date of sale, and provisional findings are hereby confirmed.

4. Dumping margins

(a) General methodology

- (32) Several parties claimed that the methodology used by the Commission to determine the provisional dumping margins, i.e. comparing the weighted average normal value to the prices of all individual export transactions to the Community, deviated from regular practice and was inappropriate. They stated that the Commission did not demonstrate that there was a pattern of export prices which differed significantly among different purchasers, regions or time periods, or that the weighted average to weighted average method did not reflect the full degree of dumping being practised.
- (33) According to Article 2 (11) of the Basic Regulation, the dumping margin should normally be established on the basis of a comparison of a weighted average normal value with a weighted average of prices of all export transactions to the Community. However, if there is a pattern of export prices which differ significantly among different purchasers, regions or time periods, and if the above-mentioned methodology does not reflect the full degree of dumping being practised, the dumping margin should be calculated on the basis of a comparison of a weighted average normal value to prices of all individual transactions to the Community.

- (34) Following the comments made by several producers/exporters, the Commission reviewed all dumping calculations for all producers/exporters investigated and came to the conclusion that establishment of the dumping margin on the basis of a comparison of the weighted average normal value to the weighted average export price reflected the full degree of dumping being practised by all producers/exporters in the People's Republic of China, Egypt, Pakistan and Turkey, and some producers/exporters in India and Indonesia. Provisional findings were amended accordingly.
- (35) With regard to all remaining producers/exporters in India and Indonesia, it was confirmed that there was a pattern of export prices to the Community which differed significantly among different purchasers, regions or time periods. It also established that the calculation of dumping margins on the basis of a comparison of the weighted average normal value to the weighted average export price did not reflect the full degree of dumping being practised. For those producers/exporters, provisional findings that dumping margins should be established on the basis of a comparison of a weighted average normal value to prices of all individual export transactions to the Community are confirmed.

(b) Dumping margin for cooperating producers/exporters not investigated

- (36) The provisions of recital (67) of the provisional Regulation are hereby confirmed. The dumping margins for cooperating producers/exporters which were not investigated have been based on the average of the individual dumping margins calculated for the producers/exporters included in the sample, weighted on export turnover to the Community.

(c) Residual dumping margin

- (37) In view of the overall high level of cooperation in this proceeding, it was considered appropriate to amend provisional findings with regard to the calculation of the residual dumping margin, and to use the highest dumping margin found for the producers/exporters in the sample for non-cooperating producers/exporters.

(d) Methodology for groups of companies

- (38) All three Egyptian producers/exporters questioned - but did not oppose - the provisions of recital (72) of the provisional Regulation whereby they were all treated as one group and subject to the general rule on groups of companies.

Due to the fact, however, that all three producers/exporters investigated had common ownership, the State, provisional findings were confirmed and the three Egyptian producers/exporters treated as one group, in order to avoid circumvention of the anti-dumping measures by Egyptian producers/exporters channelling their exports to the Community through the producer/exporter with the lowest anti-dumping duty.

- (39) One Indian producer/exporter challenged the application of the general rule to calculate a single dumping margin for companies belonging to the same group. It stated that, although technically related (common shareholding), the companies in the group were separate economic and legal entities.

To avoid circumvention of the anti-dumping measures by producers/exporters in the group channelling their exports to the Community through the producer/exporter with the lowest anti-dumping duty, the Commission applied the general rule regarding groups of companies to the Indian group.

- (40) One Indonesian producer/exporter requested that the assessment of dumping be made globally for the group, and not per producer/exporter as provided for in recital (69) of the provisional Regulation.

Considering, however, that it has been the Community's consistent practice to calculate first a dumping margin for each producer/exporter in the group which was investigated, and subsequently to use the dumping margins found to calculate a single margin for the group as a whole, the request was rejected.

- (41) The methodology set out in recital (69) of the provisional Regulation is hereby confirmed.

(e) Definitive dumping margins

(i) The People's Republic of China

- (42) The methodology set out in recital (70) of the provisional Regulation is hereby confirmed.

- (43) The definitive dumping margin for the People's Republic of China, expressed as a percentage of the CIF import price at the Community border, is 18.9%.

(ii) Egypt

- (44) The definitive dumping margin for Egypt, expressed as a percentage of the CIF import price at the Community border, is 13.0%.

(iii) India

- (45) For the producers/exporters or groups of companies in the sample, the definitive dumping margins expressed as a percentage of the CIF import price at the Community border are:

Century Textiles & Industries Limited	17.2%
Coats Viyella India Limited	12.3%
Vardhman Spinning & General Mills Limited	5.1%
Mafatlal Industries	12.6%
Mafatlal Fine Spinning & Manufacturing Producer/exporter Ltd.	12.6%

- (46) The definitive dumping margin for cooperating producers/exporters which were not investigated, expressed as a percentage of the CIF import price at the Community border, is 15.3%.

- (47) The residual dumping margin for India, expressed as a percentage of the CIF import price at the Community border, is 17.2%.

(iv) Indonesia

- (48) For the producers/exporters or groups of companies in the sample, the definitive dumping margins expressed as a percentage of the CIF import price at the Community border are:

P.T. Apac Inti Corpora / P.T. Kanindo Prima Perkasa	3.5%
P.T. Argo Pantes	14.5%
P.T. Daya Manunggal	14.5%
P.T. Grand Textile Industries	14.5%
P.T. Eratex Djaja	12.8%

(49) The definitive dumping margin for cooperating producers/exporters which were not investigated, expressed as a percentage of the CIF import price at the Community border, is 13.5%.

(50) The residual dumping margin for Indonesia, expressed as a percentage of the CIF import price at the Community border, is 14.5%.

(v) Pakistan

(51) For the producers/exporters or groups of companies in the sample, the definitive dumping margins expressed as a percentage of the CIF import price at the Community border are:

Diamond Fabrics Ltd	9.0%
Amer Fabrics Ltd	9.0%
Kohinoor Raiwind Mills Ltd	22.9%
Kohinoor Weaving Mills Ltd	22.9%
Lucky Textile Mills	15.5%
Nishat Mills Ltd	9.2%
Nishat Fabrics Ltd	9.2%

(52) The definitive dumping margin for cooperating producers/exporters which were not investigated, expressed as a percentage of the CIF import price at the Community border, is 14.2%.

(53) The residual dumping margin for Pakistan, expressed as a percentage of the CIF import price at the Community border, is 22.9%.

(vi) Turkey

(54) For the companies in the sample, the definitive dumping margins expressed as a percentage of the CIF import price at the Community border are:

Birlik Mensucat Ticaret ve Sanayi Isletmesi A.S.	13.6%
Söktas Pamuk ve Tarım Ürünlerini Değerlendirme Ticaret ve Sanayi A.S.	17.5%

(55) The definitive dumping margin for cooperating producers/exporters which were not investigated, expressed as a percentage of the CIF import price at the Community border, is 15.2%.

(56) The residual dumping margin for Turkey, expressed as a percentage of the CIF import price at the Community border, is 17.5%.

F. COMMUNITY INDUSTRY

- (57) The Chinese exporters' questioned the Commission's methodology for determining the scope of the Community industry on the grounds that the representativeness of the complainant Community producers had been based on open-market sales of the like product only, whereas the production within the EU destined for captive use should also have been taken into consideration. Including production for captive use would include, for example, the production of the like product in integrated companies with operating weaving facilities which directly feed the requirements of in-house processing.

The Commission examined this contention but cannot accept it. It is the practice of the Community institutions, confirmed by the European Court of Justice, to exclude captive production from the calculation of total Community production, where there is a clear separation between the 'captive' and 'free' markets. As the captive weaving to which the Chinese exporters' representative refers is not sold on the open market and does not compete directly with imports of the like product, the Commission concluded that the output of captive weaving in the EU should not be included in the calculation of Community production for the purpose of determining representativeness.

(58) After the imposition of provisional measures, the Commission received indication that a complaining producer was no longer supporting the complaint. The producer was accordingly excluded from the definition of Community industry, therefore reducing the representativeness of the complainant to 56% of Community production. However, following the disclosure of definitive findings, the producer in question wrote to the Commission declaring to be still supporting the complaint. After examining the evidence available, and after direct contacts with the producer, the Commission decided to re-integrate that producer in the definition of Community industry.

It was therefore confirmed that the complainant represents a major proportion of around 70% of Community production of the product concerned.

(59) Furthermore, as a result of the exclusion of medical gauze set out in recital (12) and of further investigation at the definitive stage, the relevant data relating to injury have been adjusted in order to take account of this exclusion.

G. INJURY

5. Preliminary remark

(60) Following the changes to the like product definition set out above, some of the injury data from the provisional Regulation changed as outlined in the following recitals. All data which is not specifically recalled from the provisional Regulation is to be considered as having been confirmed by the Commission.

6. Community consumption

- (61) Community apparent consumption rose from 265,984 tonnes in 1992, to 266,158 tonnes in 1993, to 304,660 tonnes in 1994 but dropped 10% to 274,282 tonnes in 1995, the investigation period. Over the period 1992-1995, Community consumption rose by 3%.

7. Volume and market share of the dumped imports

- (62) The aggregate volume of dumped imports of the product concerned into the Community originating in the countries subject to investigation increased by 16% between 1992 and 1994 from 104,330 tonnes in 1992, to 110,741 tonnes in 1993, to 121,501 tonnes in 1994. The volume decreased 14% in 1995 to 104,987 tonnes, broadly in line with the development of Community demand.

The development of import volumes, assessed in relation to Community consumption, led to a substantial share of the Community market being maintained by the countries concerned of 39.2% in 1992, 41.6% in 1993, 39.9% in 1994, and 38.3% in the investigation period.

8. Prices of the dumped imports

(63) In recital (102) of the provisional Regulation price undercutting was calculated by comparing weighted average EC producers' selling prices with weighted average export prices of all transactions by each producer-exporter concerned. This method was disputed by the exporters concerned as being imprecise. In order to achieve greater accuracy, the Commission used the following categories in its assessment of the extent of undercutting: Extra coarse (Counts 0-10 Ne), Coarse (Counts 11-20 Ne), Medium (Counts 21-30 Ne), Higher Medium (Counts 31-40 Ne), Fine (Counts 41-60 Ne) and Superfine (Counts 61 Ne and above).

The results of the comparison showed margins of price undercutting for all the exporting producers investigated, with the exporters in each country having weighted average margins across all categories ranging up to:

- China	34%
- Egypt	37%
- India	42%
- Indonesia	49%
- Pakistan	30%
- Turkey	21%.

9. Situation of the Community industry

(a) Data relating to the Community industry as a whole

(i) Sales and market share of the total Community industry

- (64) Total sales by the Community producers fell by around 10% over the period, from 90,348 tonnes in 1992, to 80,692 in 1993, to 81,913 in 1994, and to 81,873 in the investigation period. Matching this decline, the corresponding market share went from 34% in 1992, to 30.3% in 1993, 26.9% in 1994, and 29.9% in the investigation period, a decline of 12% in relative terms over the period.

(ii) Plant closures and reduction of employment

- (65) Recital (106) of the provisional Regulation referred to plant closures and job losses among manufacturers of the product concerned. Representations were made, however, which pointed out that the job losses mentioned include those suffered by integrated producers which, as explained in recital (57) above, are not included in the injury investigation. No accurate information is available however which would enable the Commission to estimate the proportion of this figure which could be ascribed to the Community industry as defined in recital (89) of the provisional Regulation.

(b) Data relating to the sampled Community producers

(66) It will be recalled from recital (89) of the provisional Regulation that sampling was applied for the purpose of the investigation of injury.

(i) Change in product mix

(67) As mentioned in recital (112) of the provisional Regulation, the Commission examined the information on five reference constructions which had been used in order to avoid distortions to the price comparisons being caused by changes in the product mix. The advantage of continuing to use these five reference constructions together with the six product categories described in recital (63) above, is that data for the former is available for the period 1992-1995. Three of these five reference constructions fit into the fabric categories 'Coarse', 'Medium' and 'Higher Medium', and can be considered as basic constructions, with low value added but produced in high volumes. These three categories alone account for 80% of the imports from the countries concerned. The development over time of the quantities sold of these three reference constructions shows substantial decline, significantly greater than the fall in the total sales of the sampled producers. Sales of these three reference constructions, representing about 21% of sales in 1992, dropped 43% between 1992 and 1995.

The sampled Community producers had claimed that they had been forced to reduce the production of basic constructions and to move into the production of niche products as a result of the significant price undercutting of the dumped imports from the exporting producers. The smaller production runs of niche products imply lower volumes, longer machinery stand-still times between batches and consequently higher unit costs.

10. Conclusions on injury

(68) The above conclusions and those in recital (116) of the provisional Regulation are confirmed.

H. CAUSATION

11. Effect of the dumped imports from the countries concerned

(69) The exporters alleged that for injury to exist, significant changes must be seen in both the volume of imports and their market share, and there should also be a decline in export prices of the product concerned. Since the product concerned is subject to quotas and voluntary export restraints, some of the above elements did not change significantly. It was therefore submitted that there could have been no injury.

In this respect, it should be borne in mind that, according to Article 3 (2) and 3 (3) of the Basic Anti-Dumping Regulation none of the factors concerning import volumes, market shares and prices listed in this provision can necessarily give decisive guidance in an injury analysis.

As far as the volumes and market share of imports in the present case are concerned, they actually did not significantly increase. This situation has to be seen in the light of the existence of a quota system limiting imports, which, as has been found, has been consistently utilised at high rates (the weighted average utilisation rate for the countries concerned was 95% in 1995) during the period under consideration. Statistics show that some exporting countries have even borrowed quantities from other textile categories for their exports of the product concerned.

However, given the absolute level of the imports concerned and the level of import prices, in the present case and in accordance with Article 3 (2) and 3 (3) of the Basic Anti-Dumping Regulation, injury has consisted in insufficient profitability being the result of price depression and price suppression (see recital (116) of the provisional Regulation and recital (67) above). These price levels are explained by the characteristics of the quota system in place, which gives companies within the exporting countries the incentive to compete for the allocation of quotas, and consequently for export customers.

Furthermore, it is considered that injury can be caused even where export prices are rising, since these prices must be seen in relation to the Community producers' prices. In the presence of significant price undercutting, as in this case, and given that the exporters concerned have around 40% of the Community market, it is clear that whether the prices of the dumped exports are rising or not, they will still be exerting price suppression or price depression or both, and injury can be suffered as a result.

- (70) The Commission's examination of the basic constructions, as described in recital (66) above, provides further evidence on the effects of the dumped imports. The data clearly show that the sales of the constructions which are closest in type to those widely imported fell much more sharply than total sales, thus demonstrating the direct effect of the substantial price undercutting established for these product types.

12. Effects of other factors

- (71) Various exporters and downstream users of the product concerned have contested the findings relating to causation in the provisional Regulation, citing other factors as being behind the injury suffered by the Community industry.

(i) Fall in apparent consumption

(72) Some exporting countries submitted that it was the decline in consumption of the like product between 1994 and 1995 which was the single most important cause of material injury to the Community industry.

The Commission has examined this argument. Consumption of the product concerned fell by 10% between 1994 and 1995; imports also declined. Nevertheless, over the period 1992-1995, the dumped imports from the countries subject to this proceeding remained relatively stable with a high (around 40%) market share in 1995, and were sold at prices that undercut Community producers' prices to a significant extent. While it is clear, therefore, that the Community industry was not immune to the effects of the fall in demand for the like product, the dumped imports caused material injury to Community producers.

(ii) Imports from other third countries

(73) Certain interested parties made reference to the effect of imports from third countries as a cause of material injury, but no information was provided that would cause an alteration to the findings at recitals (120) to (123) of the provisional Regulation. These findings are therefore confirmed.

(iii) Increase in raw cotton prices

(74) The Commission's findings at recital (124) of the provisional Regulation were questioned by certain exporters on the grounds that the rise in the price of raw cotton did not affect all of the Community industry in the same way, with some producers allegedly less affected than others. Furthermore, it was claimed that the raw cotton price rise appeared to have been partially absorbed by the spinning sector, which supplies the Community industry with cotton yarn. (For a description of the spinning sector, see recital (80)).

The Commission has examined these arguments. Although the impact of the rise in the price of raw cotton on the Community industry may have been felt differently by individual producers across the Community, it was considered to have been significant overall. This conclusion is supported by the finding that certain of the sampled Community producers experienced increases in the cost of yarn of around 50% between 1992 and 1995.

As to partial absorption of the increased raw cotton prices by the spinning sector, no evidence was presented to the Commission in this context.

13. Conclusion on causation

(75) The findings presented in recital (125) of the provisional Regulation are confirmed.

I. COMMUNITY INTEREST

14. The Community interest investigation

- (76) Based on the information available, and taking account of the possible price and quantity changes of the dumped imports following imposition of definitive measures, the Commission examined the impact of anti-dumping measures on the various sectors of the Community cotton textiles industry.

To this end, and in order to obtain the clearest possible overview, the Commission services sent a questionnaire to all the parties (users, suppliers, importers) who had made themselves known in the course of the proceeding, to various trade associations, which forwarded it to their members, as well as to other parties who requested it.

- (77) It should be noted that, where appropriate, statistics relating to cotton textiles with a cotton content of at least 50% were used in the absence of more accurate statistics relating to the product concerned, which has a cotton content greater than 85%. Fabrics with a cotton content exceeding 50% are hereinafter referred to as 'majority cotton fabrics'.

The economic operators concerned in this analysis

- (78) The various parts of the Community cotton textiles production chain are listed in the four main categories below.
- (79) A significant proportion of the industry is vertically integrated to include at least two of the activities in the following four categories.

(i) Suppliers

- (80) Spinners: the primary raw material, raw cotton, is imported from the producing countries and is spun into yarn. Spinning is a highly automated process, and EU yarn producers have reached a high level of efficiency, largely due to the widespread use of open-end spinning technology.

(ii) The Community Industry

- (81) Weavers: grey (i.e. unbleached) yarn is woven into fabric. This grey cloth has then to undergo an additional, separate finishing stage where it is bleached and printed or dyed.

(iii) Users

- (82) Finishers: the bleaching, printing and dyeing of unbleached cotton fabrics is carried out by finishers. The grey cloth is first washed and bleached to prepare it for the absorption of dye or printing inks, then it is printed or dyed. These activities are generally, but not always, performed by the same company.
- (83) Makers-up: the finished cloth is cut and sewn to make garments, household goods, or industrial goods by makers-up. This is the most labour intensive stage, especially in the clothing industry where the production processes are not normally automated.

(iv) Importers/Converters

- (84) Importers/converters: the operators who supply the Community's makers-up with cloth are the converters who purchase grey cloth, often imported, and who recruit the services of finishers to have the fabric processed to the maker-up stipulations.

15. The Community industry

(a) Nature and structure of the Community industry

- (85) Total production of the product concerned in the Community was around 94,000 tonnes in 1995. It will be recalled from recital (58) that the Community industry accounts for around 70% of this figure.
- (86) The Community industry is composed mainly of small and medium-sized enterprises. Production is capital intensive and highly automated. It should be noted that grey cotton fabric is an intermediate product, with a high degree of standardisation and price sensitivity in the basic, most common constructions, but subject to fashion changes, particularly in niche areas of the market.
- (87) The cotton weaving industry as a whole, including the Community industry and integrated producers (as discussed below), employs 115,000 people. It is not possible to exactly allocate employees to the product concerned, as it is produced by the same companies and on the same machines which produce the majority cotton fabrics.

(b) Viability of the Community industry

- (88) It will be recalled from recital (108) of the provisional Regulation that, during the period considered for the analysis of injury, the domestic industry rationalized its production process, with a high level of machinery replacement.
- (89) Though the Community industry is mainly oriented towards the Community market (less than 15% of total sales of the product concerned are exported), their export performance improved 12% between 1992-1995, from 10,904 to 12,247 tonnes. The Commission considers this as an important indication that the Community weaving industry is viable and internationally competitive.

(c) Expected effects of the imposition of anti-dumping measures on the Community industry

- (90) The Commission based its analysis of the impact of the anti-dumping measures on Community industry on the data provided by the sampled Community producers.
- (91) To assess the effects of the anti-dumping measures on the Community industry, it is necessary to examine first of all the possible reactions of the exporting producers in the countries concerned. This has been done on the assumption of constant demand conditions.
- (92) Following the imposition of duties, the prices of the imported like product can be expected to rise. This price rise would be reflected in a fall in the volumes imported, thus leading to a reduction in market supply, allowing the Community industry to increase output, particularly of those basic constructions most subject to

pressure from the dumped imports, as explained in recital (67) and (70) above. The Community industry's prices could be expected to increase to some extent, but certainly not by anything like the level of the duty. The increases in volume, however, would serve to reduce unit costs of production and enable the Community industry to restore its financial situation.

(d) Comments received

(i) Comments received from the Community industry

- (93) The Community industry has stressed the importance for the Community cotton textiles industry of a viable Community cotton-weaving industry. This would maintain competition, employment levels, and prevent dependence on imports. The industry has also argued that its continued existence would be of benefit to the upstream spinning industry by assuring an important source of demand for yarn. It is also argued that there would be benefits for the downstream sectors arising from diversity of supply.
- (94) Many claims were also submitted from users and importers relating to the effect of the measures on the Community industry. In summary, it was alleged that the measures would have no substantial positive outcome on their situation.

(ii) Competition from other imports

- (95) It was contended that if the anti-dumping measures bring about a shift in the demand away from the import of the dumped products, there would be an increase in the demand for imports of grey cotton fabrics from other third countries.
- (96) Regarding imports of grey cotton fabrics from other third countries, it was found that it cannot be excluded that, within the limits of the existing trade arrangements they may increase following the imposition of measures; about 30% of the market is supplied by imports which will not be subject to the anti-dumping measures. Exporters in these countries would presumably try to increase their market share at the expense of their competitors from the countries concerned by this proceeding.

Some users pointed out that other third countries are at the moment not able to supply fabrics of the same quality as those produced by Community industry and by the exporting producers in the countries concerned. Although no evidence was supplied on this point, it would appear that imports from other third countries will not, therefore, prevent the Community industry from taking advantage of the anti-dumping measures.

(iii) Community industry's production capacity and supply shortage

- (97) It was alleged that the anti-dumping measures would have the effect of creating supply shortages since the Community industry does not have the capacity to satisfy Community demand for the product concerned.

(98) The Commission established that the Community industry was indeed operating at a high rate of capacity utilisation during the period under consideration. It should be noted, however, that, over this period, the Community industry also reduced its maximum capacity in terms of machine hours per year. This was due, among other factors, to a reduction in working hours, which means that the Community weavers would be able to increase capacity by increasing the number of hours worked in the case of an increase in demand.

It should also be mentioned that, since production of grey cotton fabrics uses the same equipment and labour as other kinds of fabrics, the Community producers could switch productive capacity towards the product concerned after any demand increase subsequent to the imposition of measures.

(iv) Import substitution towards bleached, dyed and printed fabrics

(99) It was claimed by some users that the anti-dumping measures will have no effect, as importers will simply switch to importing bleached and finished fabrics. However, no evidence was provided to support this allegation. Indeed it is worth recalling that bleached fabrics are also subject to international trade arrangements.

As to bleached fabrics, the only data available to the Commission relating to the imports of bleached fabrics are Eurostat figures, which indicate that in 1995 the imports of bleached fabrics amounted to a negligible quantity (10,610 tonnes)

relative to the total size of the Community grey cotton fabric market, which was around 464,000 tonnes. Moreover, Eurostat figures also show an average value in 1995 of 6.72 ECUs per tonne, which was almost twice the Eurostat average import value relating to unbleached fabric. In any event, indications are that finishers prefer to control the bleaching process themselves for quality control reasons.

As to the switch towards finished fabrics, this is examined further below in recital (130) et seq.

(e) Effect of non-imposition of the measures

(100) As stated in recital (127) of the provisional Regulation, should definitive measures not be imposed, the negative trend of the Community industry would continue, with the possibility of its disappearance. The 6,200 people employed by the Community industry would be those most directly affected. In this context, the loss in employment among the sampled complainants mentioned in recital (115) of the provisional Regulation is noted.

(i) Conclusions

(101) The expected demand increase for the Community industry would enable it to choose a strategy for recovery from their current situation of financial losses.

(102) While the industry's prices would not rise to the extent of the duty, the Community industry could be expected to improve its sales volume and recover market share in basic constructions. This volume increase will reduce unit costs and increase profitability.

(103) In conclusion, the analysis of the Community industry shows that it is structurally viable and that measures would be effective in affording the industry the opportunity to recover from the injury suffered (see recital (130) of the provisional Regulation). Therefore, it is in the interests of the Community industry to introduce measures.

16. The supplier industry

(a) Situation of the Community spinning industry

(104) Community spinners employed around 72,000 people in 1994 (the figure refers to EU 12). The total yarn production in the Community, including all fibres, amounts to 1,2 million tonnes. An estimated 25% of this was used for the production of the like product, implying that 18,000 people are employed spinning yarn destined for production of the product concerned.

(105) Over the period 1992-1996 there was an 8% increase in cotton yarn sales quantities for the companies examined. Production capacity increased by 8% and the rate of capacity utilisation, though slightly decreasing, was still about 81% in 1996. Insufficient information was provided to establish a trend in production costs, though there are indications of an increase in variable costs in 1995. This was most probably due to the growing raw cotton prices already examined in the injury analysis at recital (124) of the provisional Regulation and which was mentioned by some parties as a major factor of instability. Indeed, raw cotton represents about 50% of spinners' total costs. This could also explain their poor profit performance (average return on sales -0.31% in 1995, -0.93% in 1996). Employment decreased by about 9%.

(b) Effect of the imposition / non imposition of measures

- (106) If total Community cotton weaving, i.e. including integrated producers, is considered, the percentage of yarn used in the production of the like product represents over 25% of spinners' output. This means that, though spinners can find other outlets for their production (mixed fabrics, knitting, etc.), a major decline in Community production of the product concerned would substantially affect them.
- (107) If anti-dumping measures are imposed, the improved situation of Community weavers will benefit spinners in that they will retain an important sales channel, with higher sales volumes and the possibility to negotiate more profitable prices. On the other hand, should measures not be imposed, spinners face the risk of a major fall in demand not only from the complainants, but also from the integrated weavers examined below.

17. Users, Importers and Makers-up

- (108) The downstream sectors that will be examined below consist of integrated producers, converters/importers, finishers and makers-up. Although these parties may operate at different stages of the downstream production chain, given the degree of integration of this industry, it has been found appropriate to investigate them together.

(a) Integrated producers

(i) Description

(109) Integrated producers in this context are those who weave and finish and/or make up finished goods. They use all or most of their fabric production for their own internal downstream consumption or for sales to related companies, and only occasionally sell to unrelated customers. Although integrated producers are not part of the complaining Community industry, since they do not compete directly with the dumped imports, they can be considered to have an interest in the present proceeding, since they may also suffer from the competition of finished fabrics or made-up goods manufactured using grey fabrics sourced at dumped prices.

(110) Total Community output of woven majority cotton fabrics was 464,000 tonnes in 1995, of which, according to the industry's estimates, the output of the product concerned was 325,000 tonnes. The integrated producers represented an estimated 72% of these figures.

(ii) Effect of the imposition of measures

(111) Since integrated producers are indirectly affected by the dumped imports, they could be expected to benefit indirectly from anti-dumping measures. The competitiveness of their finished fabrics and made-up goods is expected to improve relative to the goods produced using the dumped imports. Furthermore, as the prices of the dumped imports increase, it becomes more attractive for them to employ own-produced grey fabrics, with positive consequences for their weaving employment.

(112) However, some downstream-integrated weavers who concentrate on finishing and/or making-up, and source most of their grey fabric requirements from imports, oppose the imposition of measures. The impact of the measures on this part of the industry, however, varies according to each individual company's dependence on imports from the countries concerned, so no clear conclusion can be drawn as to the effect on this sector.

Nevertheless, in view of the substantial part of the Community weaving used for internal consumption (72%), and of the considerable share that it has in the total Community finishing (48%, as described below), it can be concluded that the overall impact of anti-dumping measures on the integrated weavers would be positive.

(iii) Effect of the non-imposition of measures

(113) If measures are not imposed, integrated producers would continue to suffer a cost disadvantage *vis à vis* any EU competitors who use the dumped imports. As a consequence, their in-house weaving could cease to be viable and they might be obliged to close down their weaving activities.

In this respect, it should be noted that total majority cotton weaving output, captive and non-captive, in the Community shrunk from around 515,600 tonnes in 1992 to 464,000 in 1995, and in the same period 88 weaving plants closed in Austria, France, Germany, Italy, Spain and the United Kingdom, with the loss of 8,625 jobs. The overall declining trend of the sector, in the absence of measures, would therefore continue, with consequent further losses of employment.

(b) Converters and finishers

(i) Introduction

(114) After the imposition of the provisional measures, many representations were received from users and importers, reiterating the claims in recital (128) of the provisional Regulation. The measures were alleged to severely affect the competitive position of Community finishers *vis à vis* third countries' exporters, with substantial losses in turnover and jobs, due to the substitution of fabrics imported in grey state and finished in the EU with fabrics imported in finished state. It was alleged that the consequence may even be the demise of Community finishing industry.

(ii) Structure and size of the downstream industry

(115) The investigation relating to users was based on the information submitted from finishers, whether independent or integrated in groups, importers and converters, as well as on general information relating to the sector.

(116) The analysis of the impact of anti-dumping measures on the downstream industry has to take into account its particular structure. The grey fabric is not usually purchased directly by those who process it, but by a middleman (converter), who can source from EU weavers or from imports. The converter then passes the fabric to the finisher, who does not normally take ownership but works on commission.

(117) The finishing industry is capital intensive and highly price competitive. However, in comparison with unbleached fabric, the finished fabric has more possibilities of differentiation and a higher value added, and requires higher levels of know-how. Though there are some simple patterns and colours which are fairly standardized, the product is fashion-sensitive and the designs tend to vary from year to year. This enhances the importance of such factors as delivery speed and the possibility for the customer to discuss and modify the final output. According to the submissions received, these elements are, together with price, major factors in choosing the finisher. They explain why the fabrics finished in the Community, unlike grey fabrics, can be expected to maintain an advantage compared to imported finished fabrics.

(118) The production of the finishing sector was estimated on the basis of the figure mentioned in recital (110) above at 464,000 tonnes of total output of majority cotton woven fabrics in the EU. Adding total imports of grey (221,000 tonnes) and bleached (10,000) fabrics and excluding exports (12,700 tonnes) of grey fabrics, the total of the majority cotton fabrics printed and dyed in the EU is 682,000 tonnes. The fabrics containing more than 85% of cotton accounts for 78% of this figure.

(119) Imports of finished fabrics were 37,700 tonnes in 1995, with a growing trend in the period examined (+17% for Eur12 from 1992 to 1995) representing a market share of 5% of the total market for finished goods.

(120) Total employment in the finishing sector was estimated at 150,000 people in 1995.

The employment in the sector is declining, following the general trend of the textile industry (-9% between 1992 and 1994). Taking into account that the product concerned only represents a part of total Community finishing, and the size of integrated finishing, the number of jobs in independent finishing of the product concerned is estimated at around 23,000.

(121) No estimate is possible of the personnel employed by the importers and converters.

However, given that these companies are traders and service providers with minimal capital investment, their employment levels appear to be relatively low.

(iii) Effect of the anti-dumping measures on prices of finished fabrics

(122) It is expected that the anti-dumping measures would increase the sales prices of finished fabrics, since the price of the raw material would have increased.

(123) It is stated in recital (92) that the Community industry's price increase would be unlikely to reflect the full amount of the duty. Some importers and users claimed that, after the imposition of measures, the prices of grey cotton fabrics not subject to the measures would also increase by an amount close to the duty rate. This, however, appears unfounded as the high degree of competitiveness of the grey fabric market makes it unlikely that producers not subject to the measures (representing 60% of the market in 1995) would have the freedom to increase their prices. Consequently, it is concluded that the average price increase of grey fabrics will be considerably lower than the average duty rate.

(124) In order to estimate the impact of the measures on prices of the finished goods, the Commission calculated an average proportion of the grey fabric in the production cost and in the price of the finished fabric. The analysis of the questionnaire replies revealed a wide diversity of this ratio, depending on the weight and quality of grey fabric used and on the quality of finishing. An average proportion was calculated at 45% for respondent companies for all finished fabrics. However, given the variation among companies (from 22 to 67%) and the diversity of the products involved, it was decided to base the Commission's conclusions on an average between 45% and a figure provided by the German finishers' association, which estimates the average proportion of the full cost attributable to grey fabric at 36%. A profit margin of 6% was added, estimated from the profit margins reported by the converters.

(125) The analysis of the submissions showed an average profit on sales in 1995 of around 15% for finishers on commission, and of around 6% for converters. Both profit margins are considered to be adequate given the nature of the sectors (a capital intensive industry in the case of finishers; a trading, service-providing industry for converters), and allowing, if necessary, a partial absorption of the cost increase after the imposition of definitive anti-dumping measures. Therefore, the claim that both converters and finishers operate at low profit margins and cannot absorb any duty-induced cost increase was not confirmed.

(126) Different scenarios were envisaged, taking into account different options relating to the reactions of the market. A 'maximalist scenario' was considered which assumed a price increase by all suppliers by the full amount of the duty, which averages 15.7%, and no absorption by the converters and finishers. The average price increase in this case is estimated at 7.1% with a ratio of 45% and 5.6% with a ratio of 36%.

(127) A 'minimalist scenario' was also estimated. It is based on the assumption of no price increase by the suppliers not affected by the anti-dumping duties, which brings the average price increase by suppliers down to 6.3%. Moreover, it assumes that both the converters and the finishers absorb a part of the duty with a decrease of their profit margin of 1% each. The price increase so calculated on finished fabrics varies from 0.7% to 1.3%, according to the ratio used.

(128) The two calculations above are considered to be the extremes of a range of possibilities. The Commission estimates as most probable an average scenario, implying a moderate price increase from the suppliers of grey fabrics not affected by the anti-dumping duties and the 1% duty absorption described above.

The average price increase for Community producers was estimated at 2%, on the basis of the minimum price increase required to offset the losses referred to in recital (114) of the provisional Regulation.

For other third country exporters, the Commission, on the assumption that they are not market leaders, used an increase of 10.2%, a weighted average of the average anti-dumping duty, 15.7% and the estimated price increase of 2% for the Community producers.

The subsequent price increase for the finished fabric is estimated as varying from 2% to 3%, according to the cost ratio adopted.

(iv) Impact on converters

(129) The converters are those who directly bear the cost increase, and have to decide whether to pass it on to their customers or to absorb it, partly or totally. It was alleged that the converters, given the low profit margins and price competition in the sector, will be squeezed between the inability to absorb the cost increase and the impossibility of passing it on to their customers.

As to the possibilities of absorption, the Commission's view is set out in recital (125). Further, the converters' past behaviour suggests a considerable ability to pass on cost increases to their customers. Between 1994 and 1995, in response to a generalised increase in input costs and a decrease in demand (the cost of raw cotton increased of around 15%, and the Community weavers increased their prices of 8.6%) converters were able to increase their prices by 6.66%. Given the value added at this stage, this increase was enough to offset the cost increase, and to keep the sector profitable despite the fall in demand.

An alternative course of action for converters could also be to switch to products which are not affected by the measures, such as Community production, imports from other third countries, or mixed fabrics. They also have the option of importing finished fabrics directly, although the analysis below suggests that this is unlikely. It is concluded that, as far as converters are concerned, therefore, anti-dumping measures may require some adaptation on their part, but are not expected to affect them unduly.

(v) Impact on finishers

(130) Finishers, who are not going to be directly affected financially by the measures as they do not purchase the product concerned, could suffer a decrease in activity if there is a substantial switch in demand towards imports of finished fabrics (so-called "substitution effects").

(131) The Commission evaluated, on the basis of the information submitted, the reaction of market demand to a price increase in the fabrics finished in the Community, in order to arrive at an estimate of any possible substitution effects.

In the period 1992-96 the quantities finished by Community finishers increased, on an indexed basis, from 100 to 108 between 1992 and 1994 and then decreased to 99 in 1995 and to 97 in 1996. The prices of the finished fabrics sold by converters in the same period increased from 100 in 1992 to 115 in 1995, then declined to 99 in 1996.

The figures show that no clear relationship exists between prices obtained and the level of activity of finishers. Indeed, while in 1995 the market reacted strongly to the increase in prices, in 1996 the price fall was not reflected in a quantity increase. Similarly, the moderate price increase in 1994 did not prevent a quantity rise of over 6%.

(132) As far as imports of finished fabrics from third countries are concerned, no clear link between the Community production of the product concerned and these imports can be identified from the data analysed. Imports show a steadily growing trend at falling prices. On the other hand, the quantities imported represent 5% of quantities finished in the Community. These figures do not support the allegations of the likelihood of a substitution effect. Indeed, the Commission received no evidence showing the existence of a sizeable spare finishing capacity in any third country, nor are there any indications that this capital- and know how-intensive industry could be built up in the foreseeable future. Furthermore, imports of finished fabrics are also subject to quota and licence arrangements, which means that their growth is necessarily restricted for the time being.

In the light of the above, and contrary to the claims of major substitution effect, it was concluded that an estimated increase in the price of finished fabrics of between 2% and 3% is not expected to cause a substantial shift in demand from Community finishing to imports from third countries.

(133) It was also alleged that, for an industry as capital intensive as the finishing industry, even a moderate decrease in the quantities processed may raise unit costs to such an extent as to make continued production unprofitable. However, the finishers examined were able to maintain high profit margins even when the quantities processed decreased: in 1995 they had a 15% return on sales, despite a fall in the quantities processed of 9.7%.

(134) The Commission concludes, therefore, that the imposition of anti-dumping measures is not likely to cause a substitution of Community finished fabrics with imports. The claims, submitted by users, of significant disruptive effects on the Community finishing industry were therefore found to be highly exaggerated.

(vi) Consequences for employment

(135) In view of the above, no undue impact of the anti-dumping measures on the activity and employment levels for converters and finishers can be expected. Nevertheless, the intensity of any effects will also depend on the strategy chosen by the converters: should they decide to significantly switch to trading finished fabrics, the impact on finishers would be stronger. But, as explained in recitals (132) to (134) above, the recourse to imports of finished fabrics does not appear to be a credible alternative for converters.

(136) It can be expected, however, that some parts of the industry which rely more heavily on the dumped imports will suffer a loss of activity, the extent of which is very difficult to predict. It will depend on the possibilities of these parts of the industry to absorb the duty and on their ability to turn to different sources of supply. On the other hand, it also appears that any losses suffered by these finishers could be offset by improvements gained by integrated finishers or by those who mainly use Community grey fabrics, which would both become more competitive after the introduction of definitive measures.

(vii) Effects of non imposition of measures

(137) In the event that definitive measures were not to be imposed, some users could continue to benefit from imports at dumped prices, with an advantage on those who use Community production or are integrated in weaving. Should the Community weaving industry be severely harmed, however, the whole finishing market would suffer, as Community grey production still feeds more than two thirds of total Community finishing.

(c) Makers-up

(i) Characteristics of the industry

(138) Making-up is the segment of the cotton industry employing the largest number of people. It was estimated, on the basis of the total size of the sector and of the amount of cotton input, that 390,000 jobs are involved in the making-up of cotton goods.

(139) Making-up is also the stage with, on average, the highest value-added, though this varies widely from product to product. For instance, the value added to the finished fabric can be very low for a basic bed linen set (only 25% of total cost, including cutting, hemming and packing), but much higher for a piece of clothing, such as a shirt, where it can amount to 70%. This creates a gap between low value-added, basic products, which are very price sensitive, and whose production is largely being relocated in low labour cost countries, and high value added, fashion products.

(ii) Impact of the anti-dumping measures

(140) It has been alleged by some users that the negative consequences of the imposition of measures would extend to makers-up, as they would face a cost increase with a consequent loss of competitiveness relative to imports of garments and of home textiles from third countries.

(141) On the basis of the information submitted, a variable average ratio of the cost of finished fabrics in the sales prices up to 50% was found. With the average increase of 2 to 3% for finished fabrics estimated in recital (128) above, their price would rise by less than 2% at worst, without even considering the possibility of any absorption.

(142) In the light of the above, and using the information available, the Commission services concluded that the anti-dumping measures will not negatively affect the economic position of Community makers-up.

18. Conclusion

(143) Information received from parties and information otherwise available allowed the Commission to evaluate the various interests involved, as stipulated in Article 21 (1) of the basic Regulation, and the overall effect of the imposition or of the non-imposition of anti-dumping measures.

In carrying out this examination, the Commission gave special consideration to the need to eliminate the trade distorting effects of injurious dumping and to restore effective competition.

- (144) As to the Community industry, the effects of the measures can be expected to afford it the opportunity to restore profitability and to remain active in the grey cotton sector, with consequent beneficial effects on employment and competitive conditions on the Community market.
- (145) Despite the claim of the Community spinners to be strongly dependent on Community weavers, this was not fully supported by the results of the analysis. Nevertheless, it was shown that any improvement to the Community weavers would be expected to have a positive impact on spinners.
- (146) It should be added that the positive impact of the measures would not be limited to the Community industry, but would extend to the whole of Community weaving and to the integrated downstream industry linked to it.
- (147) The allegations of disruptive effects on the downstream industries have either not been substantiated, or were found to be exaggerated, especially as to the alleged substitution effects, though some negative consequences on a part of the finishing industry cannot be excluded.
- (148) When the position of all sectors involved is considered, it cannot be clearly concluded, on the basis of all the information submitted, that the application of anti-dumping measures would be against the overall interest of the Community.
- (149) In the light of the above, the conclusions drawn in recital (130) of the provisional Regulation, concerning the Community interest, are confirmed.

J. DEFINITIVE DUTY

- (150) On the basis of the conclusions on dumping, injury, causation and Community interest set out above, the Commission considered the form and the level of the anti-dumping measures to be taken.
- (151) Given the wide variety of constructions from the countries concerned, the Commission is of the opinion that an ad-valorem anti-dumping duty is the most appropriate form of measure.
- (152) For the purpose of establishing the level of the definitive duty, account has been taken of the dumping margins found and of the amount of duty necessary to eliminate the injury sustained by the Community industry.
- (153) It will be recalled from recital (133) of the provisional Regulation that since the injury consists principally of price suppression, loss of market share and, in particular, lack of profitability or losses, the removal of injury requires that the industry should be put in a position where prices can be increased to profitable levels. In order to achieve this, the prices of the imports concerned originating in the countries currently under investigation should be increased accordingly.
- (154) For calculating the necessary price increase, the Commission considered that the actual prices of these imports should be compared with a selling price which would more accurately reflect the costs of production of Community producers plus a reasonable profit.

(155) A number of exporters questioned the profit margin of 8% on turnover which was mentioned in recital (133) of the provisional Regulation on the grounds that it was too high in relation to levels experienced in recent years: the most favourable profit margin for the sampled Community producers recently was around 2%. The Commission cannot accept this, however, because 2% is inadequate to ensure the financial viability of a capital-intensive industry. In the course of the proceeding, profit levels of 5% and upwards were observed in sectors of the cotton textiles industry with very low capital requirements. In the light of this, the Commission considers 8% to be a reasonable margin for the cotton weaving sector.

(156) The average weighted selling prices charged during the investigation period of the Community industry for each of the six categories described in recital (63) above were increased in order to achieve the overall minimum amount of profit required. The resultant prices thus established were compared with the prices of the dumped imports used to calculate undercutting as outlined above.

(157) The differences between these two prices, expressed on a weighted average basis and as a percentage of the free-at-the-Community-frontier price, were:

- China 45%
- Egypt 49%
- India 34% to 73%
- Indonesia 41% to 81%
- Pakistan 46% to 54%
- Turkey 11% to 25%.

(158) Where the margins of dumping found, in respect of a particular exporting producer, were below the corresponding increases in export prices necessary to remove the injury, as calculated above, the definitive duties imposed are to be limited to the dumping margin established. This was the case for all but one of the companies concerned.

The anti-dumping duty proposed for companies which cooperated, but which were not investigated, is the average dumping margin for the sample or the average margin necessary to remove injury, whichever is lowest.

The anti-dumping duty for non-cooperating companies is equivalent to either the highest dumping margin or the highest margin necessary to remove injury calculated for the producers/exporters in the sample, whichever is the lowest. The highest dumping margin was used for all countries.

K. FINAL PROVISIONS

(159) Several Turkish parties protested that Turkey has been treated as any third country despite the fact that it has a Customs Union with the Community.

Article 44 (2) of Decision 1/95 of the EC/Turkey Association Council states that the modalities of implementation of anti-dumping measures set out in Article 47 of the Additional Protocol to the Association Agreement still apply. The procedure of Article 47 of the Additional Protocol to the Association Agreement was indeed applied, and the Association Council as well as the Customs Union's Joint Committee kept regularly informed.

(160) On 18 January 1996, the EC/Turkey Association Council was formally informed that the Commission had received a complaint alleging that imports of unbleached cotton fabrics from, inter alia, Turkey were being dumped and thereby causing injury to the corresponding Community industry.

On 23 February 1996, the EC/Turkey Association Council was further informed of the initiation of the proceeding and given a copy of the non-confidential version of the complaint. It was also informed of the decision to apply sampling techniques.

As provided for in Article 47 (1) of the Additional Protocol to the Association Agreement, an application was formally made to the Association Council on 8 August 1996 after the investigation had shown that the Turkish producers/exporters were practising dumping. Should they wish to do so, the latter were also invited to give undertakings in accordance with Article 8 of the Basic Regulation.

On 20 November 1996, after the three month period provided for in Article 47 (2) (a) of the above Agreement had elapsed, the Commission notified the Council of Association of its decision to impose provisional anti-dumping measures.

Moreover, on 19 November 1996, the Customs Union Joint Committee had also been informed of the Commission's intention to impose provisional anti-dumping measures.

On 21 November 1996, a copy of the provisional Regulation was forwarded to the Association Council.

- (161) Finally, the Association Council was notified and provided with full disclosure of the definitive facts and findings, as provided for in Article 47 (2) of the Additional Protocol to the EC/Turkey Association Agreement. The Customs Union Joint Committee was informed of the intention to impose definitive anti-dumping measures.
- (162) One Turkish party sought the annulment by the Court of First Instance of the initiation of the present proceeding³. In its Order of 16 December 1996, the Court of First Instance, dismissing the application, confirmed that the initiation of the proceeding against Turkey in the above circumstances was not incompatible with the provisions of the Association Agreement.
- (163) In their comments on the disclosure of provisional findings, several producers/exporters indicated that they might wish to propose undertakings before definitive anti-dumping measures were imposed. In the absence of any undertaking being offered, all producers/exporters are subject to the anti-dumping measures provided in this Regulation.

³ Case T-75/96, Söktas v. Commission

L. COLLECTION OF THE PROVISIONAL DUTIES

(164) In view of the magnitude of the dumping margins found for the exporting producers and countries, and in the light of the seriousness of the injury caused to the Community industry, it is considered necessary that the amounts secured by way of provisional anti-dumping duties for transactions involving the product concerned should be definitively collected at the level of the definitive duties,

HAS ADOPTED THIS REGULATION:

Article 1

1. Definitive anti-dumping duties are hereby imposed on imports of flat unbleached (grey) cotton fabrics, falling within CN codes 5208 11 90, 5208 12 to 5208 19 and 5209 11 to 5209 19 and originating in the People's Republic of China, Egypt, India, Indonesia, Pakistan and Turkey.
2. Save for the exporters listed in Tables 3 and 4 and in the Annex to this Regulation, the rate of the definitive anti-dumping duty applicable to the net, free-at-Community-frontier price, before duty, shall be as follows:

TABLE 1:

Country	Rate of duty	Taric additional code
The People's Republic of China	18.9%	8900
Egypt	13.0%	8900
India	17.2%	8900
Indonesia	14.5%	8900
Pakistan	22.9%	8900
Turkey	17.5%	8900

The exporters listed in the Annex to this Regulation shall be subject to the following rates of anti-dumping duty:

TABLE 2:

Country	Rate of duty	Taric additional code
India	15.5%	8909
Indonesia	13.5%	8910
Pakistan	14.2%	8911
Turkey	15.2%	8912

The companies listed below shall be subject to the following rates of anti-dumping duty:

TABLE 3:

Country	Manufacturer	Rate of duty	Taric additional code
India	Coats Viyella India Ltd	12.3%	8914
	Vardhman Spinning & General Mills Ltd	5.1%	8915
	Mafatlal Industries	12.6%	8916
	Mafatlal Fine Spg. & Mfg.	12.6%	8917

TABLE 4:

Country	Manufacturer	Rate of duty	Taric additional code
Indonesia	P.T. Apac Inti Corpora / P.T. Kanindo Prima Perkasa	3.5%	8918
	P.T. Eratex Djaja	12.8%	8922

TABLE 5:

Country	Manufacturer	Rate of duty	Taric additional code
Pakistan	Diamond Fabrics Ltd	9.0%	8923
	Amer Fabrics Ltd	9.0%	8924
	Lucky Textile Mills	15.5%	8927
	Nishat Mills Ltd	9.2%	8928
	Nishat Fabrics Ltd	9.2%	8929

TABLE 6:

Country	Manufacturer	Rate of duty	Taric additional code
Turkey	Birlik Mensucat Ticaret ve Sanayi Isletmesi A.S.	13.6%	8930
	Söktas Pamuk ve Tarım Değerlendirme Ticaret ve Sanayi A.S.	11.4%	8931

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

Article 2

1. The amounts secured by way of provisional anti-dumping duties under Regulation (EC) No 2208/96 shall be definitively collected.
2. Amounts secured provisionally in excess of the definitive rate of anti-dumping duty shall be released.
3. The amounts secured provisionally on unbleached gauze products falling under CN Code 5208 11 10 shall be released.

Article 3

Where any producer provides sufficient evidence to the Commission that it did not export the goods described in Article 1 (1) during the investigation period, that it is not related to any exporter or producer subject to the measures imposed by this Regulation and that it has exported the goods concerned after the investigation period, or that it has entered into an irrevocable contractual obligation to export a significant quantity to the Community, then the Council, acting by simple majority on a proposal submitted by the Commission after consulting the Advisory Committee, may amend Article 1 (2) by adding that producer to the parties listed in the Annex. That producer would then be subject to the duties in Table 2 of Article 1 above for producers in India, Indonesia, Pakistan and Turkey, or to the duties in Table 1 above for producers in China and Egypt.

Article 4

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

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

Done at Brussels, 1997

For the Council

Annex

India

- A.S.P.G. Subbiah Nadar & Sons, Dhalavaipuram
- All India Handloom Fabrics Marketing Co-operative Society Ltd, Madras
- Alpha Mills Pvt Ltd, Karur
- Amex Exports, Karur
- Anglo French Textiles, Pondicherry
- Arcot Textile Mill Ltd, Madurai
- Arun Fabrics, Tirupur
- Arun Textiles, Rajapalayam
- Ashima Fabrics, Bombay
- A.S. Marimuthu, Samusigapuram
- Atlas Export Enterprises, Karur
- Ayyappan Textiles Ltd, Madurai
- B.K.S. Mills, Tirupur
- B.N. Sardar & Sons, Calcutta
- Bharat Vijay Mills, Kalol
- Bhiwani Denim & Apparels Ltd, Faridabad
- Bonanza Overseas Pvt. Ltd, Bombay
- Chhaganlal Kasturchand & Co. Ltd, Bombay
- Emperor Trading Co., Tirupur
- Esskay International, Bombay
- Forbes Gokak Ltd, Bombay
- Garden Weaves Pvt. Ltd, Tirupur

- GDJD Exports, Madras
- Govindji Trikamdas & Co., Bombay
- I A Intercontinental, Madras
- Ideal Expo Fabrics, Salem
- Inter Globe Services, Bombay
- Indra Exports, Jalandhar
- Kanoria Chemicals & Industries Ltd, Ahmedabad
- Karamal Garment Exports, Madras
- Keshavlal Talakchand, Bombay
- Kishandas Kikani, Bombay
- Kothari Industrial Corporation Ltd, Madras
- Loyal Textile Mills Ltd, Kovilpatti
- M.S. Mathivanan, Komarapalayam
- M.U.A. Arumugaperumal & Sons, Chatrapatti
- Maharashtra State Textile Corporation Ltd, Bombay
- Naatchiar Textile Producers/producer/exporters, Chatrapatti
- Navnitlal & Producer/exporter, Bombay
- Niyati Overseas, Madras
- Nowrosjee Wadia & Sons Ltd., Bombay
- N.W. Exports, Bombay
- Parag Trading Corporation, Bombay
- Patodia Syntex Ltd, Bombay
- Piramal Sons Ltd, Bombay
- Pothys Cotton Products PVT.LTD., Srivilliputtur
- Pradeep Investments Pvt. Ltd, Bombay
- Prathishta Weaving & Knitting Producer/exporter Ltd, Coimbatore

- Premier Textile, Tirupur
- Preeti Impex, Tiruchengodu
- Premier Enterprises
- Premier Mills Ltd, Coimbatore
- Premier Textile Producers/producer/exporters, Chatrapatti
- R. D. Traders, Bombay
- Rajnarayan Hosiery Exports Pvt Ltd, Coimbatore
- Rama Qualitex Ltd, Bangalore
- Ramkumar Mills Ltd, Bangalore
- Rawsitasa Exports, New Delhi
- Rega Textiles, Komarapalayam
- Ruchi Fabrics Ltd, Indore
- S. Nikhil, Bombay
- Sadhaka Exports
- Sajjan Textiles Mills Ltd, Bombay
- Sajjan Udyog Export Ltd, Bombay
- Senthil Textiles, Tirupur
- Shanker Kapda Niryat Pvt. Ltd, Bombay
- Sheela Apparel Exports Pvt. Ltd, Bombay
- Sheth Exports, Bombay
- Sheth Investments & Trading Producer/exporter Ltd, Bombay
- Singhanian Exports, Bombay
- Sitalakshmi Mills Ltd, Madurai
- Sivakkumar Mills, Palladam
- Sree Rangsan Textiles Pvt. Ltd, Komarapalayam
- Sri Adhilakshmi Warping & Sizing Mills, Erode

- Sri Balaji Fabric, Tirupur
- Sri Dhavamani Textiles, Erode
- Sri Rajasekar Textiles, Chatrapatti
- Sri Rani Lakshmi Gng. Spg. & Wvg. Mills P. Ltd, Madurai
- Sri Saravanaa Exports Producer/exporter, Tamil Nadu
- Srinivasa Textiles, Chatrapatti
- Standard Industries Ltd, Bombay
- Sudha Mills (India) Pvt. Ltd, Bombay
- Supreme Bandages, Chatrapatti
- Tamarai Mills Ltd, Coimbatore
- Texcot Exports Pvt Ltd, Bombay
- The Bombay Dyeing & Manufacturing Co. Ltd, Bombay
- The Hindoostan Spinning & Weaving Mills Ltd, Bombay
- The Lakshmi Mills Producer/exporter Ltd, Coimbatore
- The Morarjee Gokuldas Spinning & Weaving Producer/exporter Ltd, Bombay
- The Ruby Mills Ltd, Bombay
- The Western India Cottons Ltd., Kerala
- Thiagarajar Mills Ltd, Madurai
- Trident Textile Mills Ltd, Madras
- Vadivel Sizing & Weaving Mills Pvt. Ltd, Tirupur
- Varadhalakshmi Mills Ltd, Madurai
- Virudhunagar Textile Mills Ltd, Madurai
- World-Tex Limited, Chaziabad
- Yarn Syndicate Ltd, Calcutta

Indonesia

- PT. Tyfountex Indonesia, Solo
- PT. Sandratex, Jakarta
- PT. Batik Keris, Jakarta
- PT. Danliris, Jakarta
- PT. Catur Jantra, Jakarta
- PT. Panca Bintang, Jakarta
- Gabungan Koperasi Batik Indonesia, Jakarta
- PT. Primatexco, Jakarta
- PT. Bina Nusantara Prima, Bandung
- PT. Batam Textile, Jakarta
- PT. Tata Adi Pratama, Bandung
- PT. Pacific Express, Denpasar
- PT. Bintang Agung, Jakarta
- PT. Adetex, Bandung
- PT. Maha Mujur Textile, Bandung
- PT. Five Star Industries, Bandung
- PT. Bandung Djaja Textile Mills, Bandung

Pakistan

- Abdur Rahman Corporation Ltd, Karachi
- Adamjee Enterprise
- ACME Mills (Pvt) Ltd, Karachi
- Ajaz Enterprise
- Akhtar Textile Industries

- Al-Aziz Hosiery International, Faisalabad
- Al-Karam Textile Mills, Karachi
- Al-Shahid Weaving Industries
- Al-Rehmat Traders (Pvt) Ltd, Faisalabad
- Anjum Textile Mills (Pvt) Ltd, Faisalabad
- Arshad Corporation (Pvt) Ltd, Faisalabad
- Arzoo Textile Mills Ltd, Faisalabad
- Asjad Textile (Pvt) Ltd
- Associated Knitwear (Pvt) Ltd, Karachi
- Ayaz Textile Mills Ltd, Lahore
- Aziz Sons
- Be Be Jan Pakistan (Pvt) Ltd, Faisalabad
- Bismillah Fabrics (Pvt) Ltd
- Bismillah Textiles (Pvt) Ltd
- Chawala Enterprises
- Chenas Fabrics & Processing
- Colony Sarhad Textile Mills Ltd, Karachi
- Cotton Arts (Pvt) Ltd
- Dawood Textile Printing Indu
- Decent Industries, Faisalabad
- Decent Textiles, Faisalabad
- Elahi Enterprises Limited, Lahore
- Elahi Spinning & Weaving Mills Ltd, Lahore
- En Em Industries Ltd
- Excel Textile Mills, Karachi
- Fabrics International

- Fabtex Corporation, Karachi
- Faizan Shehzad (Pvt) Ltd
- Falcon Textile Corporation
- Fazal Abdullah Exports (Pvt) Ltd, Faisalabad
- Fine Fabrics (Pvt) Ltd
- First Textile Ltd
- Ghazi Fabrics International Ltd, Lahore
- Globe Managements (Pvt) Ltd
- Gohar Enterprises
- Gul Ahmed Textile Mills Ltd, Karachi
- Gulistan Weaving Mills Ltd, Karachi
- Gulshan Weaving Mills Ltd, Karachi
- H.A. Industries (Pvt) Ltd, Faisalabad
- H.K. M. Exports (Pvt) Ltd
- Haji Khuda Bux Amir Umer
- Hajra Textiles, Karachi
- Husein Ind., Karachi
- ICC Textiles Ltd, Lahore
- Image Fabrics (Pvt) Ltd, Faisalabad
- Imran Textiles
- Ishan Yousuf Textile (Pvt) Ltd
- Ishaq Textile Mills Ltd, Faisalabad
- J.K. Brothers Pakistan (Pvt) Ltd, Faisalabad
- J.K. Sons (Pvt) Ltd, Karachi
- Jetex Industries (Pvt) Ltd, Karachi
- Kam International, Karachi

- Kausar Textile Industries (Pvt) Ltd
- Latif Hansel (Pvt) Ltd
- Linox International (Pvt) Ltd
- Lucky Impex, Karachi
- Lucky Tex, , Karachi
- M.A.S. Textiles (Pvt) Ltd
- M.F.M.Y. Industries Ltd, Karachi
- M.K. Sons (Pvt) Ltd, Faisalabad
- M.N. Textiles (Pvt) Ltd, Karachi
- Mabro Tex Industries
- Mahmood Textile Mills Ltd, Multan
- Majeeda Textiles (Pvt) Ltd, Faisalabad
- Master Textile Mills Ltd, Lahore
- Megatex Limited, Karachi
- Mian Textile Industries Ltd, Lahore
- Modern Textile Mills, Karachi
- Mohammad Farooq Textile Mills Ltd, Karachi
- Mohib Exports Ltd, Lahore
- Mohib Fabric Industries Ltd, Lahore
- Mohib Textile Mills Ltd, Lahore
- Mukati Corporation
- Mutual Trading Corporation, Karachi
- Nakshbandi Industries Ltd, Karachi
- Nash Garments (Pvt) Ltd, Karachi
- Naveed Industries (Pvt) Ltd, Karachi
- Naveena Industries (Pvt) Ltd, Karachi

- Nisar Textiles Corporation
- Nishatex Enterprises
- Nu-Tex (Pvt) Ltd
- Oberoi Textile Mills, Lahore
- Orient Textile Pakistan (Pvt) Ltd
- Parsons Industries (Pvt) Ltd, Karachi
- Prosperity Weaving Mills Ltd, Lahore
- Regency Textiles Ltd, Lahore
- Reliance Weaving Mills Ltd, Multan
- Reliance Exports Ltd, Multan
- Rizwan Enterprises
- Roomi Enterprises (Pvt) Ltd, Multan
- S.S. Textiles
- Saaqis Fabrics
- Saba Textiles (Pvt) Ltd, Karachi
- Sadaqat Textile Mills (Pvt) Ltd, Faisalabad
- Sadiq Sons Textiles (Pvt) Ltd
- Sakina Textile Industries (Pvt) Ltd, Karachi
- Samin Textiles Ltd, Lahore
- Saya Weaving Mills (Pvt) Ltd, Karachi
- Service Fabrics Ltd, Lahore
- Shahzad Siddique (Pvt) Ltd, Faisalabad
- Shams Textile Mills Ltd, Karachi
- Shahraj Fabrics (Pvt) Ltd, Lahore
- Sharif Textile Industries (Pvt) Ltd, Faisalabad
- Sitara Textile Industries

- Sleep & Style, Karachi
- Sumira Fabrics (Pvt) Ltd, Faisalabad
- Suraj Cotton Mills Ltd, Karachi
- Syncotex Agencies, Karachi
- Taha Textile (Pvt) Ltd, Karachi
- Tanveer Weavings (Pvt) Ltd, Lahore
- Tariq Enterprises
- Tex Arts, Faisalabad
- The Crescent Textile Mills Limited, Faisalabad / Karachi
- United Textile Printing Industries (Pvt) Ltd, Faisalabad
- Worldover Enterprises (Pvt) Ltd, Faisalabad
- Xebec Textiles, Faisalabad
- Yakoob Trading Co., Karachi
- Yousaf Weaving Mills Ltd, Lahore
- Yunus Brothers, Karachi
- Zahidjec Fabrics (Pvt) Ltd, Faisalabad
- Zahoor Industries (Pvt) Ltd, Faisalabad
- Zamzam Weaving & Processing Mills, Faisalabad
- Zaur Textile Mills, Karachi
- Zebtex Corporation

Turkey

- Bossa Ticaret ve Sanayi Isletmeleri T.A.S., Adana
- Exsa Export Sanayi Mamulleri Satis ve Arastirma A.S., Adana
- Teksmobili Tekstil Sanayi ve Ticaret A.S., Istanbul
- Kipas - Kahramanmaras Iplik Pamuk Ticaret ve Sanayi A.S., Kahramanmaras
- Kipas Textile Industries Inc., Kahramanmaras
- Burdur Mensucat Sanayii ve Ticaret A.S., Ulus/Ankara
- Ataç Anteks Dokuma Fabrikasi Hikmet Ataman ve Ortaklari Tic. ve San. A.S., Yeniköy/Antalya

ISSN 0254-1475

COM(97) 160 final

DOCUMENTS

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02 11

Catalogue number : CB-CO-97-148-EN-C

ISBN 92-78-18330-X

Office for Official Publications of the European Communities

L-2985 Luxembourg