



**ARAB REPUBLIC OF EGYPT
MINISTRY OF TRADE AND INDUSTRY
TRADE REMEDIES SECTOR**



ISO 9001:2008 CERTIFIED

**Anti-Dumping Investigation
on Imports of
Machine Made Carpets and Floor Coverings of Man-
Made Textile Materials whether or not Made up,
Originating in or Exported from
Turkey**

**Final Report
(Non-Confidential Version)**

July 2021

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1. ROCEDURES

1.1 Introduction

1.1.1 This report sets forth the conclusions and recommendations of the Trade Remedies Sector, hereinafter referred to as the "IA", after considering the comments raised by the interested parties within the framework of the anti-dumping investigation against the imports of Machine Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up originating in or exported from Turkey in accordance with the provisions of Article (7)¹ of the Regulation implementing Law No. 161/1998 Concerning the Protection of National Economy from Injurious Effects of Unfair Practices in International Trade issued by virtue of of Ministerial Decree No. (549) of the 1998, hereinafter referred to as "The Regulation" and Article (6.9)² of the Anti-Dumping Agreement hereinafter referred to as "the Agreement".

1.1.2 On 11/6/2020, the IA received a properly documented application from Oriental Weavers (hereinafter referred to as "the domestic industry" alleging that the imports of Machine Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up originating in or exported from Turkey were imported into Egypt at dumped prices, thereby causing material injury to the domestic industry. The application was accepted after examining the adequacy and accuracy of the evidence contained therein in accordance with article (13)³ of the Regulation.

1.1.3 The domestic industry alleged that the increasing imports from the country under investigation were imported at dumped prices causing material injury to the domestic industry, represented in the following:

- Absolute and relative increase in imports.
- Price undercutting by dumped imports as compared with the price of the domestic products.

¹ **Article (7) of the Regulation stipulates,**

"The Investigating Authority shall prepare a detailed report including information and explanations concerning all notifications. This report shall be available to all parties concerned."

² **Article (6.9) of the Agreement stipulates,**

"The authorities shall, before a final determination is made, inform all interested parties of the essential facts under consideration which form the basis for the decision whether to apply definitive measures. Such disclosure should take place in sufficient time for the parties to defend their interests"

³ **Article (13) of the Regulation stipulates,**

"A written application of the effects caused by subsidy, dumping or unjustifiable increase of imports shall be submitted to the Investigating Authority in the form provided for this. The applicant shall attach a non-confidential summary to the application, in sufficient details to permit a reasonable understanding of the substance of the information submitted in confidence"

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- Increase in cost compared to the selling price, which means price suppression.
 - Decline in the market share of the domestic industry.
 - Decline in rate of growth.
 - Decline in profit.

- 1.1.4 On 22/6/2020, the IA notified the Embassy of Turkey in Cairo of the acceptance of an application submitted by the domestic industry, in accordance with Article (21)⁴ of the Regulation.
- 1.1.5 On 22/6/2020, the IA presented a report to the Advisory Committee, which agreed on the conclusions reached by the IA and submitted in turn the recommendations thereof to the Minister of Trade and Industry to initiate an investigation and to publish a Notice of Initiation in the Egyptian *Official Gazette*.
- 1.1.6 On 25/6/2020, the Minister of Trade and Industry approved the recommendations of the Advisory Committee to initiate an anti-dumping investigation and publish a Notice of Initiation in the Egyptian *Official Gazette*.
- 1.1.7 On 29/6/2020, Notice No. (4) of the year 2020 concerning the initiation of an anti-dumping investigation against imports of Machine Made Carpets and Floor Coverings Of Textile, Industrial or Synthetic Materials originating in or exported from Turkey was published in the Egyptian *Official Gazette*, issue No. (147) supplement (a). The IA notified the WTO of the initiation of an investigation.

1.2 Interested Parties

1.2.1 Domestic Industry

- 1.2.1.1 The domestic industry is Oriental Weavers Carpet whose production constitutes more than 50% of the total domestic production of the like product, in accordance with Article (19) of the Regulation.

1.2.2 Known Importers

- 1.2.2.1 Importers of the product under investigation known to the IA.

1.2.3 Foreign Producers/Exporters

- 1.2.3.1 Foreign producers and exporters of the product under investigation known to the IA.

⁴ **Article (21) of the Regulation stipulates,**

“The Investigating Authority shall notify the governments of the countries concerned with the applications already accepted before proceeding to initiate an investigation, except in respect to safeguard applications”

1.2.4 Government of the Country Concerned

1.2.4.1 The Government of Turkey.

1.3 Product under Investigation (Product Concerned)

1.3.1 Machine Made Carpets and Floor Coverings of Man-Made Textile Materials
whether or not made up

Common name: machine made carpets.

1.3.2 HS Tariff Code

1.3.3 The product under investigation is classified under the following HS Tariff
Codes:

5702420000, 5703200000, 5703300000, 5703900090, 5705000000.

1.3.4 The above-mentioned description is the sole description of the product under
investigation. The other information provided on the product is to help the
interested parties understand the product under investigation and the
information on the H.S. tariff code is provided for reference only.

1.4 Investigation Details

1.4.1 The official version of this report is the Arabic version.

1.4.2 The unit of measurement used in dumping and injury calculations in this report is
the (square meter).

1.4.3 The currencies used to analyze the data provided in this report are the Egyptian
pound, Turkish Lira and US Dollar.

1.4.4 The period of the dumping covers the period from 1/1/2019 to 31/12/2019.

1.4.5 The period of injury analysis covers the calendar years from 1/1/2016 to
31/12/2019.

1.4.6 On 16/7/2020, questionnaires, a copy of the Notice of Initiation and the non-
confidential version of the application were sent to the producers and exporters
known to the IA and were sent also to the Embassy of Turkey in Cairo to be
circulated amongst all unknown producers and exporters of the product under
investigation who exported such product to Egypt during the period of
investigation. All parties were granted 37 days from the date of receipt to respond
to questionnaires.

1.4.7 On 16/7/2020, Questionnaires, a copy of the Notice of Initiation in addition to the
non-confidential version of the application were sent to the domestic industry, to

the importers known to the IA and to the importers who made themselves known during the time limits specified in the Notice of Initiation of investigation. All parties were granted 37 days to respond to the questionnaires.

1.4.8 On 18/3/2021 known producers and exporters, the Turkish Exporters Assembly, as well as the Embassy of the Republic of Turkey in Cairo were notified of the extension of the investigation proceedings for a further 6 months.

1.4.9 On 21/4/2021, the Essential Facts Report was sent to all interested parties. They were granted a 10-day period, from the date of receipt, to comment thereon.

1.5 The Standing of Interested Parties

1.5.1 Domestic Industry

1.5.1.1 On 16/7/2020, the domestic industry questionnaire and a copy of the Notice of Initiation were sent to the domestic industry and it was granted 37 days to respond to the questionnaire.

1.5.1.2 On 16/7/2020, letters were sent to request other domestic producers (Prado Egypt – El-Nemer Carpet Factory - Makarem Tex Company) to inform the IA of the volume of production and domestic sales during the period from 1/1/2016 to 31/12/2019 and they were granted 10 days to respond.

1.5.1.3 During the period from 23/7/2020 to 26/7/2020, the IA received the response of other domestic producers to the requested data.

1.5.1.4 On 9/8/2020, the IA received the response of Oriental Weavers to the questionnaire.

1.5.1.5 On 24/8/2020, the IA sent a deficiency letter to the Oriental Weavers and granted them 10 days to respond.

1.5.1.6 On 2/9/2020, the IA received the response of Oriental Weavers to the deficiency letter.

1.5.1.7 On 10/11/2020, the IA sent a letter to inform the company of the date of the verification visit.

1.5.1.8 During the period from 22/11/2020 to 24/11/2020, the IA made a verification visit to the domestic industry (Oriental Weavers).

1.5.1.9 On 27/4/2021, the IA received the comments of Oriental Weavers on the Essential Facts Report.

1.5.2 Importers

1.5.2.1 During the period from 16/7/2020 to 28/7/2020, the importers' questionnaires, a copy of the Notice of Initiation in addition to the non-confidential version of the application were sent to the known importers and to the importers who made themselves known as interested parties. All parties were granted 37 days to respond to the questionnaires.

1.5.2.2 On 17/8/2020, the IA received a letter from Royal for Export & Import requesting an extension of the time limit to respond to the questionnaire.

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- 1.5.2.3 On 17/8/2020, the IA sent a letter to inform Royal for Export & Import Co. that the IA accepted to extend the time limit for 7 days ending on 29/8/2020.
- 1.5.2.4 On 23/8/2020, the IA received a request from Nazeer for Import & Export to extend the time limit to respond to the questionnaire.
- 1.5.2.5 On 23/8/2020, the IA sent a letter to inform Al-Nazeer that the IA accepted to extend the time limit for 7 days ending on 1/9/2020.
- 1.5.2.6 On 26/8/2020, the IA received the response of Royal for Export & Import to the questionnaire.
- 1.5.2.7 On 26/8/2020, the IA received a request from Al Sara for Import & Export to extend the time limit to respond to the questionnaire.
- 1.5.2.8 On 26/8/2020, the IA sent a letter to inform Al-Sara that the IA accepted to extend the time limit for 7 days ending on 8/9/2020.
- 1.5.2.9 On 26/8/2020, the IA received a request from Al Morsy Carpet Co. to extend the time limit to respond to the questionnaire.
- 1.5.2.10 On 26/8/2020, the IA sent a letter to inform Al-Morsy that the IA accepted to extend the time limit for 7 days ending on 10/9/2020.
- 1.5.2.11 On 1/9/2020, the IA received another request from Al Nazeer Import &Export Co. to extend the time limit to respond to the questionnaire.
- 1.5.2.12 On 1/9/2020, the IA sent a letter to inform Al-Nazeer for Imports and Exports that the IA accepted to extend the time limit for 7 days ending on 8/9/2020.
- 1.5.2.13 On 1/9/2020, the IA received a request from Al-Hodayb to extend the time limit to respond to the questionnaire.
- 1.5.2.14 On 1/9/2020, the IA sent a letter to inform Al-Hodayb that the IA accepted to extend the time limit for 7 days ending on 8/9/2020.
- 1.5.2.15 On 1/9/2020, the IA received the response of Al-Morsy Carpets to the questionnaire.
- 1.5.2.16 On 2/9/2020, the IA received the response of Al-Mostaqbal Co. to the questionnaire.
- 1.5.2.17 On 3/9/2020, the IA sent a deficiency letter to Royal for Imports and Exports and granted them 10 days to respond ending on 13/9/2020.
- 1.5.2.18 On 7/9/2020, the IA sent a deficiency letter to Al-Mostaqbal and granted them 10 days to respond ending on 17/9/2020 but the IA did not receive any response from the company.
- 1.5.2.19 On 8/9/2020, the IA received the response of Al-Nazeer for Imports to the questionnaire.
- 1.5.2.20 On 8/9/2020, the IA received the second request of Al-Sara to extend the time limit to respond to the questionnaire.
- 1.5.2.21 On 8/9/2020, the IA sent a letter to inform Al-Sara that the IA accepted to extend the time limit for 7 days ending on 15/9/2020.
- 1.5.2.22 On 8/9/2020, the IA received the response of Al-Hodayp for Imports to the questionnaire.

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- 1.5.2.23 On 10/9/2020, the IA received a request from Royal for Imports and Exports to extend the time limit to respond to the deficiency letter.
- 1.5.2.24 On 11/9/2020, the IA sent a letter to Royal for Imports that the IA accepted to extend the time limit for 7 days ending on 18/9/2020.
- 1.5.2.25 On 14/9/2020, the IA sent a deficiency letter to Al-Nazeer for Imports and granted them 10 days to respond ending on 24/9/2020.
- 1.5.2.26 On 14/9/2020, the IA sent the first deficiency letter to Al-Hodayb for Imports and granted them 10 days to respond ending on 24/9/2020.
- 1.5.2.27 On 14/9/2020, the IA sent a deficiency letter to Al-Morsy Carpets and granted them 10 days to respond ending on 24/9/2020.
- 1.5.2.28 On 15/9/2020, the IA received the response of Al-Sara for Imports and Exports to the questionnaire.
- 1.5.2.29 On 15/9/2020, the IA received the response of Royal for Imports to the deficiency letter.
- 1.5.2.30 On 21/9/2020, the IA received the response of Al-Hodayb for Imports to the first deficiency letter.
- 1.5.2.31 On 23/9/2020, the IA received the response of Al-Nazeer for Imports to the deficiency letter.
- 1.5.2.32 On 24/9/2020, the IA received the response of Al-Morsy Carpets to the deficiency letter.
- 1.5.2.33 On 28/9/2020, the IA sent the second deficiency letter to Al-Hodayb and granted them 10 days to respond ending on 8/10/2020.
- 1.5.2.34 On 8/10/2020, the IA received the response of Al-Hodayb to the second deficiency letter.
- 1.5.2.35 On 27/4/2021, the IA received a letter from Royal for Export & Import requesting an extension of the time limit to respond to the Essential Facts report. The IA accepted to extend the time limit for 10 days.
- 1.5.2.36 On 28/4/2021, the IA received a letter from Nazeer for Import & Export, Al Sara for Import & Export and Al-Hodayb requesting an extension of the time limit to respond to the Essential Facts report. The IA accepted to extend the time limit for 10 days.
- 1.5.2.37 On 4/5/2021, the IA received a letter from Nazeer for Import & Export and Royal for Export & Import requesting another extension of the time limit to respond to the Essential Facts report. The IA accepted to extend the time limit for 10 days.
- 1.5.2.38 On 5/5/2021, the IA received a letter from Al Sara for Import & Export requesting another extension of the time limit to respond to the Essential Facts Report. The IA accepted to extend the time limit for 10 days.
- 1.5.2.39 On 11/5/2021, the IA received the comments of Nazeer for Import & Export, Royal for Export & Import and Al Sara for Import & Export on the Essential Facts Report.

1.5.3 Producers and Exporters

1.5.3.1 Art Carpet Sanayi Ve Ticaret Anonim Sirketi Company

- 1.5.3.1.1 On 19/8/2020, a letter was received from the company requesting an extension of the time limit to respond to the questionnaire. The IA accepted the request.
- 1.5.3.1.2 On 28/8/2020, the IA received the response of the company to the questionnaire and found that some of the data had not been fully completed.
- 1.5.3.1.3 On 20/10/2020, the IA sent the first deficiency letter to the company.
- 1.5.3.1.4 On 28/10/2020, the IA received a letter from the company requesting an extension of the time limit to respond to the first deficiency letter. The IA accepted to extend the time limit for 5 days.
- 1.5.3.1.5 On 2/11/2020, the IA received the company's response to the first deficiency letter.
- 1.5.3.1.6 On 24/2/2021, the IA sent the second deficiency letter to the company.
- 1.5.3.1.7 On 25/2/2021, the IA received a letter from the company requesting an extension of the time limit to respond to the second deficiency letter. The IA accepted to extend the time limit for two days.
- 1.5.3.1.8 On 8/3/2021, the IA received the company's response to the second deficiency letter.
- 1.5.3.1.9 On 27/4/2021, the IA received a letter from the company requesting further clarification on the methodology for calculating the normal value and export price. On 28/4/2021, the IA provided the company with the calculations.
- 1.5.3.1.10 On 29/4/2021, the IA received the comments of the company on the Essential Facts Report.

1.5.3.2 Nazar Kadife Dokuma Sanayi Ve Ticaret Limited Sirketi company

- 1.5.3.2.1 On 21/8/2020, the IA received the company's response to the questionnaire and found that some of the data had not been fully completed.
- 1.5.3.2.2 On 30/9/2020, the IA sent the first deficiency letter to the company.
- 1.5.3.2.3 On 7/10/2020, a letter was received from the company requesting an extension of the time limit to respond to the first deficiency letter. The IA accepted to extend the time limit for a 5-day period.
- 1.5.3.2.4 On 15/10/2020, the IA received only the confidential version of the company's response to the first deficiency letter.
- 1.5.3.2.5 On 27/10 and 1/12/2020, the IA sent letters to the company requesting a non-confidential version and a hard copy of response to the questionnaire and to the first deficiency letter.
- 1.5.3.2.6 On 2/3/2021, the IA sent the second deficiency letter to the company.

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- 1.5.3.2.7 On 10/3/2021, the IA received a letter from the company requesting an extension of the time limit to respond to the second deficiency letter. The IA accepted to extend the time limit for two days.
- 1.5.3.2.8 On 12/3/2021, the IA received the response of the company to the second deficiency letter; however, the response did not include the data requested by the IA.
- 1.5.3.2.9 On 2/3/2021, the IA sent a letter to inform the company that the data contained in the responses to the questionnaire and to the deficiency letters were insufficient to calculate an individual dumping margin for the company in spite of the opportunities granted to the company to send the required data. Therefore, preliminary and final determinations would be based on the information available in accordance with Article (6.8) of the Agreement.

1.5.3.3 Okkiran Tekstil Gida San. Ve Tic. Ltd. Sti co.

- 1.5.3.3.1 On 19/8/2020, the company sent a letter to the IA requesting an extension of the time limit to respond to the questionnaire. The IA accepted to extend the time limit for a further 7 days.
- 1.5.3.3.2 On 22/8/2020, the IA received the response of the company to the questionnaire and found that some of the data were not fully completed.
- 1.5.3.3.3 On 27/9/2020, the IA sent the first deficiency letter to the company.
- 1.5.3.3.4 On 5/10/2020, the company sent a letter to the IA requesting an extension of the time limit to respond to the first deficiency letter. The IA accepted to extend the time limit for a further 5 days.
- 1.5.3.3.5 On 10/10/2020, the IA received the response of the company to the first deficiency letter.
- 1.5.3.3.6 On 3/3/2021, the IA sent the second deficiency letter to the company.
- 1.5.3.3.7 On 6/3/2021, the company sent a letter to the IA requesting an extension of the time limit to respond to the second deficiency letter. The IA accepted to extend the time limit.
- 1.5.3.3.8 On 15/3/2021, the company sent the response to the second deficiency letter.
- 1.5.3.3.9 On 26 and 27/4/2021, the IA received a letter from the company requesting further clarification on the methodology for calculating the normal value and the export price.
- 1.5.3.3.10 On 28/4/2021, the IA informed the company that the methodology used for these calculations was explained in the Essential Facts Report and sent the company the calculations of the normal value and the export price thereof.
- 1.5.3.3.11 On 28/4/2021, the IA received the comments of the company on the Essential Facts Report and a request to be sent a reply.
- 1.5.3.3.12 On 4/5/2021, the IA informed the company that the comments would be taken into consideration when preparing the Final Report.

1.5.3.4 Kaplanser Hali Gida Ve Tekstil Sanayi Ve Ticaret Limited Sirketi Co.

- 1.5.3.4.1 On 20/7/2020, the IA resent the initiation package to the company upon the request of one of the domestic importers of the company's products.
- 1.5.3.4.2 On 5/8/2020, the company sent a letter to the IA to inquire about how to cooperate in the current investigation and requested to be sent the questionnaire and be informed of the time limits. On 6/8/2020, the IA informed the company that the IA had already sent the initiation package including the time limits and the questionnaire on 20/7/2020 and that the company should respond to the questionnaire to be considered a cooperative party in the investigation.
- 1.5.3.4.3 On 7/8/2020, the company sent a letter to the IA to express its intention to respond to the questionnaire within the specified time limits.
- 1.5.3.4.4 On 7/9/2020, the company sent a letter to inform the IA that the time limit to respond to the questionnaire would end on 13/9/2020 and requested the IA to extend such time limit due to the consequences of COVID -19. On 7/9/2020, the IA informed the company that the 37-day time limit to respond to the questionnaire started as of the date of receipt of the questionnaire on 16/7/2020; therefore, such time limit had already ended on 22/8/2020.
- 1.5.3.4.5 On 16/9/2020, the company sent a letter to inform the IA that the company had not received the initiation package on 16/7/2020 but on 6/8/2020 and therefore the 37-day time limit would end on 13/9/2020 and not on 22/8/2020.
- 1.5.3.4.6 On 17/9/2020, the IA sent a letter to the company confirming that the time limit had already ended on 22/8/2020 and the company did not send the response to the questionnaire although the company had previously expressed its intention to respond within the specified time limit or send any request to extend the time limit before the expiry of the 37-day time limit. In addition, the company did not send a request to be included in the sample within the time limit specified in the Notice of Initiation to be considered an interested party in the investigation. Therefore, the IA might permit the company to send response taking into consideration that the IA was not obliged to take the response of the company into consideration because IA had reached a stage where all other interested parties had already sent their responses.
- 1.5.3.4.7 On 18/9/2020, the IA received the response of the company to the questionnaire.
- 1.5.3.4.8 On 28/9/2020, the IA sent a letter requesting the company to send a non-confidential version of the response to the questionnaire and to send the tables required in the questionnaire in excel sheets. On 29/9/2020, the company sent the response, but the data contained therein was not sufficient to calculate an individual margin for the company; therefore, preliminary and final determinations would be based on the information available in accordance with Article (6.8) of the Agreement.
- 1.5.3.4.9 On 30/4/2021, the IA received the comments of the company on the Essential Facts Report.

1.5.4 Government of Exporting Country

1.5.4.1 Embassy of Turkey

1.5.4.1.1 On 23/7/2020, the IA received a letter from the Embassy of Turkey in Cairo inquiring about the time limit specified for the exporting companies to respond to the questionnaire taking into consideration that the embassy received the questionnaires on 22/7/2020. The IA responded that the time limit started from the date of receipt of questionnaire i.e. on 22/7/2020.

1.5.4.2 Turkish Ministry of Trade (Directorate General of Exports)

1.5.4.2.1 On 20/8/2020, the IA received a letter from the Embassy of the Republic of Turkey in Cairo attached to a letter from the Turkish Ministry of Trade requesting to be considered an interested party in the investigation and preserving its right to attend the hearings.

1.5.4.2.2 On 26/8/2020, the IA sent a letter to inform the Turkish Ministry of Trade that it is considered an interested party in the investigation.

1.5.4.2.3 On 21/12/2020, the IA received a letter from the Embassy of the Republic of Turkey in Cairo attached to the comments of the Turkish Ministry of Trade on the application of the domestic industry.

1.5.4.2.4 On 1/5/2021, the IA received a letter from the Embassy of the Republic of Turkey in Cairo attached to the comments of the Turkish Ministry of Trade on the Essential Facts Report.

1.5.4.2.5 On 26/5/2021, the IA received a request from the Turkish Ministry of Trade requesting a reconsider the extent of Kaplanser's cooperation and calculate an individual dumping margin. The IA confirmed that all interested parties were given full opportunity to cooperate, including this company, and all arguments raised by the company were taken into consideration when preparing the Final Report.

1.5.4.3 General Secretariat of Southeast Anatolian Exporter's Associations (GAIB)

1.5.4.3.1 On 23/7/2020, the IA received a letter from South East Anatolia Exporters Union inquiring about the ways to respond to the questionnaire and about the procedures of the investigation. On 29/7/2020, the IA responded to such inquiries.

1.5.4.3.2 On 17/8/2020, the IA received a letter from the Union expressing its intention to cooperate in the investigation.

1.5.4.3.3 On 14/10/2020, the IA received a letter from the Union attached to the power of attorney of the legal representative thereof.

1.5.4.3.4 On 23/10/2020, the IA received a letter from the legal representative of the Union attached to the comments on the application of the domestic industry.

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- 1.5.4.3.5 On 28/4/2021, the IA received a letter from the Union requesting an extension of the time limit to send comments on the report and holding a public hearing to permit the interested parties to defend their interests. The IA accepted to grant the Union a further five days to send comments and coordinate with the Union to hold a meeting to discuss the allegations thereof.
- 1.5.4.3.6 On 4/5/2021, the IA sent a letter to set a date for an online meeting with the Union, but the Union requested to hold a public hearing to enable all interested parties to defend their rights and share their views with other parties. The IA informed the Union that no request was received from exporters to hold a public hearing.
- 1.5.4.3.7 On 5/5/2021, the IA received the comments of the Union on the Essential Facts Report.
- 1.6 Exchange Rate⁵**
- 1.6.1 The date of invoice is the date of sale when determining the exchange rate in the country of origin.
- 1.7 Disclosure of Information**
- 1.7.1 The IA makes all non-confidential information available to the interested parties through the public file during the period of investigation at the IA's premises in Cairo pending the issuance of a final determination.
- 1.8 Best Information Available**
- 1.8.1 In accordance with the provisions of Articles (6.8)⁶ of the Agreement and Articles (27)⁷ and (35)⁸ of the Regulation, and due to the non-cooperation of some foreign producers/exporters, the IA has relied on the best information available in the calculation of the dumping margin.

⁵ **Article (2.4.1) of the Anti-Dumping Agreement stipulates,**
“When the comparison under paragraph 4 requires a conversion of currencies, such conversion should be made using the rate of exchange on the date of sale ...”

⁶ **Article (27) of the Regulation stipulates,**
“In case of absence of the data required, failure to submit data within the time limit or non-cooperation with the Investigating Authority, the Investigating Authority may proceed in the investigation procedures and come to conclusions according to the best information available”.

⁷ **Article (27) of the Regulation stipulates,**
“In case of absence of the data required, failure to submit data within the time limit or non-cooperation with the Investigating Authority, the Investigating Authority may proceed in the investigation procedures and come to conclusions according to the best information available”.

⁸ **Article (35) of the Regulation stipulates,**
“In cases where there is no sufficient data to determine the export price or the normal value, the Investigating Authority may determine them on the basis of the best information available”.

2. DOMESTIC INDUSTRY AND LIKE PRODUCT

2.1 Domestic Industry⁹

The domestic industry producing the like product is represented by Oriental Weavers Carpet Company whose production constitutes 50 percent of the total domestic production; hence, the application has satisfied the requirements set out in Article (19) of the Regulation.

2.2 Like Product¹⁰

2.2.1 The product under investigation is Machine Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up,

2.2.2 The IA has examined the like product and the imported products and found that the product produced by the domestic industry and the imported product are similar in terms of the physical characteristics, specifications, manufacturing process, H.S Tariff Code, end uses and distribution channels and that they are substitutable for one another. Hence, the IA has concluded that the product produced by domestic industry and the imported product are alike in accordance with the provisions of Article (2.6) of the Agreement.

⁹ **Article (1) of the Regulation defines the “Domestic Industry” as**

“the Egyptian producers of the like product whose collective output represents a major proportion of the domestic production of that product. This definition is applicable to both industrial and agricultural production”.

The first paragraph of Article (14) of the Regulation stipulates:

“The application shall be accepted only if it is lodged by or on behalf of the domestic industry, chamber of the industries concerned, federation of industries, producers associations or the ministries supervising any of the production sectors”

Article (19) of the Regulation stipulates:

“An investigation shall not be initiated unless the application is supported by those domestic producers whose collective output constitutes more than 50 percent of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application. However, no investigation shall be initiated when domestic producers expressly supporting the application account for less than 25 percent of total production of the like product produced by the domestic industry”

¹⁰ **The sixth paragraph of Article (2) of the Anti-dumping Agreement defines the “Like Product” as** *“a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration”*

2.3 Volume of Imports¹¹

The following table shows the volume of imports of the product under investigation from all sources.

Table (2.1)
Imports during the Year 2019

Unit:000 m²

	Volume of Imports	% to Total Imports
Turkey	25327	90%
Other Countries	2902	10%
Total Imports	28229	100%

* Source: General Organization for Import and Export Control.

2.4.1 The above table shows that the dumped imports from Turkey accounted for 90 percent of the total volume of imports in 2019.

Conclusion

2.4.2 The IA has concluded that the volume of dumped imports from Turkey in 2019 accounted for more than 3 percent of the total volume of imports and therefore such imports are not considered negligible in accordance with the provisions of Article (38-a) of the Regulation.

¹¹ **Article (38-a) of the Regulation stipulates,**

*“The Investigating Authority shall prepare a report to recommend the termination of the investigation in the following cases:
If the volume of dumped imports from a particular country is less than 3% of the volume of imports of the subject goods unless countries which individually account for less than 3% of the total imports of the like product collectively account for more than 7% of the total imports.”*

3. DUMPING

3.1 Normal Value¹²

General Methodology

Based on the information submitted by the co-operating companies in their responses to the questionnaires and deficiency letters for the purpose of calculating the normal value, the IA examines whether the domestic sales of the like product were representative during the period of investigation; (5 percent or more of total export sales to Egypt) in accordance with the provisions of Article (2.2)¹³ of the Agreement.

In addition, the IA examines whether such domestic sales were made in the ordinary course of trade; (at a price higher than cost) by making a comparison between the net domestic selling price and the cost of production in accordance with Article (2.2.1)¹⁴.

The IA relies on the normal value of the representative sales made in the ordinary course of trade. If the IA finds that the company's sales of the like product in the domestic market represent less than 5 percent of the company's total exports to Egypt or that the major proportion of the company's sales were made at a selling price less than the cost, the normal value will be constructed for these companies on the basis of the manufacturing cost of the product exported to Egypt in addition to a reasonable amount for selling, general, administrative and financing costs and for the profit.

¹²Article (32) of the Regulation stipulates,

"Normal value shall be the price paid for the like goods in the ordinary course of trade for home consumption in the country of origin/export or the cost of production plus the selling, general and administrative costs in addition to the amount of profit normally realized on sales of goods or the price at which the like product is exported to a third country."

¹³ Article (2.2) of the Agreement stipulates,

"When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country², such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country, provided that this price is representative, Or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits."

¹⁴ Article (2.2.1) of the Agreement stipulates,

"Sales of the like product in the domestic market of the exporting country or sales to a third country at prices below per unit (fixed and variable) costs of production plus administrative, selling and general costs may be treated as not being in the ordinary course of trade by reason of price and may be disregarded in determining normal value only if the authorities³ determined that such sales are made within an extended period of time in substantial quantities."

3.1.1 Art Carpet Sanayi Ve Ticaret Anonim Şirketi Co.

3.1.1.1 Base Price

The company provided invoices of sales in the Turkish domestic market made during the period of investigation on the basis of ■

The IA analysed the domestic sales of the company and found that the company was selling ■ types in the domestic market and exporting only ■ types to Egypt. The IA found that the volume of the domestic sales was representative.

To determine whether the domestic sales of such two types were sold in the ordinary course of trade during the period of investigation, the IA compared the net domestic selling prices of such product with the average cost per unit. The comparison showed that ■ percent of the sales of the product in the domestic market were profitable, i.e., were made in the ordinary course of trade. Therefore, the domestic selling prices of only profitable transactions of such ■ made in the domestic market during the period of investigation were used as the basis for calculating the normal value.

3.1.1.2 Adjustments to Normal Value (Domestic selling price)

The following adjustments were made to reach the selling price at ex-factory level:

- The average sales tax is ■ Turkish Lira/m².

3.1.1.3 Ex-factory Normal Value

The weighted average of the normal value at ex-factory level was ■ Turkish Lira/m².

3.1.2 Okkiran Tekstil Gıda San. Ve Tic. Ltd. Şti Co.

3.1.3.1 The company provided invoices of sales in the Turkish domestic market made during the period of investigation at ■

The IA analysed the domestic sales of the company and found that the company was selling ■ in the Turkish domestic market and exporting them also to Egypt. The IA also found that the volume of domestic sales during the period of investigation was representative.

To determine whether the domestic sales of such ■ were made in the ordinary course of trade during the period of investigation, the IA compared the net domestic selling price of such two products with the average cost per unit. The comparison showed that ■ percent of the sales of these two types in the domestic market were profitable, i.e., were made in the ordinary course of trade.

Therefore, the domestic selling prices of ■ for only profitable transactions made in the domestic market during the period of investigation were used as the basis for calculating the normal value.

3.1.1.3 EX-factory Normal Value

The weighted average of the normal value at ex-factory level was ■ Turkish Lira/m².

3.2 Export price

3.2.1 Art Carpet Sanayi Ve Ticaret Anonim Şirketi Co..

3.2.1.1 Base Price

The company provided a statement of the shipments exported to Egypt during the period of investigation [REDACTED] including the quantities, prices and invoices.

3.2.1.2 Adjustments to Export Price

The following adjustments were made to reach the export price at ex-factory level:

- Average discount: [REDACTED] Turkish Lira /m².
- Average cost of marine insurance: [REDACTED] Turkish Lira /m².

3.2.1.3 Export Price at Ex-factory Level

The weighted average export price at ex- factory level was [REDACTED] Turkish Lira/m².

3.2.2 Okkiran Tekstil Gıda San. Ve Tic. Ltd. Sti Co.

3.2.2.1 Base Price

The company provided a statement of the shipments exported to Egypt on [REDACTED] basis during the period of investigation including the quantities, prices and invoices thereof.

3.2.2.2 Adjustments to Export Price

The following adjustments were made to reach the export price at ex-factory level:

- Average cost of inland freight: [REDACTED] Turkish Lira /m².
- Average cost of ocean freight: [REDACTED] Turkish Lira/m².
- Average cost of banking charges: [REDACTED] Turkish Lira/m².
- Average cost of credit: [REDACTED] Turkish Lira /m².

3.2.3.1.3 Export Price at Ex-factory Level

The weighted average export price at ex- factory level was [REDACTED] Turkish Lira/m²

3.3 Non-cooperative exporters.

In accordance with Article (6.8) of the agreement, the IA determines the dumping margins for producers and exporters based on the best available data in case they do not fully cooperate with the IA during investigation period, send incomplete data, or fail to provide information within the specified time limits.

3.4 Dumping Margin (Comparison between Export Price and Normal Value)¹⁵

In accordance with Article (36) of the Regulation and for the purpose of fair comparison, the weighted average normal value has been compared with the weighted average export price at the same level of trade i.e., ex-factory level.

Table (3.4)
Dumping Margin

Country	Name of Company	Dumping Margin as % of CIF Value
Turkey	Art Carpet Sanayi Ve Ticaret Anonim Şirketi	23.46%
	Okkiran Tekstil Gıda San. Ve Tic. Ltd. Sti	21.17%
	*Other Companies	33.27%

*Other countries : Unknown and non-cooperative producers / exporters

¹⁵ **Article 36 of the Regulation stipulates,**

"The margin of dumping is the difference between the normal value and the export price. In calculating the margin of dumping, the Investigating Authority shall make the calculations on the same level of trade for as nearly as possible the same period, taking into consideration the factors which affect price comparability."

4. INJURY

4.1 Imports Volume¹⁶

4.1.1 Absolute and Relative Increase in Dumped Imports

Table (4.1)

Unit:1000 m²

	2016	2017	2018	2019
Dumped Imports	9,271	7,979	17,275	25,327
Change	-	(14%)	117%	47%
Production	■	■	■	■
Dumped Imports as % of Production	■	■	■	■
Change	-	(11%)	116%	53%

* Comparison from year to year.

4.1.1.1 The above table shows that there was a decline of 14 percent in the volume of dumped imports in absolute terms in 2017 compared to 2016 followed by an increase of 117 percent in 2018 compared to 2017. The increase continued reaching 47 percent in 2019 compared to 2018.

4.1.1.2 The table also shows that imports declined relative to production in 2017 by 11 percent compared to 2016, then increased by 116 percent in 2018 compared to 2017 and increased by 53 percent in 2019 compared to 2018.

Conclusion

4.1.1.3 The IA concluded that there was an increase in the volume of dumped imports in absolute terms and relative to production during the period of investigation.

¹⁶ Article (39) of the Regulation stipulates,

“The Investigating Authority, having examined all positive evidence, shall determine the material injury suffered by the domestic industry and shall verify the following:

(1)Existence of significant increase in dumped imports, either in absolute terms or relative to production or consumption in Egypt.”

4.3 Price Effects

4.3.1 Price Undercutting¹⁷

4.3.1.1 Price undercutting is the selling of the dumped product in the domestic market at prices lower than the selling prices of the like product produced by the domestic industry.

4.3.1.2 The IA has made a comparison between the selling prices of the imported product and the selling prices of identical or resembling sizes of the product of the domestic industry at the same level of trade (ex-factory level for the domestic product - the importer's store level for the imported product).

Table (4.2)

2019

Value: LE

Average Price of Domestic Product	Average Price of Imported Product	Price Undercutting	Price Undercutting%
■	■	■	20%

4.2.1.3 The above table shows that there was a price undercutting of 20 percent by the imported product as compared with the price of the domestic product.

Conclusion

4.2.1.4 The IA concluded that there was a price undercutting by the imported product as compared with the price of the domestic product.

¹⁷ **Article (39) of the Regulation stipulates,**

“The Investigating Authority, having examined all positive evidence, shall determine the material injury suffered by the domestic industry and shall verify the following:

a. whether there has been a significant price undercutting by the dumped imports as compared with the price of the domestic like product,

4.2.2 Price Depression and Price Suppression¹⁸

4.2.2.1 Price depression is the amount of decline in the domestic selling prices because of the effects of competition with the dumped imports. Price suppression prevents price increases, which otherwise would have occurred without the presence of the dumped imports. Price suppression is determined based on the amount of the increase in cost that is not covered by an increase in prices.

4.2.2.2 In accordance with Article (39) of the Regulation, the IA has assessed the effect of such dumped imports on price depression and price suppression of the domestic industry.

Table (4.3)

L.E. /m²

	2016	2017	2018	2019
Average Selling Price	■	■	■	■
Change	-	66%	1%	0%
Average Cost	■	■	■	■
Cost as % of Selling Price	■	■	■	■
Change	-	3%	2%	2%

- Comparison from year to year.

4.2.2.3 The above table shows an increase of 66 percent in the average domestic selling price in 2017 when compared to 2016 and a slight increase of 1 in 2018 when compared to 2017. In 2019, the prices of the domestic industry remained stable when compared to 2018 as an attempt of the domestic industry to maintain the market share thereof with the increase in dumped imports.

4.2.2.4 The above table also shows an increase of 3 percent in cost as a percentage of the selling price in 2017 when compared to 2016, and an increase of 2 percent in cost as a percentage of the selling price in 2018 and 2019 when compared to 2017 and 2018 respectively .

¹⁸ Article 39 (b) and (c) of the regulation stipulates,

"The Investigating Authority, having examined all positive evidence, shall determine the material injury suffered by the domestic industry and shall consider:

b. Whether the effect of such imports is to depress prices of the like product to a significant degree, or

c. Whether the effect of such imports is to prevent price increases which otherwise would have occurred"

Conclusion

4.2.2.5 The IA concluded that the domestic industry could not increase its prices despite the increase in the average cost during the period of investigation.

4.3 Economic Impacts¹⁹

4.3.1 Production and Capacity Utilization

Table (4.4)

Production and Capacity Utilization

(Unit/1000m²)

	2016	2017	2018	2019
Production	■	■	■	■
Change	-	(9%)	2%	(4%)
Available Capacity	■	■	■	■
Change	-	5%	4%	6%
Utilized Capacity	■	■	■	■
Change	-	(13%)	(2%)	(9%)

- Comparison from year to year.

4.3.1.1 The above table shows that production declined by 9 percent in 2017 compared to 2016 and increased by 2 percent in 2018 compared to 2017 and then declined by 4 percent in 2019 compared to 2018 due to the significant increase in the dumped imports, which forced the domestic industry to reduce the volume of production during the same period, hoping to dispose of the inventory accumulated during the previous years (Table 4.6).

4.3.1.2 The above table shows also a decline in the rate of capacity utilization of 13 percent, 2 percent, and 9 percent during the years 2017, 2018, and 2019 compared to the years 2016, 2017, and 2018 respectively

¹⁹ Article (39) of the Regulation stipulates,

“The Investigating Authority, having examined all positive evidence, shall determine the material injury suffered by the domestic industry and shall verify the following:

-2The economic effects of the dumped imports on the domestic industry reflected in the following:

a. Actual and potential decline in sales, profits, production, market share, productivity, return on investment or utilization of capacity.

b. Factors affecting domestic prices.

c. Magnitude of the margin of dumping.

d. Actual and potential negative effects on cash flow, inventories, employment, wages, investment, growth and ability to raise capital.

e. Actual and potential negative effects on cash flow, inventories, employment, wages, investment, growth and ability to raise capital.

Conclusion

4.3.1.3 The IA concluded that the domestic industry was forced to reduce its production and accordingly the rate of capacity utilization during the period of investigation.

4.3.2 Sales and Market Share

Table (4.5)
Sales and Market Share

Unit/1000m²

	2016	2017	2018	2019
Domestic Sales	■	■	■	■
Change	-	(19%)	2%	1%
Other Domestic Sales	■	■	■	■
Change	-	(12%)	6%	(17%)
Dumped Imports	9,271	7,979	17,275	25,327
Change	-	(14%)	117%	47%
Other Imports	3,011	2,059	1,657	2,902
Change	-	(32%)	(20%)	75%
Total Market Volume	■	■	■	■
Change	-	(19%)	25%	19%
Share of Domestic Sales	■	■	■	■
Change	-	(1%)	(18%)	(15%)
Share of Other Domestic Sales	■	■	■	■
Change	-	9%	(15%)	(31%)
Share of Dumped Imports	■	■	■	■
Change	-	6%	73%	23%
Share of Other Imports	■	■	■	■
Change	-	(16%)	(36%)	47%

- Comparison from year to year.

The above table shows the following:

A. Volume of Apparent Market

4.3.2.1 The above table shows a decline in the volume of market of 19 percent in 2017 compared to 2016, and an increase of 25 percent and 19 percent in 2018, 2019 compared to 2017 and 2018 respectively. In spite of the increase in market volume, the domestic industry did not gain benefit from this increase because the dumped imports had absorbed increasing market shares during the period of investigation.

B. Indices of Apparent Market

4.3.2.2 The above table shows a decline of 14 percent in the volume of dumped imports in absolute terms in the year 2017 compared to the year 2016 and an increase of 117

percent in the year 2018 compared to the year 2017. This increase continued to reach 47 percent in the year 2019 compared to the year 2018.

4.3.2.3 The above table shows that there was a decline in the volume of domestic sales of 19 percent in the year 2017 compared to the year 2016 followed by an increase of 2 percent and 1 percent during the years 2018 and 2019 compared to the years 2017 and 2018 respectively because the domestic industry attempted to maintain its market share in light of the products imported from Turkey at dumped prices as mentioned in Section 2 of this report.

4.3.2.4 The above table shows also that there was a decline in the volume of other domestic sales of 12 percent in the year 2017 compared to the year 2016, followed by an increase of 6 percent in the year 2018 compared to the year 2017. Moreover, the volume of other domestic sales declined by 17 percent in the year 2019 compared to the year 2018.

C. Indices of Market Shares

4.3.2.5 The table shows that there was a decline in the market share of the domestic sales of 1 percent, 18 percent, 15 percent during the years 2017, 2018 and 2019 respectively compared to the years 2016, 2017 and 2018.

4.3.2.6 The table also shows an increase in market share of other domestic sales of 9 percent during the year 2017 compared to the year 2016, followed by a decline of 15 percent, 31 percent during the years 2018 and 2019 compared to the year 2017 and 2018 respectively.

4.3.2.7 The above table shows that the market share of dumped imports increased in 2017 by 6 percent compared to 2016, and significantly increased in 2018 by 73 percent compared to 2017. The increase in the market share of the dumped imports continued in 2019 by 23 percent compared to 2018 absorbing the largest share of the increase in market volume at the expense of the domestic sales and other domestic sales.

4.3.2.8 The above table shows that the market share of other imports declined by 16 percent in 2017 compared to 2016, and by 36 percent in 2018, compared to 2017 and increased by 47 percent in 2019 compared to 2018. However, despite this increase in the market share of other imports, these imports constitute a very small percentage of the total market volume.

Conclusion

4.3.2.9 The IA concluded that there was an increase market volume during the period of investigation coinciding with an increase in the market share of the dumped imports and a decline the volume and market share of the domestic sales and the volume and market share of other domestic sales.

4.3.3 Inventory

Table (4.6)

Inventory

(Unit/1000m²)

	2016	2017	2018	2019
Inventory	■	■	■	■
Change	-	53%	17%	15%

- Comparison from year to year.

4.3.3.1 The above table shows that the volume of inventory increased by 53 percent, 17 percent and 15 percent in 2017, 2018, and 2019 respectively compared to 2016, 2017 and 2018.

Conclusion

4.3.3.2 The IA concluded that there was an increase in the volume of inventory during the period of investigation.

4.3.4 Profitability

Table (4.7)

Profits/Losses

L.E./Unit

	2016	2017	2018	2019
Unit's Net Profit	■	■	■	■
Change	-	29%	(24%)	(24%)

- Comparison from year to year.

4.3.4.1 The above table shows an increase in the unit's net profit of 29 percent in 2017 compared to 2016, and a decline of 24 percent in 2018 and 2019 compared to 2017 and 2018 respectively.

Conclusion

4.3.4.2 The IA concluded that there was a decline in the net profit during the period of investigation.

4.3.5 Labor, Productivity and Wages

Table (4.8)

Labor, Productivity and Wages

	2016	2017	2018	2019
Labor	■	■	■	■
Change	-	5%	5%	(1%)
Wages (L.E)	■	■	■	■
Change	-	20%	23%	14%
Productivity	■	■	■	■
Change	-	(13%)	(3%)	(3%)

- Comparison from year to year.

4.3.5.1 The above table shows that there was a steady increase in labor of 5 percent during 2017 and 2018 compared to 2016 and 2017 respectively, and a decline of 1 percent in 2019 compared to 2018.

4.3.5.2 The above table also shows that wages increased during 2017, 2018, and 2019 by 20 percent, 23 percent and 14 percent compared to the years 2016, 2017 and 2018, respectively.

4.3.5.3 The above table shows also that productivity declined by 13 percent in 2017 compared to 2016, and by 3 percent in 2018 and 2019 compared to 2017 and 2018, respectively.

Conclusion

4.3.5.4 The IA concluded that there was a decline in labor and productivity while there was an increase in wages during the period of investigation.

4.3.6 Cash Flow

Table (4.9)
Cash Flow

Value (L.E)

	2016	2017	2018	2019
Cash flows from operating activities	■	■	■	■
Change	-	32%	1%	(51%)

- Comparison from year to year.

4.3.6.1 The above table shows that cash flow increased by 32 percent in 2017 compared to 2016, and by 1 percent in 2018 compared to 2017. Cash flow then declined by 51 percent in 2019 compared to 2018, mainly due to the change in the company's methodology for dealing with customers. The company was forced to expand forward sales in order to maintain its market share under the competition with the dumped imports, which led to changes in debtor accounts and negatively affected the volume of the cash flows generated from operating activities.

Conclusion

4.3.6.2 The IA concluded that there was a decline in the cash flow of the domestic industry during the period of investigation.

4.3.7 Return on Investment

Table (4.10)

	2016	217	2018	2019
Return on Investment	■	■	■	■
Change	-	15%	(11%)	(4%)

- Comparison from year to year

4.3.7.1 The table shows that the rate of return on investment increased during 2017 by 15 percent compared to 2016 and declined by 11 percent and 4 percent during 2018 and 2019 compared to 2017 and 2018, respectively.

Conclusion

4.3.7.2 The IA concluded that there was a decline in the rate of return on investment of the domestic industry during the period of investigation.

4.3.8 Ability to Grow and Raise Capital

4.3.8.1 The IA concluded that there was a decline in the sales and market share of the domestic industry and consequently in the profitability of the domestic industry which indicates a decline in the company's ability to grow and increase capital.

4.3.9 Factors Affecting Prices

4.3.9.1 The IA concluded that there were no factors affecting prices other than the dumped imports.

4.3.10 Magnitude of Dumping Margin

4.3.10.1 The IA concluded that the magnitude of the dumping margin for Turkey is not de-minimums because it ranges between 21.17 to 33.27 percent of CIF export price and that the volume of the dumped imports increased significantly during the period of investigation, which contributed to the deterioration of many economic indicators of the domestic industry.

4.4 Conclusions on Injury

- 4.4.1 The IA verified data and information submitted by the domestic industry and obtained from other sources and concluded in light of such information that there was an absolute and relative increase in the dumped imports during the period of investigation and a price undercutting by the imported products as compared with the price of the domestic products coinciding with the following negative indicators of the domestic industry:
1. Price suppression.
 2. Decline in production, and rate of capacity utilization.
 3. Decline in market share.
 4. Decline in profitability.
 5. Increase in inventory
 6. Decline in labor and productivity.
 7. Decline in cash flow
 8. Decline in the return on investment.
 9. Inability to grow.

4.5 Other Causes of Injury²⁰

Pursuant to Article (41) of the Regulation and Article (3.5) of the Agreement, the IA has examined the following causes of injury other than the dumped imports which might have caused injury to the domestic industry.

4.5.1 Other Imports

**Table (4.11)
Other Imports**

	(Unit/ 1000m ²)			
	2016	2017	2018	2019
Other Imports	3,011	2,059	1,657	2,902
Change	-	(32%)	(20%)	75%

- 4.5.1.1 The above table shows that there was a decline in the volume of other imports in 2017 and 2018 of 32 percent and 20 percent compared to the years 2016 and 2017 respectively, while there was an increase in the volume of other imports of 75 percent in 2019 compared to 2018.

²⁰ **Article (41) of the Regulation stipulates,**

"The Investigating Authority shall verify that the injury suffered by the industry is caused by the dumped imports and not due to any other causes".

Conclusion

4.5.1.2 The IA concluded that there was an increase in the volume of other imports during the period of investigation. However, the volume of such imports did not account for more than 10 percent of the total volume of imports. Moreover, such imports were imported at fair prices. Therefore, other imports were not among the causes of the material injury suffered by the domestic industry.

4.5.2 Export Performance of Domestic Industry

Table (4.12)

Unit /1000m²

	2016	2017	2018	2019
Export Sales	■	■	■	■
Change	-	(7%)	14%	(11%)

Comparison

4.5.2.1 The above table shows that the volume of the export sales of the domestic industry declined by 7 percent in 2017 compared to 2016 and increased by 14 percent in 2018 compared to 2017. However, export sales declined again by 11 percent in 2019 compared to 2018.

4.5.2.2 Conclusion

The IA concluded that the decline in export sales might have contributed to the material injury suffered by the domestic industry, but given the volume of export sales, it is clear that these imports did not account for more than 10 percent of the company's total sales in 2019.

4.5.3 Contraction in Demand

4.5.3.1 The IA concluded that there was an increase in market volume of 19 percent in 2019 compared to 2018, which indicates that contraction in demand did not negatively affect the performance of the domestic industry.

4.5.4 Technological Development

4.5.4.1 The IA concluded that the domestic industry uses an advanced technology in manufacturing the like product, which keeps up to date with the technology used by the international companies, which indicates that the technological development did not negatively affect the performance of the domestic industry.

4.5.5 Restrictive Trade Practices and Change in Patterns of Consumption

4.5.5.1 The IA concluded that there were no restrictive practices or trade barriers affecting the trade in the like product. Moreover, there was no change in the patterns of consumption during the period of investigation. Therefore, the restrictive trade

practices and change in consumption patterns did not negatively affect the performance of the domestic industry.

4.5.6 **Competition**

4.5.6.1 The IA concluded that the domestic industry was not affected by the internal competition among the domestic producers, and that imports from other sources did not pose a threat to the domestic industry as the market share of such imports did not exceed ■ percent of the total volume of domestic market and they competed fairly with the domestic industry in the domestic market, which indicates that competition did not negatively affect the performance of the domestic industry. Therefore, the IA concluded that competition was not a cause of the injury suffered by the domestic industry.

5. CAUSAL LINK

- 5.1 The IA has examined the causal link between the dumped imports and the material injury caused to the domestic industry in accordance with Article (41) of the Regulation and Article (3.5) of the Agreement and concluded in the light of the responses of the domestic industry and importers to questionnaires, of all comments and augments of interested parties and of the verification visit to the domestic industry that:
- 5.1.1 During the period of investigation, there was an increase in the volume of dumped imports in absolute terms and relative to domestic production and an increase in the market share of the dumped imports.
- 5.1.2 There was a price undercutting by the product imported from Turkey as compared with the price of the domestic product.
- 5.1.3 The IA concluded that the industry suffered from material injury because the dumped imports absorbed a large share of the volume of the domestic market during the year 2019. The aspects of such injury were represented in a decline in most of the economic indicators of the domestic industry such as a decline in the volume of production, in the rate of capacity utilization, in productivity, in the market share of domestic sales, in profitability, in cash flows and in return on investment, an increase in inventory and the inability of the industry to grow due to the flow of dumped imports in 2019.
- 5.1.4 The IA concluded also that there were no causes which might have contributed to the injury suffered by the domestic industry except for the export performance which might have had a limited impact, however, does not change the fact that there was a direct causal link between the dumped imports and the injury suffered by the domestic industry.

6. Comments of Interested Parties on the Application

The IA received the arguments and comments of the interested parties including the comments of the Government of Turkey, Turkish Exporter's Assembly and some importers

6.1 Comments on Dumping

6.1.1 Government of Turkey (Ministry of Trade)

6.1.1.1 Remarks on Initiation of the Anti-Dumping Investigation

Article (12.1) of the Agreement states that; *“When the authorities are satisfied that there is sufficient evidence to justify the initiation of an anti-dumping investigation pursuant to Article 5, the Member or Members the products of which are subject to such investigation and other interested parties known to the investigating authorities to have an interest therein shall be notified and a public notice shall be given”*.

In this respect, Turkey would like to draw the Ministry's attention that the Ministry must have informed Turkey's Embassy and/or Office of the Commercial Counsellor in Cairo as soon as the investigation was initiated. Turkey, however, received the notice of initiation on July 22, 2020, which was 23 days after the initiation of the investigation. We needed a clarification for the date of initiation in order to comply with the deadlines. This again caused confusions about the deadlines regarding the investigation for both the Government of Turkey as well as Turkish companies. Thus, Turkey reiterates the importance of being notified about the initiation of the investigation and reminds that it is the Investigation Authority's obligation and responsibility to make this notification in a timely manner.

IA's Response

The IA sent the Notice of Initiation to the Embassy of Turkey in Cairo and to all the producers and exporters on 16/7/2020. The Notice of Initiation stated that all parties should respond to the questionnaire within a 37-day period starting from the date of receipt of the Notice of Initiation not from the date on which the IA announced that an investigation was initiated, i.e. on 29/6/2020. Accordingly, the IA notified the Embassy and the interested parties in a timely manner of the specified time limits and granted them the whole 37-day period from the date of receipt not the date of initiation.

6.1.1.2 The Accuracy and Adequacy of the Complaint

Article (5.2) of the Agreement states that; *“an application...shall include evidence of dumping, injury...and a causal link between the dumped imports and the alleged injury..”* In parallel, Article (5.3) states, *“the authorities shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiation of an investigation.”*

In Guatemala — Cement II Case, the Panel specified that “Article (5.2) requires that the application contains sufficient evidence on dumping, injury and causation, while Article 5.3 requires the investigating authority to satisfy itself as to the

accuracy and adequacy of the evidence to determine that it is sufficient to justify initiation.

As elaborated on “Remarks of Injury” section of this document; we observe that the complaint and the provided import data clearly reveal some other known factors, such as the complainant’s dependence on export performance, and its consequent exposure to foreign exchange fluctuations, interest-rate movements along with volatility of raw material prices and collection hazards, which have influenced the complainant’s financial figures.

Turkey is not convinced that the IA made sure that the evidence in the complaint had sufficient basis for initiating an investigation. In other words, ignoring the above-mentioned factors imply that, prior to the initiation of the investigation, the Ministry simply accepted the unsubstantiated arguments raised by the complainant, without any consideration of the accuracy and adequacy of the complaint. In this context, Turkey believes that the applicant does not have sufficient injury – related evidence and adequate standards for the justification of the initiation of an anti – dumping investigation within the meaning of the provisions of Articles (5.2) and (5.3) of ADA.

IA’s Response

The application included the selling prices of the product concerned in the domestic market of the exporting country and the export prices to Egypt during the investigation period. Furthermore, the domestic industry submitted evidence substantiating the information contained in the application (see Section 2 of the application). The IA examined also the accuracy and adequacy of the evidence provided in the application to determine whether there was sufficient evidence to justify the initiation of an investigation. The IA found that the application submitted by the domestic industry is consistent with the provisions of Articles (5.2) and (5.3) of the Agreement and is deemed sufficient for the purposes of initiating an investigation.

6.1.1.3

Confidentiality

The application did not include a non-confidential summary, which prevented the Government of Turkey and Turkish exporters from defending their rights.

IA’s Response

Article (6.5) of the Agreement states, “*Any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential basis by parties to an investigation shall, upon good cause shown, be treated as such by the authorities. Such information shall not be disclosed without specific permission of the party submitting it*”

The applicant considered the data included in the application confidential and submitted a non-confidential version of the application. The IA notified all the interested parties and the Embassy of Turkey in Cairo. Article (6.5.1) of the

Agreement states” *The authorities shall require interested parties providing confidential information to furnish non-confidential summaries thereof. These summaries shall be in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence”.*

The application - the non-confidential version - contained information sufficient for a reasonable understanding of the substance of the confidential data and information. Therefore, the IA considered the non-confidential summary of the application sufficient to permit a reasonable understanding for the data provided for the purposes of initiating an investigation in accordance with Article (6.5) of the Agreement.

6.1.2 General secretariat of Southeast Anatolian Exporter's Associations (GAIB)

6.1.2.1 Fair Comparison of Prices

Table No. (2.5) in the non-confidential version of the application shows that the dumping margin for Turkey is 134 percent of CIF value. However, Turkish exporters of carpets exported the product concerned to other markets, including Egypt, at a price higher than the price in the domestic market of Turkey. Therefore, the comparison was between other types that differ in their physical characteristics. Thus, the comparison between prices is unfair. Therefore, we request the IA to apply Article (2.4) of the Anti-Dumping Agreement regarding fair comparison between prices.

IA’s Response

The margin mentioned in the application which is estimated by 134 percent is an initial margin which is sufficient only for the purposes of the initiation of an investigation. The IA gave all interested parties ample opportunity during the period of investigation to defend their interests through their responses to questionnaires which would enable the IA to calculate an individual margin for each cooperative exporter.

Therefore, the IA has established the margins shown in Table No. (3.4), based on information submitted by the exporters of the product during the investigation, which are quite different from the initial margins included in the application. The application of the domestic industry is based on a comparison between similar types having the same physical characteristics, but different only in designs and paintings; therefore, these products are considered like products in accordance with the provisions of Article (2.6) of the Agreement which states” *Throughout this agreement the term “like product” (‘produit similaire’) shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration”* .

Such allegation contradicts with the findings of the WTO Panel on the Lumber V from Canada. The Panel contended that the application should only include reasonably available information on the relevant issues which the applicant

considers necessary to support allegations of dumping, injury and a causal link and not all information that is reasonably available.

"We note that the words" such information reasonably available to the applicant" indicate that, if information on certain matters listed in subparagraphs (i) to (iv) is not reasonably available to the applicant in any given case, the applicant is not obliged to include it in the application. It seems to us that the "reasonably available" was intended to avoid putting an undue burden on the applicant to submit information which is not reasonably available to it. It is not, in our view, intended to require an applicant to submit all information that is reasonably available to it. Looking at the purpose of the application, we are of the view that an application need only include such reasonably available information on the relevant matters as the applicant deems necessary to substantiate its allegations of dumping, injury and causality. As the purpose of the application is to provide an evidentiary basis for the initiation of the investigation process, it would seem to us unnecessary to require an applicant to submit all information reasonably available to it to substantiate its allegations. This is particularly true where such information might be redundant or less reliable than the information contained in the application."

In light of the foregoing, the applicant is not required to provide detailed information on all types of the product produced by all the companies exporting to Egypt, but rather to provide the necessary information that is reasonably available to the applicant to substantiate the allegations thereof.

6.1.3 Comments of Importers

6.1.3.1 The application did not include evidence of dumping, subsidy, unjustified increase in imports or injury caused by such practices. The invoices submitted by the applicant are neither sufficient to substantiate the content of the application nor sufficient for the IA to rely on because they are anonymous due to the multiplicity of the products falling under the H.S. tariff code No. 57 which are not produced by the domestic industry or lower than the minimum volume required to submit an application.

IA's Response

Paragraph (3) of Article (5.2) of the Agreement stipulates: "*information on prices at which the product in question is sold when destined for consumption in the domestic markets of the country or the countries of origin or export (or, where appropriate, information on the prices at which the product is sold from the country or countries of origin or export to a third country or countries, or on the constructed value of the product) and information on export prices or, where appropriate, on the prices at which the product is first resold to an independent buyer in the territory of the importing Member.*"

The application includes the prices of the product on the domestic market of the exporting country as well as the export prices to Egypt during the investigation period. Moreover, the domestic industry provided evidence substantiating the information contained in the application (refer to section 2 of the application). The IA examined the accuracy and adequacy of such evidence to determine whether

there was sufficient evidence to justify the initiation of the investigation. Therefore, the application submitted by the domestic industry is consistent with Article (5.2) of the Agreement and is deemed sufficient for the purposes of the initiation of an investigation.

It should be noted that the application should include only information which is reasonably available on the relevant matters which the applicant considers necessary to establish the allegations of dumping, injury and causality, and not all the information available.

Therefore, the applicant is not required to provide information on the content of the H.S. tariff code or the types of the product produced by all the companies exporting to Egypt, but is required to provide only the necessary, and reasonably available information to substantiate the allegations thereof. In addition, in its analysis of the application, the IA relies on the description of the product and any other information on the HS tariff code is provided as a reference only.

- 6.1.3.2 (Royal for Export & Import, Al Sara for Import & Export and Al-Nazeer for Imports and Exports) confirmed that the margin of dumping must not be less than (2 percent) of the export price and submitted export prices obtained from importing companies to prove that it is higher than the normal value to reach a zero-dumping margin.

IA's Response

The IA examined the accuracy and adequacy of the documents submitted by the company and found an initial dumping margin of more than 2 percent which is sufficient to initiate an investigation.

To verify the allegations of the domestic industry, the IA, promptly sends upon the initiation of an investigation questionnaires to the interested parties, in accordance with the provisions of Article (6.1) of the Agreement which states:” *All interested parties in an anti-dumping investigation shall be given notice of the information which the authorities require and ample opportunity to present in writing all evidence which they consider relevant in respect of the investigation in question*”

Accordingly, the IA sent the questionnaire to the company, to obtain the information which will form the basis for the IA's decision whether

to apply definitive measures. The IA analyzed the response of the company to the questionnaires and concluded that the margin of dumping for the company exceeds 2 percent which is not *de minimis* (refer to Section 3 of this report).

- 6.1.3.3 The domestic industry did not provide evidence proving that the price of the product imported from Turkey was lower than its normal value in the domestic market of Turkey taking into consideration that customs duties increase its price.

IA's Response

The provisions of Article (2.1) of the Dumping Agreement stipulates:” *For the purpose of this Agreement, a product is to be considered as being dumped, i.e. introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than*

the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country”.

There is a practice of dumping when the export price is less than the normal value of the product (the selling price of the product in the domestic market of the country of origin) at the same level of trade, usually at the ex-factory level in accordance with the provisions of Article (2.4) of the Agreement and regardless of whether or not such products are subject to customs duties. Hence, it is not a matter of customs duties. It is worth noting also in accordance with the provisions of the Free Trade Agreement concluded between the two countries, the Turkish imports are subject to zero tariff.

6.1.3.4 **On the substantive side, the three conditions of dumping are not proved.**

a. The entry of the product into the importing country at a price less than the normal value thereof:

The normal value and the export price provided in the application are not logical.

We do not understand how the Oriental Weavers Company calculated the export price of the product mentioned in item (2.4) of the application on the margin of dumping despite the difference in the measurement unit.

The Oriental Weavers Company relied on the meter as a measurement unit while the Guidance Customs Circular of the Directorate-General for Customs Assessment dated 16/10/2014 stated that the unit of measurement should be the kilo.

Furthermore, based on the export prices shown in the attached tables, the export price (purchase price) increased in 2019 to more than the selling price in the Turkish domestic market which completely negates the existence of dumping phenomenon or the export of the product at a price lower than the selling price thereof in the domestic market of Turkey.

IA’s Response

The domestic industry submitted a properly documented application and submitted all information on export price and normal value in meter square (m²) and did not compare the export prices and the normal value using different units of measurement (refer to section 2 of the application).

The IA verified the accuracy and adequacy of the documents submitted by the company, which resulted in an initial dumping margin of more than 2 percent and which was sufficient to initiate the investigation.

To verify the allegations of the domestic industry, the IA, upon initiating the investigation, sent questionnaires to the interested parties to obtain the information which would form the basis for the decision whether to apply definitive measures.

Accordingly, the IA has sent the questionnaires to the company, since the information that formed the basis of the IA's decision to impose definitive duty should be based on what had been provided by the parties concerned in the investigation.

Moreover, the IA analyzed the response of the company to the questionnaires and concluded that the company's margin of dumping exceeds 2 percent i.e. not *de minimis*. (refer to Section 3 of this report).

b. The company stated **that the product in question is not being sold on the Turkish domestic market**. Therefore, the normal value should be constructed pursuant to Article (34) of the Executive Regulations based on export price of the goods to a third country, i.e. USA according to the price of the attached invoice. Products are exported to USA at a price exceeding both the actual cost of production and the profit margin which indicates that there is no practice of dumping according to the provisions of Article (32) of the Regulations.

IA's Response

The applicant provided the domestic prices of the Turkish companies in the Turkish domestic market. The IA, prior to the initiation of the investigation, examined the accuracy and adequacy of the evidence provided by the domestic industry in the application.

The IA has also verified that the product was sold on the Turkish domestic market according to the data provided by the interested parties (refer to part 3.1 of this report). The IA has analyzed the data sent by the Turkish cooperating companies including data on both the quantities and prices of the product under investigation on the Turkish domestic market during the investigation period.

The IA has relied on such data in determining the margins of dumping shown in Table (3.4). Therefore, the export price to a third country should not be used in this case in accordance with the provisions of Article (2.2) of the Agreement:” *When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation or the low volume of the sales in the domestic market of the exporting country, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to an appropriate third country, provided that this price is representative, Or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.*”

6.1.3.5 The company provided the normal value, which is the price of the product when exported to a third country (USA), as the Agreement does not provide for the priorities which permits the usage of the alternative by the IA that help prove dumping.

IA's Response

According to the provisions of Article (2.2) of the Agreement, the IA shall use the constructed normal value or the export price to a third country only in the absence of sales of the like product in the domestic market of the exporting country.

Therefore, the domestic industry has determined the normal value based on the prices of the like product in Turkey and made the necessary adjustments to be compared to the export price at the same level of trade.

In this regard, the IA has verified the accuracy and adequacy of the evidence provided by the domestic industry.

- 6.1.3.6 There is no dumping or a margin of dumping according to the data on which the company relied on for the calculation of the margin of dumping.

IA's Response

The IA has previously responded to this point in paragraphs no. 6.1. 3. 2, 6.1.3.3, 6.1.3.4 and 6.1.3.5

6.2 Comments of Injury

6.2.1 Comments OF IMPORTERS

- 6.2.1.1 Imports represent only 10 percent of the market volume, while the applicant constitutes nearly 85 percent of the market.

IA's Response

The IA has concluded that the market volume declined by 19 percent in 2017 compared to 2016, and increased by 25 percent, 19 percent in 2018 and 2019 compared to 2017 and 2018. Despite the increase in the market volume, the domestic industry did not benefit from this increase because dumped imports absorbed increasing shares of the market volume during the period of investigation.

The market share of dumped imports increased in 2017 by 6 percent compared to 2016 and significantly increased in 2018 by 73 percent compared to 2017. The increase in the market share of dumped imports continued in 2019 by 23 percent compared to 2018, taking over the largest share of the increase in the market volume at the expense of domestic sales and other domestic sales where the market share of domestic sales declined during the years 2017, 2018, 2019 by 1 percent, 18 percent, and 15 percent compared to 2016, 2017 and 2018 respectively.

- 6.2.1.2 The imposition of duties will lead to a monopoly, as the applicant constitutes 85 percent of the domestic production.

IA's Response

The role of the Investigating Authority in anti-dumping investigations is to investigate whether there is a practice of dumping causing material injury to the domestic industry and necessitating the imposition of dumping duties in order to achieve fair competition between the product imported at dumped prices and the domestic product. Furthermore, the imposition of duties does not completely prevent the entry of the dumped imports but rather allows the entry of dumped imports at fair prices in addition to imports of the products under investigation from sources other than the country under investigation. Moreover, there is a considerable number of factories producing the product under investigation other than the applicant which will prevent the domestic industry from practicing monopoly.

- 6.2.1.3 There is a difference between the specifications of the domestic product and the specifications of the imported product in terms of design, colors, raw materials,

quality and lifespan. Hence, some customers prefer the imported product, although the price thereof is one-and-a-half times higher than the domestic product.

IA's Response

In accordance with the provisions of Article 2.6 of the Anti-Dumping Agreement, which states “*Throughout this agreement the term “like product” (‘product similaire’) shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration*”, the IA has concluded that the product produced by the domestic industry in the domestic market and the imported product are alike in terms of the physical characteristics, manufacturing process, distribution channels and end use and that domestic product and the imported product are substitutable for one another and compete with each other.

6.2.1.4 The imported product addresses a segment of consumers other than that of the domestic product. Moreover, the price of the imported product is higher than the price of the domestic product and does not prevent any increase in the domestic prices.

IA's Response

The IA has examined the impact of imports from Turkey on the domestic prices during the period of investigation and concluded, as shown in paragraph 4.3.1.3 of this report, that there was a price undercutting by the imported product as compared with the price of the domestic product which made the domestic industry unable to increase prices in proportion to the increase in cost, due to the presence of dumped imports in huge quantities in the domestic market in 2019.

As for the imported product addresses a segment of consumers other than that of the domestic product, the IA has concluded that the domestic industry produces all kinds of carpets and that the product produced by the domestic industry and the imported product are alike and are substitutable for one another.

6.2.1.5 The product concerned, and the product produced by the domestic industry cannot be considered alike in terms of quality and technology.

IA's Response-

The applicant is one of the well-known international carpet companies and uses the latest technology in this industry. The IA, in accordance with Article (2.6) of the Agreement, has examined the domestic product and the imported product and concluded that the product produced by the domestic industry and the imported product have closely resembling specifications in terms of physical characteristics, specifications, manufacturing methods, customs classification, uses and distribution channels. Hence the IA has concluded that the product produced by the domestic industry and the imported product are alike and are substitutable for one another.

It is worth noting that some of the interested parties consider the imported product closely resembling the domestic product. In addition, the Agreement as well as the

Regulation do not provide for quality as one of the factors to be considered when examining the like product in anti-dumping cases.

- 6.2.1.6 There was an increase in the profits of the applicant in 2019 compared to 2018 according to the statements submitted to the Egyptian Stock Exchange and losses, if any, might be attributed to other causes such as designs, quality and deteriorated lines of production.

IA's Response

Oriental Weavers Carpet Company (the applicant) is an Egyptian shareholding company joint stock company registered in the official schedule of the Egyptian Stock Exchange and consists of a group of subsidiaries and related companies, namely (Oriental Weavers Textiles, Oriental Weavers International, Oriental Weavers USA, Oriental Weavers China).

The IA has concluded that the profits contained in the Egyptian Stock Exchange report belong to the entire group of the Oriental Weavers and is not limited to the Oriental Weavers carpet Company, which is the applicant. As for quality, the IA has responded above to this point.

- 6.2.1.7 What are the justifications for the 2019/2020 expansion plan which includes adding many types of looms, machines and other equipment despite the injury suffered by the applicant?

IA's Response

The IA has concluded that the expansion plan aims to replace and renew some looms in order to meet the demand for new types and patterns, keep pace with technological development, reduce production costs and reduce production wastes.

- 6.2.1.8 There is a need to separate machine-made carpets from floor coverings (carpet covers) in this investigation because the Oriental Weavers produces 5 percent of the domestic production of carpet covers which actually started at the end of 2019

IA's Response

In accordance with the provisions of Article (1) of the Executive Regulations, the concept of domestic industry includes the producers of the domestic industry, whose total production represents a major proportion of the product under investigation.

The Oriental Weavers Carpet Company is the sole producer of covers. Therefore, the production thereof represents 100 percent of the total production of the domestic industry. In addition, the company began the experimental production of carpet covers in 2017, while the actual production and introduction of the product to the market started in 2018.

- 6.2.1.9 Oriental Weavers (the applicant) and supporters thereof produce only one product, which is the machine-made carpets, and the IA must exclude the floor coverings and other products falling under (57) which are not related to machine-made carpets is included, and it is the only product that the complaining company and its supporters produce

IA's Response

The products under investigation are machine-made carpets and floor coverings, which are classified under H.S. tariff coded: 5702420000, 5703200000, 5703300000, 5703900090, 5705000000. It is worth mentioning that the IA found during the verification visit that Oriental Weavers Carpet Company produces all types of carpets, including, but not limited to, BCF carpets, Heat Set, Polyester, Wool, Bedspreads, Floor Coverings, Chanel, etc.....

- 6.2.1.10 What is the reason behind the decline in the export sales of the applicant to some foreign markets, and what is the impact of such decline on profits?

IA's Response

The IA has, in section (4.5) in this report, examined other causes that might have contributed to the material injury suffered by the domestic industry including the decline in export performance and concluded that the decline in export sales was caused by the suspension of shipping to some Arab and Latin American countries due to political unrest, as well as the request of some customers to delay the production of their orders due accumulation of inventory. The IA has also found that the decline in export sales might have contributed to the material injury to the domestic industry. The volume of export sales accounted for no more than 10 percent of the company's total sales during the year 2019, and therefore the injury suffered by the domestic industry is attributed mainly to the dumped imports.

As for profits, the IA, in accordance with the provisions of Article (3.4) of the Anti-Dumping Agreement, has examined the impact of dumped imports on the profits of the domestic industry achieved from sales in the domestic market only.

- 6.2.1.11 The applicant is supported by a company it owns which violates the provisions of Article (19) of the Executive Regulation. Oriental Weavers Carpet Company is the owner of some of the supporting companies, namely Oriental Weavers International, Mac Carpets, and Egyptian Co. For Fibers (EFCO).

IA's Response

The IA, upon the initiation of the investigation, satisfied the requirements set out in Article (19) of the Regulation concerning the domestic industry representation. It should be noted that the companies supporting the application are (Al-Nimr Company / Prado Egypt / Makarem Tex Company) are separate ownership companies, are not considered completely or partially affiliated companies and are not, by no means, related to the applicant.

- 6.2.1.12 It is necessary to exclude the domestic producers who support the application and imported the product under investigation during the period of investigation from the representation of the domestic industry and to exclude their imports from Turkey.

IA's Response

The IA has concluded that the applicant had not imported the product under investigation from Turkey during the period of investigation.

- 6.2.1.13 what are the causes of the high rates of the unutilized capacity of the applicant?

IA's Response

The IA concluded that the high rates of the unutilized capacity are due to the company was forced to reduce the volume of production in light of unfair competition with dumped imports.

6.2.1.14 What are the causes of the decline in the rate of return on investment of the applicant?

IA's Response

The IA has concluded that the rate of return on investment declined by 4 percent in 2019 compared to 2018, due to the decline in the company's net profits during the same period.

6.2.1.15 The production volume of the domestic industry and the domestic producers supporting the application should be disclosed as well as the production percentage of the total production of the domestic industry of the like product.

IA's Response

In accordance with the provisions of Article (5.4) of the Agreement, the domestic industry provided, in the application thereof, the percentage of the industry representation. The applicant (Oriental Weavers Carpet Company) constitutes more than 50 percent of the total Egyptian production of (machine-made carpets and floor coverings), based on an official statement of the Federation of Egyptian Industries showing the volume of production of all domestic producers of the like product and the percentage of their representation of the total domestic production.

As for the request for disclosing the production volume of the domestic industry and the domestic producers supporting the application as well as the production percentage of the total production of the domestic industry of the like product, the domestic industry considered such data confidential. Therefore, the IA cannot disclose such data in accordance with the provisions of Article (6.5) of the Agreement which stipulates: "*Any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential...*". Moreover, the IA makes the public file available to all interested parties during the course of investigation.

6.2.2 Comment of Union of Southeast Antolia Exporters

6.2.2.1 The like product and the imported product are not alike due to the existence of physical differences. Therefore, the products and their prices are not comparable.

IA's Response

The IA has previously responded to this point

6.2.2.2 The period of injury investigation should start with 2015 instead of 2016 in order to objectively show the development of the volume of imports as well as the economic indicators of the domestic producers in view of the changes in the importation procedures in Egypt in the year 2016 (the requirement of accreditation

and registration of factories) and their impact on the decline in the volume of imports during the years 2016 and 2017 compared to the year 2015.

IA's Response

According to the Notice of Initiation published in the Official Gazette, the period of injury analysis is from 1/1/2016 to 31/12/2019, which is a sufficient period to objectively examine and analyze the causes of injury. It is worth noting that the IA, in its examination and analysis of injury in this report, adopted the methodology of (comparison from one year to another and not the base year) in examining the volume of dumped imports and the impact thereof on the economic indicators of the domestic industry, in order to avoid any circumstances that might prejudice the examination of the causes of injury. Therefore, the IA does not consider it necessary to modify the period of injury analysis.

6.2.3

Comments of Turkish Government

6.2.3.1

We observe that the complaint and the provided import data clearly reveal some other known factors, such as the complainant's dependence on export performance and its consequent exposure to foreign exchange fluctuations, interest-rate movements along with volatility of raw material prices and collection hazards, which have influenced the complainant's financial figures.

IA's Response

The IA, in section (4.5) of this report, has examined and analyzed the other causes of injury. The IA has previously discussed the export performance of the applicant.

As for the fluctuation in the exchange rate, the change in the exchange rate of the US Dollar against the Egyptian pound was an economic situation during this period which affected the domestic industry which imports 30 percent of the production inputs thereof in US dollar and affected also the prices of importers.

6.2.3.2

According to an article, 'Oriental Weavers is accused of "monopolistic practice" and this procedure was taken after it was proven that the company has broken the law, ...The company is accused of making exclusive agreements with carpet distributors to not to distribute products belonging to any distributors, which deprives competitors of the full freedom to distribute their products across the market. This is a violation of protection of competition laws

IA's Response

The IA has previously responded to this point

6.2.3.3

The complaint points out that selling prices of the complainant increased by 66.5 % from 2016 to 2017 and 2.2% from 2017 to 2018, which correspond to an ascending trend during the injury analysis period. As it is clearly seen from the graph above, the sales price increased in tandem with inflation and exchange rate from 2016 to 2017. However, while it followed a stable trend since then (same trend in 2018 and 2019), there has also been a remarkable decline in the inflation rate as well. Considering this decline in the inflation rate, the sales prices in fact appears to increase in real terms.

At this point, contrary to its injury allegations, Turkey is firmly of the view that the complainant was able to increase selling prices during the injury analysis period which demonstrates that Turkish subject merchandise imports do not have adverse effects on domestic selling prices in Egypt.

IA's Response

The IA has examined price and cost trends as shown in Table (4.3) of this report. The table shows the changes that occurred on the domestic prices and costs during the period of investigation and shows that the increase in the domestic selling prices during the year 2017 was due to the change in the exchange rate which led to an increase in cost and thus an increase in the selling price. However, the increase in the selling prices was not the same as the increase in cost.

- 6.2.3.4 When we analyze the figures in the complaint, we see that in 2017 there has been a remarkable increase in the profitability by 28,7%, amid high production costs. While the costs continued progressive but limited increase afterwards, the decrease in the profitability has been more profound. The deterioration in the profitability has no relevance with alleged dumped imports. Traditionally export sales constitute a larger portion in total sales of the petitioner. Export sales accounted for 65% of total sales of the petitioner in 2018.

IA's Response

The IA has examined and analyzed profitability in section (4.3.4) of this report. As for the export performance of the domestic industry, the IA has discussed this point in section (4.5.2) of this report.

- 6.2.3.5 **Despite the increase in the production capacity of the applicant during the period from year 2016 to year 2019, there is a slight decrease in the total volume and value of production.**

IA's Response

The decline of 4 percent in the volume of production in the year 2019 as detailed in Table (4.4) was due to the company being forced to reduce the volume of production, hoping to dispose of the accumulated inventory caused by the huge increase in the volume of dumped imports, which absorbed a large market share of ■ percent during the same period.

- 6.2.3.6 Although there is a decrease in production, it is noticed that there is an increase in production capacity and labor, and this situation occurs when the production situation worsens and indicates the presence of problems related to mismanagement.

IA's Response

The IA has concluded that the increase in production capacity (investments) was carried out according to an expansion plan which aimed primarily at replacing and renewing some of the looms used in order to cover the demand for new varieties and patterns in the market, in addition to the company's wish to keep pace with technological development in order to improve the production process and reduce wastes. Concerning labor, it was discussed in paragraph 4.4.5 of this report, where

the IA has concluded that there was a decline in labor of 1 percent in year 2019 and that the increase in labor during the previous periods was for the purpose of providing trained workers to run and operate the new modern looms.

- 6.2.3.7 What is the explanation for the increase in labor and wages thereof since year 2016, especially the wages that have significantly increased, in addition to the increase in the applicant's investments during the period from 2016 to 2017, and a slight decrease in such investments in 2019 compared to 2018?

IA's Response

The IA has previously responded to the comment on the increase in labor as well as the comment on the increase in investments (production capacity) in its response to the previous comment, and with regard to wages, it was discussed in paragraph 4.4.5 of this report.

- 6.2.3.8 The application is not supported by sufficient evidence of injury, and there are insufficient causes to justify an initiation of anti-dumping investigation within the meaning of the provisions of Articles (5.2) and (5.3) of the Anti-Dumping Agreement.

IA's Response

The applicant submitted a properly documented application including prima facie evidence of an increase in dumped imports and an injury suffered by the domestic industry and a causal link. The IA, in accordance with the provisions of Article (17) of Regulation, has examined the available information and relevant prima facie evidence on the injury suffered by the domestic industry coinciding with the significant increase in the imports of the product under investigation as mentioned in the application, as well as the changes in the economic indicators of the domestic industry, and found such information and evidence sufficient to initiate an investigation.

- 6.2.3.9 The real reason behind the complainant's struggle is other external factors, such as, export performance of the complainant, Foreign Exchange Shortage and Currency Depreciation, and higher labor, imported input and energy costs, but not imports. Therefore, any injury on the complainants' financial status caused by any other known factor should be separated and not attributed to imports within the meaning of Article (3.5) of ADA.

IA's Response

The IA has previously addressed the export performance and the imported production inputs. As for the rise in power prices, the IA has analyzed power prices and concluded that they represent a small percentage of the cost of production.

As for the shortage in foreign exchange, the domestic industry has stated that it had no complaints about the provision of foreign exchange which is at the present time available in Egyptian banks and is determined according to the mechanism of supply and demand.

As for the increase in the cost of labor, the IA reviewed the statement of wages during the verification visit and concluded that the increase in wages was the annual increase determined in accordance with the Law of Labor.

It should be noted that the IA has examined the other factors of injury in section (4.5) of such report and concluded that the injury suffered by the domestic industry is not attributed to causes other than the dumped imports, and that the dumped imports of the product under investigation had caused the material injury suffered by the domestic industry.

7. COMMENTS OF INTERESTED PARTIES ON ESSENTIAL FACTS REPORT

7.1 Comments on Dumping Section

7.1.1 Art Carpet Sanayi Ve Ticaret Anonim Şirketi Co.

7.1.1.1 The company provided an excel sheet where the domestic and international unit sales prices of similar products were compared, as well as figures showing the exchange rate of the US dollar in Turkey in the last 5 years.

The company stated that pricing policy of domestic and international sales did not include offering low prices to Egypt, and that closely resembling products had, under the same conditions of sale, almost the same price.

The fluctuation in the exchange rate in Turkey is an important factor in determining the policy of our domestic sale prices. Since domestic sales are made in Turkish Lira, production costs are in US Dollars, we have to calculate the exchange rate effect on the sales price.

The company concluded that most of the differences in the prices of domestic sales were due to the exchange rate policy and the payment terms provided to the customer.

The IA's Response

The IA did not use any exchange rate to compare the figures provided by the company, instead, actual figures of the company were provided in Turkish Lira. The company provided values in Appendices 1, 2, 4, and 5 in Turkish Lira, this was also confirmed by the invoices of the company, where export invoices include both the value in dollars and its equivalent in Turkish Lira.

Therefore, the IA did not conduct any calculation to convert values from US Dollars to Turkish Lira, all figures used are already supplied by the company in their responses to the questionnaire and deficiency letters and are kept in their books.

Concerning the payment terms, the IA did not calculate any adjustment other than that provided by the company in its responses, and the company did not provide a credit cost. Therefore, the payment terms did not affect dumping margin calculations.

7.1.2 Okkiran Tekstil Gida San. Ve Tic. Ltd. Sti Co.

7.1.2.1 The company mentioned that it checked normal value and export value from excel sheets sent by the IA regarding Okkiran dumping calculations. It calculated export value and found around ■■■ TL, with the same way it calculated normal value as below;

Normal Value= ■■■ TL/ ■■■ M2= ■■■ However, in excel sheet sent by the IA it is ■■■

The IA's Response

The IA first determines the like product according to the segregation followed by the company to be compared with the product concerned exported to Egypt. The determination of the normal value involves three major steps. In the first, the investigating authority examines whether there are representative sales of the product exported in the domestic market. In the second stage, the IA examines whether sales are made in the ordinary course of trade. In the last stage, the normal value is calculated depending on the conclusions reached by applying steps 1 and 2.

The IA calculated the normal value for the ■■■ types separately arriving at two figures representing the normal value for ■■■ Machine Made Carpet and ■■■ Machine Made Carpet. These figures were weighted by export quantities to be compared with the weighted average export prices ex-factory resulting in a weighted average normal value of the whole company as demonstrated in part 3 in the essential facts report.

7.1.2.2 As seen in the excel sheet of Okkiran dumping calculation, the company sold ■■■ m², in the domestic market and exported ■■■ m² to Egypt. As a manufacturer and exporter, the company sells in the domestic market very small quantities. The volume of orders affects prices as well. The company is giving higher prices for small quantities. For the company's factory, the selling volume to Egypt is approximately ■■■ times more than the selling volume of the domestic market. Thus, the company requests the consideration of this situation while calculating the dumping margin.

The IA's Response

First, the ■■■ m2 does not represent all domestic sales of the company but only the domestic sales in the ordinary course of trade representing only ■■■ percent of the domestic sales. Second, in order to ensure a fair and equitable comparison between the export price and the normal value and according to Article (2.4) of the Anti-dumping Agreement, all adjustments made by the company concerning the normal value and the export price were taken into consideration.

7.1.3 Kaplanser Hali Gida Ve Tekstil Sanayi Ve Ticaret Limited Sirketi Co.

7.1.3.1 Upon receiving the “Essential Facts Report (EFR)” it was noticed that the company is considered as “Other Companies” despite its goodwill and efforts to fully cooperate and provide all information and documents, which is also mentioned in the EFR page 9-10.

The company commented that it acted to the best of its ability given the fact that it was the first time to participate in an investigation and it does not have an integrated ERP system. However, unfortunately despite all of their efforts they were not informed about any deficiencies as per the provisions of WTO ADA Annex II, Article (6). The company mentioned that ample opportunity was provided to all other exporters to submit any missing or incomplete information and data necessary for the investigation as per the provisions of WTO ADA Annex II, Article (6).

Among all these exporters Kaplanser is the only exporter who was not given ample opportunity to provide any missing or incomplete data or document while other exporters received first and second deficiency letters.

Authority has sent the first deficiency letter to Art Carpet on 20 October, which is 1 month after the submission of the Kaplanser response, and the other two exporters received the 1st deficiency letters 10 and 20 days after the submission of Kaplanser response and we could be given the same opportunity by a deficiency letter.

Kaplanser submitted its response on 19 September 2020 since the company did not receive the questionnaire due to some technical problems and informed the IA about the communication problem and requested extension and due to late receipt, the company was not able to respond within the original time limits. Kaplanser had requested an extension of the time limit based on the receipt of the questionnaire and submitted our response as soon as we prepared it.

Kaplanser also mentioned six cooperative importers (Al-Morsy, Al-Mostaqbal, Royal, Al-Nazeer, Al-Hodayp, and Al-Sara) submitted their responses to the questionnaire in the first half of September and these importers submitted their responses to the deficiency letters in the second part of September.

From all these correspondences, Kaplanser observes that when the company responded on 18 Sept. 2020 the data collection process from the exporters and the importers was still continuing. However, unfortunately, Kaplanser was not informed about any deficiencies in our responses to the questionnaire and was not given ample opportunity to provide any missing or incomplete data and provide further explanations thereto.

The IA's Response

The IA confirms that Kaplenser was treated with a very high degree of transparency. The essential facts report was not the first time the company was notified that it will be subject to the provisions of article (6.8) of the Agreement due to the non-adherence to the time limits specified by the IA in the notice of initiation and the Agreement. The Investigating Authority (IA) had already notified the company of the reasons why information is rejected in more than one communication as mentioned in paragraph 1.5.3.4 in this report.

According to the provisions of article (6) of the Agreement, the IA has the right to reject information submitted after the expiry of the deadline. Parties, which reply outside the specified time limits, shall be treated as non-cooperative parties .

Article (6.1.1) states that "Exporters or foreign producers receiving questionnaires used in an anti-dumping investigation shall be given at least 30 days for reply. Due consideration should be given to any request for an extension of the 30 day period and, upon cause shown, such an extension should be granted whenever practicable."

(footnote original) 15 As a general rule, the time-limit for exporters shall be counted from the date of receipt of the questionnaire, which for this purpose shall be deemed to have been received one week from the date on which it was sent to the respondent or transmitted to the appropriate diplomatic representative of the exporting Member or, in the case of a separate customs territory Member of the WTO, an official representative of the exporting territory.

The time limits for completing an Investigation serve to circumscribe the obligation in Article (6.1.1) to provide all interested parties 30 days to reply to a questionnaire. In Mexico – Anti-Dumping Measures on Rice, the Appellate Body found:

"The due process rights in Article (6) of the Anti-Dumping Agreement—which include the right to 30 days for reply to a questionnaire—'cannot extend indefinitely' but, instead, are limited by the investigating authority's need 'to control the conduct' of its inquiry and to 'carry out the multiple steps' required to reach a timely completion' of the proceeding. As such, the time-limits for completing an investigation serve to circumscribe the obligation in Article (6.1.1) to provide all interested parties 30 days to reply to a questionnaire."

Therefore, the IA refused to grant the company an extension as it is already requested after the expiration of the time limits, and the IA has already reached a step in the investigation where all the other companies concerned with the investigation have already sent their responses to the questionnaires within the time limit specified for each.

However, the company sent a communication asking the IA to reconsider its decision as they have already prepared its response to the questionnaire.

The IA asked the company to send the response, taking into account that considering this data is not obligatory for the Investigating Authority as it is sent after the due dates specified by the IA. Thus, the reason for rejecting the information was already communicated to the company before the dissemination of the essential facts report.

All other interested parties requested an extension to the deadline within the time limits specified. Therefore, the comparison between Kaplenser and other exporters is not reasonable.

Thus, the company sent the requested information after the specified due dates and this information was found to be also insufficient and unverifiable. So the decision of the IA was not based only on the insufficiency of the data submitted but was based on the first place on the timing on which this insufficient data was provided .

The Appellate Body in US – Hot-Rolled Steel considered that a 'reasonable period' must be interpreted consistently with the notions of flexibility and balance that are inherent in the concept of 'reasonableness', and in a manner that allows for account to be taken of the particular circumstances of each case. In considering whether information is submitted within a reasonable period of time, investigating authorities should consider, in the context of a particular case, factors such as: (i) the nature and quantity of the information submitted; (ii) the difficulties encountered by an investigated exporter in obtaining the information; (iii) the verifiability of the information and the ease with which it can be used by the investigating authorities in making their determination; (iv) whether other interested parties are likely to be prejudiced if the information is used; (v) whether acceptance of the information would compromise the ability of the investigating authorities to conduct the investigation expeditiously; and (vi) the numbers of days by which the investigated exporter missed the applicable time-limit ".

Therefore, information submitted by the company was not rejected based on the expiration of the deadline only but also on the quality of information submitted in light of the verifiability of the information and the ease with

which it can be used by the investigating authorities in making their determination.

Concerning the company's allegation that it has the right to submit further information after the deadline, the Panel in Korea – Certain Paper considered that what paragraph 6 requires is:

"That the IA has to give the interested party whose information is rejected the opportunity to explain to the IA why the information has to be taken into consideration. This, in turn, would give the IA a second chance to review its decision to reject that information. Paragraph 6 does not, however, give the interested party a second chance to submit information. If paragraph 6 is interpreted to mean that each time there is a defect in the submitted information the interested party concerned has the right to submit further information, the investigation might carry on indefinitely".

The IA already gave the company a second chance to review its decision to reject that information, but this does not imply that the company has another chance to submit information as the investigation is bounded by a strict timetable to allow its conclusion within the timing specified by the agreement.

7.1.4 General Secretariat of Southeast Anatolian Exporter's Associations (GAIB)

7.1.4.1 For **Art Carpet**, despite there are ■ different types that were determined to be sold in the domestic market, the IA refers to “one average ex-factory domestic selling price”, while for **Okkiran** company, there are several types of products in domestic and export market, but the IA refers to “one average ex-factory domestic selling price”.

For both companies, there should be “type-specific weighted average domestic selling price adjusted by all relevant allowances”.

The IA's Response

The IA first determines the like product according to the segregation followed by the company to be compared with the product concerned exported to Egypt. The determination of the normal value involves three major steps. In the first, the investigating authority examines whether there are representative sales of the product exported in the domestic market. In the second stage, the IA examines whether sales are made in the ordinary course of trade. In the last stage, the normal value is calculated depending on the conclusions reached by applying steps 1 and 2. Therefore, the normal value is determined based on the product types that are only alike to that exported to Egypt.

The IA calculated the normal value for the ■ types separately and the figures calculated were weighted by export quantities to be compared with the weighted average export prices ex-factory to arrive at a single dumping margin for the company.

Thus, the IA followed the segregation of the product types based on the criteria documented in the company's documents and records, which is the same methodology requested by GAIB.

- 7.1.4.2 For **Art Carpet** the IA refers to “average sales tax (Value Added Tax, VAT) TL/m²” which is normally as a percentage of the sales price. Therefore, any adjustment as a fixed “TL/m² VAT” would not reflect the actual adjustment. In fact, all prices in Turkey are excluded VAT but, later on at the bottom of the invoices VAT is added. Therefore, the exclusion of VAT is very straightforward and simple. In that respect, we request the IA to adjust VAT as a percentage of every transaction” not “on an average as fixed TL/m²”.

The IA's Response

The IA did not use fixed TL/m² to calculate the VAT, instead, actual figures of the company were used as provided in its responses representing an amount per every sales transaction which was also variable in the invoices of the company. These amounts were deducted on a transaction-by-transaction basis to arrive at the ex-factory price. To report the VAT adjustment in the report; total amount these figures were summed and then divided into the total quantity sold during the POI.

- 7.1.4.3 On the export price side, it is noticed that the IA refers to a “weighted average export price” despite there are ■ types of products to be examined. In that respect, we conclude that your Authority used weighted average (Normal Value) versus weighted average Export Price

But in our case, for both exporting companies, there is more than 1 type of product and there should be ■ weighted average Normal Values and ■ weighted average Export Prices.

Therefore, we hereby request a clarification on whether all types of products summed up to obtain one single Normal Value and one single Export Price or each type of product have their own weighted average domestic price and weighted average export price.

The IA's Response

The IA calculated the export price for the two types separately and the figures calculated were compared with the weighted average normal value ex-factory to arrive at a single dumping margin for the company.

Thus, the IA followed the segregation of the product types based on the criteria documented in the company's documents and records, which is the same methodology requested by GAIB.

It is indeed worth-mentioning that the excel sheets upon which the calculation is based were sent to each of the cooperated companies to ensure transparency of the dumping calculation, and both companies send their comments on it as demonstrated in the former sections.

7.1.4.4 The company refers to the provisions of the ADA Article (2.4) and requested;

To compare the WA Export Prices with WA Normal Value for each type of product for both exporters not a general WA vs WA comparison treating different types of products as the same type of product.

The IA's Response

Please see response to paragraphs 7.1.4.1 and 7.1.4.3.

7.1.4.5 To convert the export prices into Turkish Lira as explained in section 3.2 of EFR, all export transactions are converted by using daily exchange rates as of the date of export invoice as using one average exchange rate would be distorting the prices due to the high devaluation of TL during 2019,

The IA's Response

The IA used the data submitted by the companies in each response and used their own figures in Turkish Lira (please see the reply of paragraph 7-1-1-1) and their exchange rates submitted if figures are in US Dollars.

7.1.4.6 To make the adjustment for VAT is done as a “% of each transaction” but not “on an average as fixed TL/m²”,

The IA's Response

Please see the response to paragraph 7.1.4.2.

7.1.4.7 To make necessary allowances on domestic sales prices such as export market expenditures as such expenditures are only applicable for the export markets and

those should not be included in the “ordinary course of trade” test. Otherwise, the test would result in larger volumes of domestic sales be disregarded based on “loss-making sales” and the Normal Value would be determined at a higher level.

The IA's Response

To ensure a fair and equitable comparison between the export price and the normal value and according to Article (2.4) of the Anti-dumping Agreement, all adjustments made by the company concerning the normal value and the export price were taken into consideration. The IA did not apply any adjustment to normal value and export prices that were not submitted by the companies and it considered all adjustments alleged by the companies in their responses.

7.1.5 Importers

7.1.5.1 The company alleged that interested parties were not provided the opportunity to review the essential facts under consideration which form the basis of the IA’s determination of dumping in accordance with the provisions of Article (7) of the Regulation. For example:

The IA has exaggerated the use of confidential information in:

- Determining the normal value, item 3.1
- Determining the margin of dumping, item 3.4

The IA’s response

The IA makes available, during the course of investigation, the non-confidential summaries provided by the interested parties through the public file at the premises of the IA in Cairo until a final determination is made in accordance with paragraph 13 of the Notice of Initiation which was sent to all interested parties.

According to the provisions of Article (6.5) of the Agreement, " Any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential basis by parties to an investigation shall, upon good cause shown, be treated as such by the authorities. Such information shall not be disclosed without specific permission of the party submitting it."

The IA, when requesting information from the interested parties, requests the interested parties to determine the extent of the confidentiality of such information and requests also a non-confidential version of the responses to questionnaires. Exporters considered the data which were not disclosed in the Essential Facts Report confidential and provided non-confidential summaries

of their responses to questionnaires and to deficiency letters. It was found that these summaries permit a reasonable understanding of the substance of the information submitted in confidence in accordance with the provisions of Article (6.5.1) of the Agreement. The report is consistent with the provisions of Article (7) of the Regulation.

7.1.5.2 The IA has obviously violated Article (23) of the Regulation when it did not send neither to the interested parties nor to the representatives of the exporting countries a copy of the non-confidential version of the application, the notice of initiation and questionnaires which the interested parties should respond to within a time limit not exceeding 37 days from the date of receipt to provide the IA with the data required for the investigation. The IA had only sent the notice of initiation dated 22/6/2020 which deprives exporters of the legitimate right prescribed in Article (23) of the Regulation and breaches the principle of equality and the essential guarantees prescribed by the law. Therefore, the investigation and its subsequent legal proceedings are null and void. In addition, the misunderstanding and misinterpretation result in the disregard of “Kaplanser Hali Gida Ve Tekstil Sanayi Ve Limited Ticaret Sirketi” - as mentioned in paragraph (1.5.3.4) (whether intentionally or not), raise doubts concerning the impartiality and transparency of the investigation and lead to false conclusions in whole and in part.

The IA’s violation of Article (25) of the Regulation has deprived all interested parties and other parties concerned of their right to have a fair opportunity to defend their interests.

The IA’s response

Concerning what the company raised about the failure of the IA to send to the interested parties and to the representatives of the exporting countries a copy of the non-confidential version of the application, the notice of initiation of the investigation, and questionnaires, please refer to Paragraph 6.4.1 of the Essential Facts Report.

As for the allegation that the interested parties and other parties concerned were not given a fair opportunity to defend their interests, especially Kaplanser Hali Gida Ve Tekstil Sanayi Ve Limited Ticaret Sirketi, please refer to the company's situation in paragraph 1.5.3.4 of the Essential Facts Report and paragraph 7.1.3.1 of this Report.

The IA confirms that all interested parties have been given a full opportunity to submit their data and defend their interests and that the IA is completely unbiased and deals with each party according to the data provided within the specified time limits.

7.1.5.3 The IA did not make verification visits to the exporters to obtain the data and information necessary to defend their interests and ensure the transparency of investigation. These verification visits would help the IA to determine the

differences between the technology used in the manufacture of the imported product and the technology used in the manufacture of the domestic product and the effect of such technology on the quality, cost, modernity of taste, designs, colors and materials, which has an impact on the market share.

The IA's response

Article (26) of the Regulations stipulates that: "*The Investigating Authority may conduct on-the-spot verification visits inside and outside the country to obtain the information and data required for the investigation provided they obtain the approval of the parties concerned.*"

Article (6.7) of the Agreement also stipulates that "*In order to verify information provided or to obtain further details, the authorities may carry out investigations in the territory of other Members as required, provided they obtain the agreement of the firms concerned and notify the representatives of the government of the Member in question, and unless that Member objects to the investigation.*"

It is clear from the above two articles that the Agreement and the Regulation permits the IA to make a verification visit; however, such visit is not a condition to prove the veracity of the data submitted in the investigation. The panel in the case of ceramic tiles confirmed this point in a footnote and indicated that "While such on-site verification visits are common practice, the Agreement does not say that this is the only way or even the preferred way for an investigating authority to fulfill its obligation....".

Article (6.7) stipulates "*In order to verify information provided or to obtain further details, the authorities may carry out investigations in the territory of other Members as required.....*". Verification visits are common practice and the Agreement does not state that these visits are the only way or even the preferred way which enables the IA to abide by its commitment according to Article (6.6) to verify the accuracy of the data submitted by the interested parties and form the basis of the conclusions of the IA.

The IA sent several deficiency letters to exporters to request for detailed data, as well as the sources of such data based on the records kept by the exporters or cooperative producers, in order to verify the accuracy of such data as is done during the verification visit, which places an additional burden on the IA. However, the IA does not make determinations based on inaccurate information and data as alleged by the importing company, and it stands completely unbiased towards any interested party.

7.1.5.4

It was mentioned in paragraph 1.8.1 that due to the non-cooperation of some foreign exporting producers, the IA has relied on the best information available in accordance with the provisions of Article (6.8) of the Anti-Dumping Agreement and Articles (27 and 35) of the Regulations to calculate the margin of dumping.

The IA may not make conclusions based on the best available information because it did not fulfill its legal duties and did not apply Article (23) of the Regulation as previously mentioned while all the importing and exporting companies express their willingness to cooperate because they are concerned with the case and not because they have been previously notified according the law. The IA may not ignore the data whether submitted within the specified time limits or after the time limits because exporters and importing companies were not notified of the initiation of the investigation as stipulated by the law.

Hence, the IA may not reach conclusions based on the best available information because of the possibility of raising doubts of fraud, collusion and total bias towards the domestic industry without achieving the main purpose of the measures, which is to protect the national economy from the injurious effects of unfair practices in the international trade and making the IA abuse power in a way that we do not accept - as the main purpose of the procedural steps of the measures is to protect international trade from injurious practices, and avoid blind bias or exploitation and misuse of data.

The IA's Response

IA sent the initiation package to the known exporters and to the Turkish government, which in turn sent the package to the unknown exporters in Turkey who were granted 37 days to respond to the questionnaires. The IA received requests from known exporters and some unknown exporters to be included in the sample during the time limits specified in the Notice of Initiation which means that documents have been sent to all known and unknown exporters without discrimination (please refer to Part (1) of the Essential Facts Report.)

In light of the foregoing, it is clear that the IA has been unbiased and has fully applied the provisions of Article (23) of the Regulation.

The IA has resorted to the best available data in accordance with the provisions of Article (6.8) of the Agreement and Articles (27) and (35) of the Regulations after providing all exporters the opportunity to cooperate with the IA throughout the period of data collection and according to the time limits specified in the Notice of Initiation. The conclusions were drawn based on the best available data from reliable sources.

The importing company based its allegation on an inaccurate understanding and incomplete reading of the Essential Facts Report as illustrated in the IA's response to paragraph (7.1.4.5)

7.1.5.5

The IA considered both of Art Carpet Sanayi Ve Ticaret Anonim Şirketi and OKKIRAN TEKSTİL GIDA SAN. VE TİC. LTD. ŞTİ two cooperating companies and used the information contained their responses to the questionnaires and deficiency letters in the determination of the normal value while excluded both of

Kaplanser Hali Gıda Ve Tekstil Sanayi Ve Ticaret Limited Şirketi and Nazar Kadife Dokuma Sanayi Ve Ticaret Limited Şirketi.

Importers objected to the above-mentioned facts for the following reasons:

- Lack of information on the volume of the imports of each company, the percentage of these imports into Egypt, the sales of the like product of each company in the domestic market and whether these sales account for less or more than 5 percent of its total exports to Egypt.
- Excessive use of confidentiality, which is against the transparency of the calculation of normal value.
- The report does not clarify whether the invoices of the sales of Art Carpet Sanayi Ve Ticaret Anonim Şirketi in the Turkish domestic market were for machine made carpets or for floor coverings. The report does not clarify also the specifications of the products contained in these invoices.
- The report does not show the volume of production of Art Carpet Sanayi Ve Ticaret Anonim Şirketi or OKKIRAN TEKSTİL GIDA SAN. VE TİC. LTD. ŞTİ, the percentage of domestic sales and the percentage of exports as compared with the volume of production.
- The report does not contain evidence of whether these invoices are accurate to be used in the calculation of the base price.
- The report does not refer to any verification visit to the companies to examine the accuracy of their data and their ability to produce and export.

The IA's Response

-Regarding whether the sales of the like product account for less or more than 5 percent, please refer to Part (3) of the Essential Facts and Conclusions Report. The calculation of this percentage is not related to the determination of an individual dumping margin for the exporter but rather to the determination of the normal value for the purposes of calculating the margin of dumping as described in the general methodology in Part (3) of the Report.

-“Confidentiality” has been discussed previously.

-The IA has verified the accuracy and adequacy of the data of each exporter but the data, which the exporting company requests to be included in the report, are confidential and may not be disclosed without permission from the interested party who provided such data in accordance with the provisions of Article (6.5) of the Agreement.

-With regard to the allegation that the report does not evidence of the accuracy of the data contained in the invoices to be used in the calculation of the base

price, the IA sends many deficiency letters to the exporters to verify the accuracy and adequacy of the data in order to determine correctly the margin of dumping.

-Verification visits have been discussed previously.

- 7.1.5.6 The importing company objects to the use of the invoices of the domestic sales of both Art Carpet Sanayi Ve Ticaret Anonim Şirketi Co and OKKIRAN TEKSTİL GIDA SAN. VE TİC. LTD. ŞTİ Co as base prices to calculate fair values due to the lack of any information on these companies, their products, specifications, volume of production, percentages of their exports and sales in the domestic market and on whether these transactions were profitable or not?

The IA's Response

Please refer to paragraphs (3.1.1) and (3.1.2) concerning the base prices of the two aforementioned companies where it is demonstrated that the IA has determined the like product and whether it is identical to the product under investigation and the comparison between the like and concerned products. An examination of whether the domestic sales of the like product during the investigation period represented 5 percent or more of the total export sales to Egypt in accordance with the provisions of Article (2.2) of the Agreement, was also reported. The IA has also examined whether these domestic sales were made in the ordinary course of trade i.e., sold at a price higher than cost by comparing the domestic net selling price with the cost of production in accordance with the provisions of Article (2.2.1) of the Agreement.

- 7.1.5.7 The margins of dumping of the cooperating companies are unfair. Exporters and importers objected to these dumping margins because they are not based on publicly available accurate disclosed data, a matter that prevent interested parties from a clear understanding of the methodology used and from being confident in its conclusions. In addition, tables do not reflect such conclusions and there is a price privilege for some companies which violates the principle of fairness, equality and fair competition among the different companies.

The IA's Response

The IA calculates an individual margin of dumping for each company based on the data provided by every exporter and based on the data contained in the records of each company, in accordance with the provisions of Article (2) of the Agreement. Thus, the variation in the margins of dumping reflects prices difference between cooperating exporters. The IA has received the comments of exporters on the calculation of the margins of dumping and responded to such comments in detail in this report.

- 7.1.5.8 The importing company requests the IA to give an opportunity to Turkey and the Turkish companies especially Kaplanser Hali Gıda Ve Tekstil Sanayi Ve Ticaret

Limited Sirketi And Nazar Kadife Dokuma Sanayi Ve Ticaret Limited Şirketi which are excluded from the investigation to hold consultations, cooperate with the IA and provide all the data and information related to the subject product instead of relying on the best available data. The company requests the IA also to make verification visits to the exporting companies to examine the modern technology used in manufacturing the product, the quality of the materials, colors and designs of the imported product to identify the essential differences between the imported product and the one produced by the domestic industry in the form and in the specifications which will confirm that the comparison between the two products is unfair, and that the two products are not identical or have closely resembling characteristics as concluded by the IA. These two companies are also willing to offer price undertaking which may eliminate the alleged dumped margin.

The IA's Response

The IA shall adhere to the time limits specified in the Agreement to complete the investigation proceedings within the specified time limits. Therefore, the IA determines a time limit within which responses from exporters should be sent in order to be considered cooperative exporters in the investigation. Thus, no other opportunity can be given to non-cooperating exporters during this stage of the investigation. In addition, no exporting company has submitted a request for a price undertaking as the exporter is the one who offers a price undertaking not the importer. Additionally, neither the exporting companies nor the government of Turkey has submitted any request for holding consultations with the IA. There was just a request from the GAIB to hold a meeting, and the IA set a date to hold an online meeting but the Turkish side withdrew the request.

7.2 Comments of Interested Parties on Injury

7.2.1 Comments of Importers

7.2.1.1 The IA sent the questionnaire, a copy of the Notice of Initiation and the non-confidential version of the application to the importing company only upon the company's request as one of the interested parties.

The IA's Response

The IA sent the importers' questionnaire, a copy of the Notice of Initiation and a copy of the non-confidential version of the application to the known importers whose names are listed in the application. The IA also notified the WTO and the General Federation of Chambers of Commerce (i.e. the organizer of the importation process). With regard to the other importers unknown to the IA, it was mentioned in paragraph No. 7 of the Notice of initiation that foreign producers and exporters and importers of the product under investigation unknown to the IA must make themselves known to the IA to obtain a copy of the questionnaire within 30 days from the date of publishing

the Notice of Initiation in the Egyptian *Official Gazette* and be able to submit their responses within the specified time limits. Six companies made themselves known during the specified time limits. The IA sent those companies the importers' questionnaire, a copy of the Notice of Initiation and a copy of the non-confidential version of the application and granted them a 37-day term to respond to the questionnaire.

- 7.2.1.2 The IA exaggerated the use of confidential data in the Volume of Imports section (1.2) and Price Effects section (4.3)

The IA's Response

Section (4.1) discusses the development of the volume of dumped imports in absolute terms and relative to production during the period of investigation. Table (4.1) shows the absolute increase in the dumped imports, which is a non-confidential statement. The table also shows the relative increase in imports which is considered confidential by the applicant because it includes the volume of production thereof. However, the domestic industry submitted a non- confidential version of the application in accordance with Article (6.5.1) of the Anti-Dumping Agreement.

As for price effects, they are confidential information by nature in accordance with the provisions of Article (6.5) of the Anti-Dumping Agreement, which stipulates: “*Any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential basis by parties to an investigation shall, upon good cause shown, be treated as such by the authorities. Such information shall not be disclosed without specific permission of the party submitting it*” The applicant considered the aforementioned information confidential by nature and submitted non-confidential summaries permitting reasonable understanding of such information.

- 7.2.1.3 The IA was biased against importers and exporters and abused its authority by initiating an investigation which does not satisfy the requirements of the initiation of an investigation set forth in Article (19) of the Regulations which states “*An investigation shall not be initiated unless the application is supported by those domestic producers whose collective output constitutes more than 50 per cent of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application However, no investigation shall be initiated when domestic producers expressly supporting the application account for less than 25 per cent of total production of the like product produced by the domestic industry.*”

The IA's Response

The IA gave all parties full opportunity to communicate with the IA in case they needed any explanation of the provisions of the Agreement, the Regulation and the investigation proceedings.

With regard to the representation of domestic industry, the domestic industry provided the percentage of the industry representation in the application, where the applicant (Oriental Weavers Carpet Company) constitutes more than 50 percent of the total Egyptian production of machine-made carpets and floor coverings, based on an official statement of the Federation of Egyptian Industries showing the production volume of all the domestic producers of the like product and the percentage of representation of the total domestic production, in accordance with the provisions of Article (5.4) of the Agreement.

7.2.1.4 The importers have stated/mentioned the following points:

- The increase in the rates of the domestic industry production in absolute or relative terms,
- The increase in the number of domestic industry's representatives during the period of investigation,
- The increase in the prices of the imported product compared to the domestic product,
- The difference in the characteristics, materials, quality and technology between the imported product and the domestic product, which resulted in unfair comparison between both products,
- The imported product had a slight market share compared to the domestic product, whose share increased and absorbed the majority of the market share, and
- Ignoring other causes of the decline in profits and growth rates such as change in taste, quality, modern designs, differences in technology, market conditions, increase in prices of power, increase in production cost, increase in the number of laborers, etc.

The IA's Response

The IA has concluded that there was no increase in production. On the contrary, there was a decline in the volume of production as shown in Table (4.4).

The increase in the number of the domestic producers representing the domestic industry does not mean that there was no increase in the dumped imports or that the domestic industry did not suffer material injury during

that period. In addition, the increase in the number of producers in the domestic market creates fair competition.

As for the increase in the prices of the imported product compared to the domestic product, the IA found a price undercutting of 20 percent by the product imported from Turkey as compared with the average price of the domestic product (see Table 2.4).

As for the increase in the market share of the domestic industry, the IA concluded that the market share increased during the period of investigation coinciding with the increase in the market share of dumped imports and the decline in both the volume and market share of the domestic sales, and the volume and market share of the other domestic sales.

As for the difference between the imported product and the domestic product in terms of characteristics, materials, quality and technology, which resulted in unfair comparison between both products and ignoring other causes of the decline in profits and growth rates such as change in taste, quality, modern designs, differences in technology, market conditions, increase in prices of power, increase in production cost, increase in the number of laborers, etc., the IA has concluded that the applicant is one of the well-known international carpet manufacturers (companies) and uses the latest technology in this industry. The IA, in accordance with Article (2.6) of the Agreement, has examined the domestic product and the imported product and concluded that the product produced by the domestic industry and the imported product have closely resembling specifications in terms of physical characteristics, specifications, manufacturing methods, customs classification, uses and distribution channels. Hence the IA has concluded that the product produced by the domestic industry and the imported product are alike and are substitutable for one another.

It is worth noting that some of the interested parties consider the imported product closely resembling the domestic product. In addition, the Agreement as well as the Regulation do not provide for quality as one of the factors to be considered when examining the like product in anti-dumping cases.

In addition, the IA has examined the other factors of injury in section (4.6) including, the rise in power prices where the IA has analysed power prices and concluded that they represent a small percentage of the cost of production.

As for the increase in the cost of labour, the IA reviewed the statement of wages during the verification visit and concluded that the increase in wages was the annual increase determined in accordance with the Laws of Labour.

Accordingly, the IA has concluded that the injury suffered by the domestic industry is not attributed to causes other than the dumped imports, and that

the dumped imports of the product under investigation had caused the material injury suffered by the domestic industry.

7.2.1.5 Other Domestic Producers and Volumes of their Production

The IA has violated the Regulation by not disclosing all the information related to those producers though it is essential information. Moreover, the report does not include any data on the volume of production of each producer and the percentage of production compared to the domestic industry, the quality and value of the product. All information is confidential including the names of companies

In addition, the three companies (i.e. Prado Egypt Rugs, El Nemr Factory and Makarem Tex), which were mentioned in the report do not constitute 25 percent of the domestic producers. There are other domestic producers disregarded by the IA.

The IA's Response

The domestic industry submitted a list including names of the domestic producers supporting the application and names of other producers. Accordingly, the IA sent a letter to the supporting companies requesting the volume of production and sales during the period of injury analysis.

As for the request of disclosing the volume of production of other producers, the IA has previously responded to this point/comment in paragraph No. 6.2.1.15 stating the domestic industry considered such data confidential, and hence cannot be disclosed by the IA in accordance with the provisions of Article (6.5) of the Agreement which stipulates: “*Any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential...*”. Moreover, the IA is committed to make the public file available to all interested parties during the course of investigation.

7.2.1.6 The IA made a verification visit only to the Oriental Weavers Carpet Company and sent a letter in this regard on 10/11/2020 (see paragraph no. 1.5.1.7). Does not that mean that the IA is biased towards the Oriental Weavers Carpet Company? The IA disregarded all the other companies which explicitly and implicitly means that the IA supports only Oriental Weavers which controls the market of carpets in Egypt and produces more than 90 percent of the total domestic production.

The IA's Response

In accordance with Article (26) of the Regulation, “*The Investigating Authority may conduct on-the-spot verification visits inside and outside the country to obtain the information and data required for the investigation provided they obtain the approval of the parties concerned.*”

Accordingly, the verification visit is not obligatory, but rather is left to the discretion of the IA. Since the Oriental Weavers Carpet Company represents the majority of the domestic industry, the IA found it necessary to make a verification thereto to verify the data included in the response to the questionnaire.

- 7.2.1.7 The IA did not abide by Article (19) of the Regulation which states” *An investigation shall not be initiated unless the application is supported by those domestic producers whose collective output constitutes more than 50 per cent of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application. However, no investigation shall be initiated when domestic producers expressly supporting the application account for less than 25 per cent of total production of the like product produced by the domestic industry”*

The IA’s Response

The IA has previously responded to the above comment in paragraph No. 6.2.1.15 and in the first part of paragraph No. 7.2.1.5 of this report.

- 7.2.1.8 The importers objected to what was stated in paragraph (2.2) in the report, “*The product under investigation is Machine Made Carpets and Floor Coverings of Textile, Industrial or Synthetic materials. Moreover, The IA has examined the like product and the imported products and found that the product produced by the domestic industry and the imported product are similar in terms of the physical characteristics, specifications, manufacturing process, H.S Tariff Code, end uses and distribution channels and that they are substitutable for one another. Hence, the IA has concluded that the product produced by domestic industry and the imported product are alike in accordance to the provisions of Article (2.6) of the Agreement.*”

The IA’s Response

The IA has previously responded to this point in paragraphs No. 6.2.1.5 and 7.2.1.4 of this report.

- 7.2.1.9 The imposition of any duty contradicts the expansion policy of the President of the Republic because the domestic industry is unable to satisfy the demand of the market. The imports of Turkey represent 90 percent of the total volume of imports and the domestic industry represented by the Oriental Weavers Carpet Company produces 90 percent of the total volume of the domestic industry while the other domestic produces produce the remaining 10 percent. The IA has not taken into consideration that the domestic industry will not be able to satisfy the needs of consumers and offer modern designs of high quality and bright colors which will disturb the market. It should be noted that the increase in the volume of imports did not negatively affect the domestic industry because the volume of the domestic production increased in the Egyptian market during the period of investigation.

IA's Response

The IA has concluded that the domestic industry is able to satisfy consumer demands for the product under investigation as long as it has the opportunity to utilize its available capacity under conditions of fair competition with imports from other countries which are imported at undumped prices as well as with the imports from the countries under investigation if it is proved that these imports came at dumped prices and anti-dumping duties have been imposed.

Concerning the increase in production, the IA concluded that there was a decline in both of the volume of production and the rate of capacity utilization (see Table 4.4).

- 7.2.1.10 It is clear from the comparison shown in Table (4.1) that the increase in imports in absolute or relative terms is parallel and insubstantial/ inconsiderable when compared to production, where the volume of production declined by 2 percent in 2017 compared to imports, and by 1 percent in 2018, while the volume of production increased by 6 percent in 2019 compared to imports.

The IA's Response

Article (39) of the Regulation states “*The Investigating Authority, having examined all positive evidence, shall determine the material injury suffered by the domestic industry and shall verify the following: Existence of significant increase in dumped imports, either in absolute terms or relative to production or consumption in Egypt*”.

Table (4.1) includes two types of analysis: analysis of imports in absolute terms (a horizontal analysis) and analysis of imports in relation to production (a vertical analysis). The IA has concluded that there was an increase of 117 percent in the volume of imports in absolute terms in 2018 compared to 2017, and that the increase continued to reach 47 percent in 2019 compared to 2018. Moreover, the IA has concluded that there was an increase of 116 percent in the dumped imports in relation to production in 2018 compared to 2017, and that the increase continued to reach 53 percent in 2019 compared to 2018.

Furthermore, it is incorrect in the analysis pattern to compare or analyze the rates of change in a vertical manner as mentioned in the comment. (OR) Furthermore, comparing or analyzing the rates of change in a vertical manner is considered incorrect.

- 7.2.1.11 The IA did not disclose the basis, criteria and controls on which the comparison between the like product and the product under investigation was made to determine whether this comparison is correct and fair. We confirm that the comparison was made between identical sizes, but we are certain that it was not made between identical or similar products or at the same level of trade, and therefore we object to the incorrect data stated in paragraph 4.3.2.1 due to the

existence of different prices of the same size of the product of the domestic industry and the imported product. Some prices of the domestic product are higher than the prices of the imported product and vice versa according to the trade level of each product.

The IA's Response

The IA has previously responded to such comment in paragraphs No. 6.2.1.5 and 7.2.1.4 of this report.

- 7.2.1.12 The report ignored the expansion plan of the domestic industry which primarily aims at replacing and renewing some of the looms in order to meet the demand for new designs and products, keep pace with technological development with the aim of improving the production process and reducing waste. The report also ignored the impact of such change on the decrease in the volume of production of stagnant varieties and old/classic models that do not keep pace with the new tastes in the market, and the partial transformation of the domestic industry from the production of mechanical carpets to the production of floor coverings, which resulted in the deduction of part of the production of the mechanical carpet industry in favor of the production of floor coverings, which began on a trial basis in 2017, while the actual production began in 2018. The Oriental Weavers Company acquires 100 percent of carpet covers production with no partner or competitor.

The IA's Response

The IA has previously responded to this comment in paragraph 6.2.3.6 concluding that the increase in production capacity (investments) was carried out according to an expansion plan which aimed primarily at replacing and renewing some of the looms used in order to meet the demand for new types (varieties) and patterns in the market, in addition to the company's wish to keep pace with technological development in order to improve the production process and reduce wastes.

- 7.2.1.13 The change in the consumption pattern of the consumer in the market affects the volume of production and the sales share of the domestic industry.

The IA's Response

The IA has already responded to this comment in paragraph No. 7.2.1.12. concluding that the increase in production capacity (investments) was carried out according to an expansion plan which aimed primarily at replacing and renewing some of the looms used in order to meet the demand for new types (varieties) and patterns in the market, in addition to the company's wish to keep pace with technological development in order to improve the production process and reduce wastes. Therefore, the change in the consumption pattern of the consumer in the market did not affect the volume of production and the sales share of the domestic industry.

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- 7.2.1.14 We believe that the sickness, absence and death of Muhammad Farid Khamis, "May God Have Mercy on Him", had a negative effect on the volume of production, sales in the domestic market and exports.

The IA's Response

The Oriental Weavers Company is a large economic entity listed on the Egyptian Stock Exchange, which means that it is owned by shareholders and the board of directors of which is subject to accountability by the general assembly of the company. According to contemporary management principles, such large entities are not managed on an individual basis, but on an institutional basis in accordance with well-established organizational principles and rules developed in advance by the senior management, which afterwards assumes responsibility for long-term strategic planning. All operations related to production, sales, and other daily regular activities which take place inside and outside the company are the responsibility of the managers of different departments and follow-up department, which makes periodic progress reports to be submitted to the company's Board of Directors.

The IA has examined the causal link between the dumped imports and the material injury suffered by the domestic industry in accordance with Article (41) of the Regulation and Article (3.5) of the Agreement in light of the responses of the domestic industry and importers to the questionnaires, the results of the on-the-spot verification visits made to the domestic industry, as well as all the comments of the interested parties during the period of investigation and concluded that there was an increase in the volume of the dumped imports in absolute terms and relative to the domestic production, and an increase in the market share of the dumped imports during the period of investigation.

In light of the price undercutting by the product imported from Turkey as compared with the price of the domestic product, the IA concluded that the domestic industry suffered material injury because the dumped imports absorbed a large share of the volume of the domestic market during the year 2019. The aspects of such injury were represented in an increase in inventory and a decline in the volume of production, rate of capacity utilization, productivity, market share of the domestic sales, profitability, cash flows, return on investment and inability to grow due to the flow of dumped imports in 2019.

The IA also concluded that there were no other causes/factors which might have contributed to the injury suffered by the domestic industry except for the export performance which might have had a limited impact; however, does not change the fact that there was a direct causal link between the dumped imports and the injury suffered by the domestic industry.

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- 7.2.1.15 Modern models and designs of different colors of ceramic tiles caused contraction in the demand for the product under investigation which in turn was reflected on the production of such product.

The IA's Response

The IA has concluded that the market volume of the product under investigation increased by 25 percent, 19 percent in 2018 and 2019 compared to 2017 and 2018, which indicates that there was no contradiction in demand as shown in Table (4.5). Despite the increase in the market volume, the domestic industry did not benefit from this increase because dumped imports absorbed increasing shares of the market volume during the period of investigation.

- 7.2.1.16 The balance sheets of the importing company show that there was surplus inventory during the years 2017, 2018 and 2019 at rates similar to the rates of the surplus inventory of the domestic industry due to the economic stagnation/recession. In addition, the increase in the volume of imports is the result of the increase in the purchasing power of the Egyptian pound and the collapse of the Turkish Lira, as previously shown, which is in consistence with the reached conclusions such as the decrease in the volume of production and consequently the decrease in the utilized capacity percentage during the years 2017, 2018 and 2019 respectively, not due to the increase in the volume of imports, but for other reasons that had no relation with the imported product.

The IA's Response

The IA has already responded to this comment in paragraph 6.2.3.5 of this report stating/explaining/clarifying that the decline of 4 percent in the volume of production in the 2019 as detailed in Table (4.4) was due to the company being forced to reduce the volume of production, hoping to dispose of the accumulated inventory caused by the huge increase in the volume of dumped imports, which absorbed a large market share of * percent during the same period.**

The IA has examined the causal link between the dumped imports and the material injury suffered by the domestic industry in accordance with Article (41) of the Regulation and Article (3.5) of the Agreement in light of the responses of the domestic industry and importers to the questionnaires, the results of the on-the-spot verification visits made to the domestic industry, as well as all the comments of the interested parties during the period of investigation and concluded that there was an increase in the volume of the dumped imports in absolute terms and relative to the domestic production, and an increase in the market share of the dumped imports during the period of investigation.

In light of the price undercutting by the product imported from Turkey as compared with the price of the domestic product, the IA concluded that the domestic industry suffered material injury because the dumped imports absorbed a large share of the volume of the domestic market during the year 2019. The aspects of such injury were represented in an increase in inventory and a decline in the volume of production, rate of capacity utilization, productivity, market share of the domestic sales, profitability, cash flows, return on investment and inability to grow due to the flow of dumped imports in 2019.

The IA also concluded that there were no other causes/factors which might have contributed to the injury suffered by the domestic industry except for the export performance which might have had a limited impact; however, does not change the fact that there was a direct causal link between the dumped imports and the injury suffered by the domestic industry.

7.2.1.17 Table (4.3) contradicts reality and has no sound basis. Moreover, prices increased by 66% in 2017 compared to 2016 and by 1% in 2018 in light of the decline in the value of raw materials due to the devaluation of the US dollar and its impact on maximizing the purchasing power of the Egyptian pound. This will result in achieving surplus, given that 30 percent of production inputs are (imported) in the US dollar achieving profits despite the fact that the selling price had not increased.

The IA's Response

Table (4.3) shows shows an increase of 66 percent in the average domestic selling price in 2017 when compared to 2016 (as a result of the increase in cost due to the rise in the value of the US Dollar against the Egyptian pound, where the price increased from 8.8 pounds to about 18 pounds. In 2018, the average domestic selling price increased slightly by 1 percent when compared to 2017. In 2019, the prices of the domestic industry remained stable when compared to 2018 as an attempt of the domestic industry to maintain the market share thereof in light of the increase in dumped imports.

7.2.1.18 The decline in the production of the domestic industry was insignificant and was not attributed to the significant increase in the imported products as concluded by the IA. Rather, such decline is due to several causes, including but not limited to the following:

- The desire of the domestic industry, represented in the Oriental Weavers Company to decrease its production in order to support its allegations mentioned in the application,
- The increase of the number of the new domestic industries and its impact on the market share of the applicant,

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- The decrease in the volume of exports of the domestic product because the models, designs, colors and other characteristics of such product are old/obsolete and do not cope pace with technological development,
 - The technology used by the domestic industry is outdated,
 - The political unrest in the country and its negative impact on economy and the purchasing power of the consumer, and
 - The impact of other imports on the volume of production, as shown in Table (4.11) of this Report.

The IA's Response

As for the decline in the volume of production, the increase in the number of domestic industries, the decline in the volume of exports of the like product, the outdated technology used and the allegation that the material injury suffered by the domestic industry is not due to the large increase in dumped imports, the IA has examined the causal link between the dumped imports and the material injury suffered by the domestic industry in accordance with Article (41) of the Regulation and Article (3.5) of the Agreement in light of the responses of the domestic industry and importers to the questionnaires, the results of the on-the-spot verification visits made to the domestic industry, as well as all the comments of the interested parties during the period of investigation and concluded that there was an increase in the volume of the dumped imports in absolute terms and relative to the domestic production and an increase in the market share of the dumped imports during the period of investigation.

In light of the price undercutting by the product imported from Turkey as compared with the price of the domestic product, the IA concluded that the domestic industry suffered material injury because the dumped imports absorbed a large share of the volume of the domestic market during the year 2019. The aspects of such injury were represented in an increase in inventory and a decline in the volume of production, rate of capacity utilization, productivity, market share of the domestic sales, profitability, cash flows, return on investment and inability to grow due to the flow of dumped imports in 2019.

The IA also concluded that there were no other causes/factors which might have contributed to the injury suffered by the domestic industry except for the export performance which might have had a limited impact; however, does not change the fact that there was a direct causal link between the dumped imports and the injury suffered by the domestic industry.

As for the political unrest in the country and its negative impact on the economy and the consumer's purchasing power, it should be noted that the political unrest was before the period of imports analysis and its impact on the

domestic industry had faded in a sufficient period in which Egypt regained improvement in most of its economic indicators.

- 7.2.1.19 The source of the data mentioned in Table (4.7) is unknown and have led to wrong conclusions. The calculation of the rate of return is based on inaccurate accounting principles and criteria, which contradicts what have been demonstrated in the memorandum and the information submitted to the IA regarding the impact on actual or potential decline in profits as well as the data issued by the stock exchange for the years from 2012 to 2019 as shown in the table on profits contained in Attachment No. 5 of the memorandum. The IA should reconsider the conclusions of the Essential Facts Report, which contradicts well-established facts stated by the domestic industry (i.e. the Oriental Weavers Company) in the stock exchange. We are quite confident that the IA will not disregard such facts.

The IA's Response

The IA has concluded that the increase in production capacity (investments) was carried out according to an expansion plan which aimed primarily at replacing and renewing some of the looms used in order to meet the demand for new types (varieties) and patterns in the market, in addition to the company's wish to keep pace with technological development in order to improve the production process and reduce wastes.

Moreover, the IA has calculated the return on investment by profit-to-investment ratios and concluded that the return-on-investment rates declined during 2018 and 2019 by 11 and 4 percent, respectively (see Table 4.10) due to the decline in the profits of the domestic industry resulting from the domestic industry's inability to compete with the dumped imports.

- 7.2.1.20 The decline in labor was of only 1 percent in 2019 compared to 2018. The rate of employment is related to other factors, including the age group of workers and the number of workers who leave work for reaching the retirement age or for other reasons. The IA has not taken these points into consideration which makes the conclusions contained in the report completely wrong.

The IA's Response

It's already confirmed that the number of required labor is directly proportional to the planned volume of production. In this context, the IA concluded that the decline in the number of workers was due to the domestic industry's need to reduce the volume of production in 2019 in order to dispose of the accumulated inventory resulting from the decline in the market share of the domestic product for the benefit of the dumped imports.

As for the increase in the volume of labor during the previous periods, it was for the purpose of providing trained labor to operate and manage the new modern looms.

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- 7.2.1.21 The rate of the increase in wages mentioned in paragraph 4.4.5.3 is the typical increase which matches the natural increase in wages and the number of workers.

The IA's Response

The IA has concluded that the rate of the increase in wages is the rate of the natural increase in wages, which is considered a positive indicator; however, the existence of one or more positive indicators does not negate the material injury suffered by the domestic industry, since one or several of the fifteen indicators/factors provided for in the Agreement cannot necessarily give a decisive guidance in accordance with Article (3.4) of the Agreement, which stipulates: “*The examination of the impact of the dumped imports on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.*”

- 7.1.22 The decline in productivity was due to other causes, including mismanagement, distribution of work, illness of Mohamed Farid Khamis and his son...., which was circulated/reported in press and media.

The IA's Response

There are no grounds for the allegation of mismanagement of the company given that the domestic industry is one of the major economic entities, which includes a group of different industries under strong management that makes the company one of the strongest economic groups in Egypt. This is previously mentioned in the response to paragraph No. 7.2.1.14 of this report

- 7.1.23 The IA has concluded that the decline in cash flows was due to the change in the company's methodology in dealing with customers and its need to resort to forward sales in order to maintain its market share in light of competition with dumped imports, which led to changes in the accounts of debtors and negatively affected the cash flows resulting from operating activities. This conclusion is incorrect, and even if it is correct, the decline in cash flow is attributed to causes other than imports, which constitute only 5 percent. Other causes of the decline in cash flow include, inter alia, fixed designs, old models, dull colors and the outdated technology used by the domestic industry compared to the technology used by exporters. The IA have not realized such causes and ignored the main points of difference mentioned in part No. 3 of the response of importers concerning the technical and economic matters. In addition, the IA did not make a verification visit to the exporters industry, to determine the extent of the technological development used, and the other differences affecting the quality of the product.

The IA's Response

The IA has concluded, through the on-the-spot verification visit, that the domestic industry uses modern technology, and this is confirmed by the

company's desire to replace and renew not all looms, but some looms, in order to meet all tastes in the market and keep pace with rapid technical development. Continuous and periodic replacement and renewing decisions are also considered strategic decisions within the framework of the prudent management of the company's fixed assets in order to avoid technical obsolescence.

The IA has examined the causal link between the dumped imports and the material injury suffered by the domestic industry in accordance with Article (41) of the Regulation and Article (3.5) of the Agreement in light of the responses of the domestic industry and importers to the questionnaires, the results of the on-the-spot verification visits made to the domestic industry, as well as all the comments of the interested parties during the period of investigation and concluded that there was an increase in the volume of the dumped imports in absolute terms and relative to the domestic production, and an increase in the market share of the dumped imports during the period of investigation.

In light of the price undercutting by the product imported from Turkey as compared with the price of the domestic product, the IA concluded that the domestic industry suffered material injury because the dumped imports absorbed a large share of the volume of the domestic market during the year 2019. The aspects of such injury were represented in an increase in inventory and a decline in the volume of production, rate of capacity utilization, productivity, market share of the domestic sales, profitability, cash flows, return on investment and inability to grow due to the flow of dumped imports in 2019.

The IA also concluded that there were no other causes/factors which might have contributed to the injury suffered by the domestic industry except for the export performance which might have had a limited impact; however, does not change the fact that there was a direct causal link between the dumped imports and the injury suffered by the domestic industry.

7.2.1.24

We have discussed before the net profits of the domestic industry and pointed out that the rate of return on investment increased during the year 2017 compared to 2016, and during the years 2018 and 2019 compared to 2017 and 2018 respectively, which means that imports did not causes direct injury to the domestic industry. Furthermore, the decline in the rate of return on investment in 2018 and 2019 was due to the partial transformation of the domestic industry from the production of machine-made carpets to the production of floor coverings which began on a trial basis in 2017 as stated by the IA in the report.

The IA's Response

The IA concluded that the rate of return on investment increased naturally in 2017 due to the increase in the unit's profitability resulting from the decline in

the volume of the dumped imports after the liberalization of the exchange rate and the adoption of the factory registration system. This enables the domestic industry to increase selling prices with an appropriate amount, though such increase did not cover the increase in production costs in full (see Table 4.3). However, the domestic industry was unable to increase selling prices to cover the increase in production costs due to the remarkable increase in the volume of dumped imports in absolute terms of 117 and 47 percent in 2018 and 2019 respectively (see Table 4.3). The inability of the industry to increase selling prices necessarily led to a decline in the unit's profitability and the rate of return on investment of 11 and 4 percent during 2018 and 2019 respectively (see Table 4.10).

7.2.1.25 The conclusion of the IA concerning the inability of the domestic industry to grow is contradicted by the slight decline in the volume of sales and the fluctuation in the profits of the domestic industry during the years 2017, 2018 and 2019, up and down in line with market situation and the ordinary course of trade and its effects in light of the expansion in the domestic industry and the strategy of Oriental Weavers Carpet Company to modernize the technology used and introduce exclusive new patterns and modern products such as its production of 100 percent of floor coverings.

IA's Response

The mechanisms of growth, investment pumping and the methods of financing differ from one company to the other but remains the permanent goal which is to find the lowest cost source of financing which achieves the largest return on investment. The company should determine when to use internal financing, which is less risky but comes at a higher cost and accordingly leads to a lower return on investment or use external financing (loans) which is more risky but comes at a lower cost and thus leads to a greater return on investment. Companies sometimes rely in their expansion on fixed asset management through the sale of some assets and the replacement of these assets by other assets, which greatly reduces the costs of expansion.

However, the ability to grow examined by the IA and referred to in the Essential Facts Report means the extent to which the company is able to increase capital sufficiently through the cash flow generated from operating activities and the main activity of the company and in accordance with common accounting standards. Therefore, the IA is concerned with the operations, which cause changes in the current assets of the company. The IA has demonstrated above that there were a decline in the volume of sales causing a decline in profits and an increase in the forward sales to preserve market share in light of unfair competition with dumped imports, which led to a decline in cash flow generated from operations and thus the company's inability to grow.

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- 7.2.1.26 The conclusion reached by the IA concerning the factors affecting domestic prices is not only wrong but also unfair to importers and exporters, biased and politically and emotionally oriented to the domestic industry at the expense of the rules of fair competition and the protection of the national economy from the injurious practices.

The IA's Response

The IA has not found any factors affecting domestic prices other than the decision to float the Egyptian pound and the increase in the exchange rate during the year 2016 only which also affected the prices in the year 2017 and consequently resulted in an increase in the prices of products and services. However, this decision affected the prices of both the domestic and imported products.

- 7.2.1.27 The increase in the volume of imports is usually accompanied by a parallel increase in the domestic industry caused either by internal competition between domestic producers or by the increase in the number of producers or their expansions.

The IA's Response

The IA concluded that the volume of the production of the domestic industry declined during the year 2019 by 4 percent, (Table 4.4) coinciding with an absolute increase in the dumped imports of 47 percent and relative to production of 43 percent, Table (4.1) which confirms the existence of a causal link.

- 7.2.1.28 Imports from other sources, which represent a large and increasing proportion, have affected the market share and the volume of production of the domestic industry.

The IA's Response

The IA concluded that the dumped imports from Turkey accounted for 90 percent of the total volume of imports and that imports from other sources did not account for more than 10 percent of the total volume of imports (Table 2.1). Therefore, other imports are not one of the causes of the injury suffered by the domestic industry given that these imports came at fair prices, which allowed competition with the domestic product and represented an alternative option for the consumer.

- 7.2.1.29 The political unrest caused the export sales of the domestic industry to decline during the years 2017, 2018 and 2019 which had a negative impact on the indicators of the domestic industry.

The IA's Response

The IA discussed in the Essential facts Report paragraph 6.2.1.10. The IA has, in section (4.11) in this report, examined other causes that might have contributed to the material injury suffered by the domestic industry; one of them is the decline in export performance. The IA concluded that the decline

in export sales was caused by the suspension of shipping to some Arab and Latin American countries due to political unrest, as well as the request of some customers to delay the production of their orders due accumulation of inventory. The IA has also found that the decline in export sales might have contributed to the material injury to the domestic industry. The volume of export sales accounted for no more than 10 percent of the company's total sales during the year 2019. The presence of one or more positive indicators, worthy mentioned, does not negate the existence of material injury suffered by the domestic industry. Nor can one or several of these factors necessarily give decisive guidance in accordance with the provisions of Article (3.4) of the Anti-Dumping Agreement, which states :" *The examination of the impact of the dumped imports on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance.*"

- 7.2.1.30 The technology used by the domestic industry does not keep pace with the technology used by international companies in the manufacture of the imported product as shown in paragraph (6.2.1.7) of the Report. The IA stated that the expansion plan of the domestic industry aims to replace and renew looms in order to cover the demand for new varieties and tastes and keep pace with technological development.

The IA's Response

The IA, during the verification visit, concluded that the domestic industry uses modern technology, which confirms the company's keenness to replace and renew some of the looms and not all the looms in order to meet all tastes in the market and keep pace with the rapid technical development. The decisions of continued and periodic replacement are strategic decisions within the framework of the wise management of the company's fixed assets in order to avoid technical obsolescence.

- 7.2.1.31 The IA, in its response to item (6.1.1.3) regarding confidentiality, exaggerated the use of confidentiality with exporters and importers. On the contrary, the IA disclosed most of the importers' data, which made the comparison unfair. Thus, the importers were unable to satisfy the principles and criteria upon which the normal value and the dumping margin were calculated.

The IA's Response

The allegation that the IA disclosed most of the importers' data, which made the comparison unfair, is false given that the data on importers were mentioned in two places in the Essential Facts Report. The first place was in section 1-5-2 which is a correspondence between the IA and the importers and did not include any confidential data. The second place was in the calculation of the price undercutting (Table 4.2) in the Essential Facts Report. The IA

hid the average price of the imported product in accordance with the provisions of Article 6.5 of the Anti-dumping Agreement.

As for the allegation of the disclosure of the grounds upon which the IA relied in calculating the margin of dumping, the IA has responded to this allegation in its responses on the comments on the dumping side.

7.2.2

VIEWS OF THE TURKISH GOVERNMENT

7.2.2.1

Table 4.3 of the Essential Facts Report points out that average selling prices of the domestic industry increased by 66 percent from year 2016 to year 2017, 1 percent from 2017 to 2018, and 0 percent from 2018 to 2019. On the other hand, the same Table also shows a 3 percent increase in cost as a percentage of the selling price between 2016 and 2017, and a 2 percent increase in both 2017-2018 and 2018-2019. The comparison between the change in prices and the cost as a percentage of selling price clearly indicates that the prices in 2017 increased significantly, and the prices during 2018 and 2019 declined slightly compared to the increase of the cost as a percentage of selling price. In this regard, Turkey believes that there is only negligible price suppression, and it is difficult to use as a proof of the effect of the allegedly dumped imports on prices in the domestic industry.

As it is shown in (table 4.3) of the Essential Facts Report, the sales price increased significantly from 2016 to 2017. Furthermore, while it followed a stable trend since then (same trend in 2018 and 2019), there has not been a remarkable decline. Turkey is still of the view that the domestic industry was able to increase selling prices during the injury analysis period which demonstrates that Turkish subject merchandise imports do not have adverse effects on domestic selling prices in Egypt.

The IA's Response

The IA examined the impact of the Turkish imports on the domestic selling prices during the period of investigation. The IA concluded that there is an increase of 66 percent in the average domestic selling price in 2017 due to the decision of floating the Egyptian pound, which led to the increase in the cost of imported inputs, forcing the domestic industry to increase the average domestic selling price to cover the increase in costs. There was stability in the selling price during the years 2018, 2019 compared to the years 2017 and 2018, respectively, despite the increase in cost in an attempt of the domestic industry to compete with the dumped imports and to maintain its market share in light of the presence of the dumped imports in large quantities in the domestic market in 2019 and the existence of a price undercutting by the imported product as compared with the domestic product (Table 4-2) which led to the inability of the domestic industry to increase its prices.

It should be noted that the decision of the floatation of the Egyptian pound affected both the domestic industry which imports raw materials and the importers.

7.2.2.2 The Essential Facts Report indicates that there was a steady increase in labor of 5 percent during 2017 and 2018 compared to 2016 and 2017 respectively, and a decline of 1 percent in 2019 compared to 2018. Table (4.8) also shows that wages increased during the years 2017, 2018, and 2019 by 20 percent, 23 percent and 14 percent compared to the years 2016, 2017 and 2018, respectively.

It is clear that there is an upward trend in both labor and wage figures in the domestic industry. The domestic industry raised the level of labor and wages, and this is contrary to the reality of the market, which in turn led to a decrease in the level of productivity as expected.

The IA's Response

The existence of one or more these factors does not necessarily give decisive guidance that there is no material injury suffered by the domestic industry. However, the sum of the factors under consideration shall lead to the conclusion that the dumped imports caused material injury to the domestic industry; hence, measures shall be imposed to protect the domestic industry.

The IA, with regard to the increase in the number of labor and wages, concluded that there was an increase in labor of 5 percent during 2017 and 2018 compared to 2016 and 2017 respectively, and a decline of 1 percent in 2019 compared to 2018 (Table 4.8) of this Report. This increase aimed at providing workers to operate new modern looms. Nevertheless, such increase was not followed by an increase in productivity as the index of productivity sharply declined due to the decline in the volume of production (Table 4-4) caused by the significant increase in the volume of dumped imports.

The IA, for the increase in wages, concluded that the increase in wages was the annual increase determined in accordance with the Law of Labor.

7.2.2.3 The IA concluded that there is a decrease in the sales and market share of the domestic industry, and consequently an increase in the profitability which indicates a decline in the company's ability to grow and increase capital." However, the IA did not provide any data on this indicator. Turkey asks the IA to provide the figures for this section.

The IA's Response

The IA examined the factors affecting the company's ability to increase capital and investment in the Section 4 of the Essential Facts Report. Sales and market

share were examined in Table (4.5), profitability in Table (4.7), cash Flow in Table (4.9) and the return on investment in Table (4.10). The IA concluded that the company was unable to grow or increase capital due to the decline in the rates of those indicators.

7.2.2.4 With regard to the profitability of the domestic industry, our conclusion remains that the depletion of the stock of imported inputs, which should have increased as a natural cause of the depreciation of the Egyptian pound, was reflected in the profitability performance after year 2017 and was worsened in 2019 when exports declined.

The IA's Response

The IA examined and analyzed profitability in section 4.4.4 of this Report and concluded that there was a decline in the net profit of only the domestic sales of the domestic industry during the period of investigation period in section (4-5).

As for the stock of imported inputs, the IA concluded that the domestic industry had no problem in obtaining imported raw materials despite the increase in the exchange rate, which affected both the cost of production of the domestic industry and the cost of import of importers.

The IA has examined other causes that might have contributed to the material injury suffered by the domestic industry such as the decline in export performance and concluded that the decline in export sales was caused by the suspension of shipping to some Arab and Latin American countries due to political unrest, as well as the request of some customers to delay the production of their orders due accumulation of their inventory. The IA has also found that the decline in export sales might have contributed to the material injury caused to the domestic industry. However, the volume of export sales accounted for no more than 10 percent of the company's total sales during the year 2019. Therefore, the injury suffered by the domestic industry was mainly due to dumped imports.

7.2.2.5 The IA concluded in paragraph 6.2.3.6 of the Essential Facts Report that “the increase in production capacity (investments) was made in accordance with an expansion plan that aims primarily to replace and renew some of the looms used in order to cover the demand for new varieties and patterns in the market, in addition to Company's desire to keep pace with technological development in order to improve the production process and reduce waste.

With regard to labor, it was discussed in paragraph 4.4.5 of this report, where the IA concluded that there was a decrease in labor of 1 percent in 2019 and that the

increase occurred during the previous periods was for the purpose of providing workers to operate the new modern looms.

The production capacity of the domestic industry increased from 2016 to 2019. It increased by 5 percent from 2016 to 2017, 4 percent from 2017 to 2018, and 6 percent from 2018 to 2019. It appears that the domestic industry has increased the level of its production capacity, contrary to the market reality, which in turn led to a decrease in the level of capacity utilization, as expected. In light of such information, it appears that selling prices, sales, labor, wages, and the productive capacity of the domestic industry are in an upward trend from 2016 to 2019. These indicators show us that there is no direct correlation between the injury and the alleged imports from Turkey.

The IA's Response

The IA has previously discussed this point in paragraphs 6.2.3.7, 7.2.1.20 and 7.2.1.21 of this report.

It is worth mentioning that the presence of one or more positive indicators does not negate the existence of a material injury suffered by the domestic industry. Nor can one or several of these factors necessarily give decisive guidance as stated in the provisions of Article 3.4 of the Anti-Dumping Agreement:" The examination of the impact of the dumped imports on the domestic industry concerned shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, This list is not exhaustive, nor can one or several of these factors necessarily give decisive guidance."

7.2.2.6 The IA, in the Essential Facts Report, confirmed that the export performance of applicant is one of the factors affecting the injury. The IA indicated also that the export sales of the applicant constituted 10 percent of the total sales, which is therefore considered negligible. However, Turkey is of the view that the export performance of the applicant has a significant impact on the economic performance of the applicant, given that the share of export sales was much higher in previous periods.

One of the challenges facing the industry of machine-made carpets in Egypt, according to sources available to the public, is granting export subsidies to exporters as the delay in such subsidies distorts the financial structure of the Egyptian companies.

Such information makes the impact of exports more important for the analysis of the injury suffered by the domestic industry.

The IA's Response

The IA concluded that the decline in export sales may have contributed to the material injury suffered by the domestic industry, but given the volume of export sales, it is clear that export sales accounted for no more than 10 percent of the total sales of the company during the year 2019. The IA examined and analyzed the volume of export sales during the period of investigation and the comparison between such sales and the volume of the domestic sales of the company. The IA concluded that the company depended mainly on sales in the domestic market, which accounted for 90 percent of its sales and constituted the majority of the company's revenues and resources.

7.2.2.7

The IA stated in paragraph 6.2.3.9 of the Essential Facts Report, as for the shortage in foreign exchange, the domestic industry has stated that it had no complaint about the provision of foreign exchange which is at the present time available in the Egyptian banks and is determined according to the mechanism of supply and demand.

In this regard, the absence of complaints of the domestic industry does not eliminate the impact of foreign exchange fluctuations on the domestic industry, which is one of the other known factors causing the injury suffered by the domestic industry. In addition, the IA notes that the fluctuation in the exchange rate of the US Dollar against the Egyptian pound was an economic situation during this period which affected the domestic industry which imports 30 percent of the production inputs thereof in the US dollar and affected also the prices of importers. Taking into consideration the depreciation of the value of the Egyptian pound, the importation of 30 percent of the production inputs in US dollar is an important factor affecting the domestic industry.

In this regard, the depreciation of the Egyptian pound, which increased production costs, is still seen by the Government of Turkey, as one of the other factors negatively affecting the financial situation of the domestic industry.

Furthermore, in an article published in Kohan Textile Journal, it is indicated that another obstacle to the machine-made carpet industry in Egypt is the floatation of the Egyptian pound and its burden on the cost structure of manufacturers.

On the other hand, the IA did not clarify the interest rate movements along with the volatility of the raw material prices and collection hazards in the Essential Facts Report, which have influenced the applicant financial figures.

The IA's Response

On 3/11/2016, the Egyptian Government decided to liberalize the exchange rate as a part of the economic reform program signed with the International Monetary Fund (IMF). These economic decisions usually affect the cost of imports due to the high Exchange rate of the US dollar against the Egyptian pound and shortage of foreign currency in the domestic market. Costs of

domestic production are also affected because the domestic industry imports some raw materials in US dollar. Hence, it should be noted that the liberalization of the exchange rate and the movement of interest rates affect the prices of both domestic and imported products. Such period affected the end user after the rise in the prices of both domestic and imported products; however, this effect has started to gradually diminish since 2018.

As for the interest rate, the Central Bank of Egypt began, coinciding with the decision to liberalize the exchange rate, to raise interest rates in November 2016. In July 2017, the Central Bank of Egypt made another increase in interest rates, which reached their highest levels in the last five years in order to curb the rise in prices by reducing cash trading in the market in light of the depreciation of the value of the Egyptian Pound.

With the emergence of the indicators of success of the monetary policy adopted during this critical period and the Central Bank of Egypt after controlling the big wave of inflation in 2017, began in 2018 a cautious and gradual reduction of interest rates. The year 2019 witnessed the most courageous decisions concerning the determination of the level of interest rates after being satisfied with the stability of prices, the improvement of the value of the national currency against the US dollar, as well as the increase in dollar revenues of tourism, workers' remittances and foreign investment flows.

7.2..2.8

It is stated in the Earnings Release of the applicant that "the domestic population demographics, and the gaps in housing, which in turn fuel the numerous real estate development projects, will continue to ensure demand and future growth in Egypt. In addition, it is reported that "Egypt's economy is recovering, and management foresees enormous growth potential in this dynamic market. A constant supply of housing entering the market from major real estate developers, affordable housing for mid and low-income families, main real estate developers, affordable housing for middle and low income families, and our country's favorable demographic structure are all likely to drive a higher demand for our products in the near and distant future."

These forecasts explicitly demonstrate that the Egyptian subject merchandise market is still promising. Likewise, having in mind the growing needs for carpet in Egypt, imports will be a key factor in the future projects and hence, any definitive measure on machine-made carpets and other floor coverings will disregard the demands of Egyptian people by impeding the functioning of market forces in a competitive environment.

Turkey is still of the view that the applicant would like to keep its monopolistic behavior in the domestic market. Obviously, under the normal competitive conditions it is not possible to keep monopolistic price levels as well as monopolistic profit margins.

The IA's Response

The role of the Investigation Authority is to investigate whether there is a practice of dumping causing material injury to the domestic industry and necessitating the imposition of dumping duties in order to achieve fair competition between the product, imported at dumped prices and the domestic product. Furthermore, the imposition of safeguard measures does not completely prevent the entry of the dumped imports but rather aims to allow the entry of dumped imports at fair prices in addition to the imports of the products under investigation, which come at fair prices from sources other than the country under investigation.

The IA has concluded that the imposition of anti-dumping duties on products imported at unfair prices not only protects the domestic industry but also is ultimately in the interest of the consumer. The presence of a large number of products in addition to the products imported at fair prices ensures price competition in favor of the consumer besides the availability of different products in order to satisfy the demand for new varieties and tastes.

7.2.3

Comments of Union of Southeast Anatolian Exporters

7.2.3.1

The period of injury analysis (2016- 2019) does not objectively reflect market trends during recent years and the adoption of 2016 as a base year does not objectively presents the trend of exports of Turkey.

The volume of imports from Turkey in 2015 was highly increased. Due to the start of implementing the (accreditation and factory registration) system in March 2016, the volume of imports was negatively affected during 2016-2017. In the years of 2018 and 2019, Turkish exporters started to recover to their levels that were in 2015. In that respect, we request the IA to start the period of injury investigation from the year 2015 as the base year, in order to obtain a better view of the trend in imports and an objective presentation of the development of economic indicators.

The "import certificate system" (accreditation and registration of factories) should be considered one the factors other than the dumped imports in accordance with the provisions of Article 3.5 of the Agreement.

The IA's Response

As for the request to amend the injury analysis period to start from the year 2015 instead of 2016, the IA has previously responded to this request in the Essential Facts Report.

The IA, as for request to consider "import certificate system (accreditation and registration of factories) one of the factors of injury other than the dumped imports in accordance with the provisions of Article 3.5 of the Agreement, considers this request a misinterpretation of the provisions of Article 3.5 which states *"The authorities shall also examine any known factors other than the dumped imports which at the same time are injuring the domestic*

industry, and the injuries caused by these other factors must not be attributed to the dumped imports. The Article stated some examples only of such other factors. The implementation of the "import certificate system (accreditation and registration of factories) in 2016 contributed to the decline in the volume of imports in year 2017. However, during 2018 and 2019, the Turkish exporters were able to adapt and restore their previous export levels, which led to a significant increase in the volume of dumped imports (Table 4.1), and the inability of the domestic industry to compete with the Turkish products imported at dumped prices causing material injury to the domestic industry.

7.2.3.2 The main reason of the price and profitability deterioration of the applicant since 2017 as the complainant increased their prices (66%) significantly and without any acceptable reasoning other than making high profits when there was no competition from imports. Then, applied for an anti-dumping case when the imports started to recover to original levels and the prices in the domestic market became competitive again as it was in 2015 and their very high profits started to normalize like a normal open and free market.”

The IA's Response

The IA has previously responded to this comment in paragraphs 4.2.2.3 and 6.2.3.3 of the Essential Facts Report.

7.2.3.3 We observe in section 4.3 of the Essential Facts Report that the IA has calculated the price undercutting for one type of product. We are not able to understand whether the average price of the imported product is average of two cooperating exporters, or one single exporter and whether such type is one of the most selling types or one of the least selling types. The name or technical definition of the imported product is not disclosed in the Essential Facts Report. In that respect, we are not able to comment on the Price Undercutting calculations and defend the interests of our members.

The IA's Response

The IA, to determine the price undercutting, made a comparison between the selling prices of identical or resembling sizes of the imported product and of the product of the domestic industry at the same level of trade (ex-factory level for the domestic product - the importer's store level for the imported product). The IA determined the average selling prices of the imported product based on the invoices obtained from importers and determined the average selling prices of the domestic industry based on the documents submitted by the domestic industry during the period of investigation and verified during the on-the-spot verification visit. The IA calculated the price undercutting of four types (Bobby Proplin HeatSet / PCF / Polyester /50% Polypropylene - 50% Polyester).

7.2.3.4 We observe that the applicant increased the average prices thereof by 66 percent in year 2017 compared to year 2016. As per the official statistics of Egypt as 2016

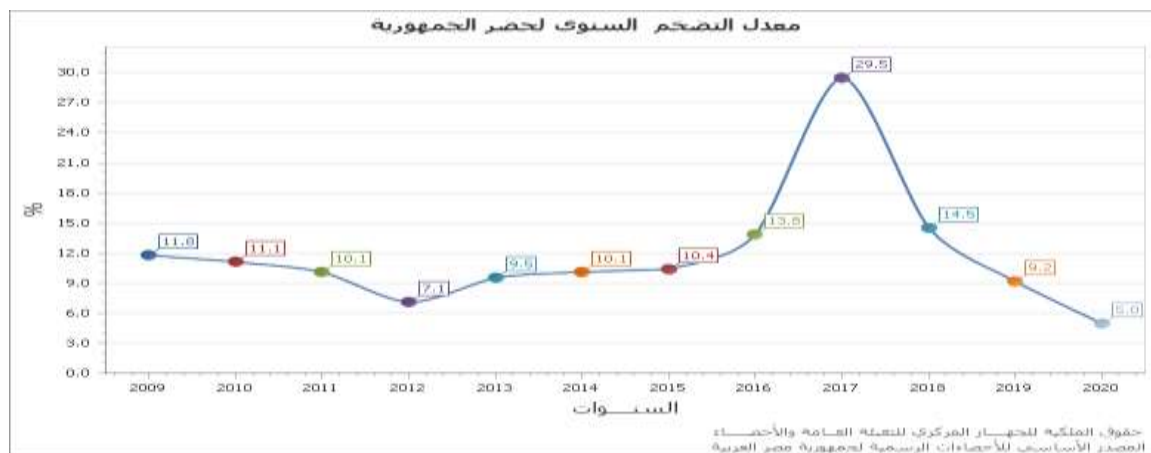
December to 2017 December, inflation rate was 19.8 percent and according to IMF was 23.5 percent for full year 2017; however, the applicant increased prices by 66 percent in the same year. Despite prices were increased at least 42.5 percent more than the COPs of the applicant as shown in Table (4.3), we observe that “cost as % of the selling price” increased 3% which means that there should be 69 percent increase in the COP of the applicant which is not supported by official inflation figures of Egypt.

The applicant increased the selling prices in order to maximize profits when there was no competition against the imported products. Moreover, the increase in prices was higher than the increase in cost due to inflation. But later, the applicant preferred a reasonable profit margin when the market became open or free with normal competition.

Therefore, we request an explanation of the conflict between the inflation figures of Egypt and the applicant's alleged increase in cost and disregard of any self-inflicted declining profit trend as it was a result of abnormally high profit margins due to very high price increase in 2017 and to reconsider price depression and price suppression.

The IA's Response

According to the Central Agency for Public Mobilization and Statistics CAPMAS, the annual inflation rate in 2016 after the liberalization of exchange rates was 13.8 percent, and reached its peak in 2017 by about 29.5 percent, which caused a significant upward trend in the prices of products and service of all sectors. The huge change in prices was reflected in both the production cost of the domestic producers and import costs of importers. Consequently, the domestic industry had to increase the selling prices in year 2017 in proportion to the increase in cost. The inflation index declined in year 2018 to 14.4 percent, and continued to decline in year 2019 to reach 9.2 percent. Such decline in inflation rates encouraged the Central Bank to cut interest in light of the noticeable decline in prices. In addition, we find that there was stability in the selling prices of the domestic industry in years 2018 and 2019 despite the increase in cost during the same period because the domestic industry was unable to increase its selling prices due to the presence of dumped imports in large quantities in the domestic market.



7.2.3.5

It is very noteworthy that in 2017, which the lowest level of allegedly dumped imports from Turkey, also complainant has its lowest domestic sales due to the very high price increase to maximize their profits. This price increase was willingly made to maximize the profits and then due to this high level domestic prices, domestic sales declined 19 percent in 2017 compared to 2016 and due to the very high prices domestic sales did not recover as the applicant intentionally kept its prices well above their historical prices before 2016 period.

This fact can also be observed from the profitability evaluation in section 4.4.4 “Profitability”. The relevant Table 4.7 showed that profitability increased by 29 percent in year 2017 compared to year 2016. But we observe that the profitability decreased in 24 percent in both 2018 and 2019. However, we know that average selling prices were almost fixed in 2018 and 2019 and inflation rates were much lower than 24 percent, profit rates should not be decreasing 24 in 2018 and 2019.

In that respect, we request your Esteemed Authority to clarify the methodology adopted and the inflation rates considered and whether the real prices or current prices used in these sections.

The IA's Response

The IA concluded that the decline in imports in year 2017 was due the application of the new system of the accreditation and registration of factories, which caused a decline in the volume of imports in the year 2017. Turkish exporters, in 2018 and 2019, were able to adapt to the new system and restore their previous export levels.

As for the increase in the selling prices of the industry in the year 2017, the IA has previously responded to this point in paragraph 7.2.3.2 of the Report.

The increase of 29 percent in profitability in the year 2017 was a result of an increase in the average domestic selling prices to cover the increase in costs in order to face the consequences of the decision of floatation, which led to the increase in the cost of imported inputs.

There was a decline in profitability and stability in the selling price during the years 2018, 2019 compared to the years 2017 and 2018 due to the increase in cost during the same period and the inability of the domestic industry to increase prices in an attempt to maintain its market share in light of the increase in the dumped imports.

- 7.2.3.6 Operating cash flow is calculated by taking revenue and subtracting operating expenses as per the accounting methodology, which is directly linked to the unit profit.
- Normally, these two economic factors should have the similar developments but in our case unit profits and operational cash flows had opposite trends in 2018. Unit profit declined by 24 percent in 2018 but cash flow increased by 1percent in the same period.
- In that respect, we observe that that these two tables contain conflicting information and prevent us from getting a good understanding of the injury factors.

The IA's Response

The income statement shows the outcome of the company's business during a financial period and is prepared on an accrual basis and in accordance with the principle of matching between the period's revenues and expenses. Therefore, the net loss has nothing to do with the cash available in the company. However, it expresses the difference between the net sales revenue and the company's expenses according to the principle of matching revenues with expenses based on the accrual principle, which requires that each financial period incurred the income or expense related to it, even if this income has not been received or this expense has not been paid. In contrast to the cash flows of the operating activity whose numbers depend on the cash basis only, which means recording the cash flow entering the facility as well as the cash flow out of the facility and extracting the net between them, regardless of its maturity period, whether it is for the same period or other periods.

8. CONCLUSIONS

- 8.1 The IA has concluded that the imports of of Machine-Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up originating in or exported from Turkey had been imported at dumped prices causing material injury to the domestic industry.
- 8.2 The IA has concluded that there is a causal link between the dumped imports of Machine-Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up originating in or exported from Turkey and the material injury suffered by the domestic industry.

9. RECOMMENDATIONS

- 9.1 The IA has concluded that there is sufficient evidence that the of Machine-Made Carpets and Floor Coverings of Man-Made Textile Materials whether or not Made up originating in or exported from Turkey had been imported at dumped prices causing material injury to the domestic industry.
- 9.2 Therefore, the IA recommends imposing definitive duties according to the rates shown in the following table and publishing a notice of imposition in the Egyptian Official Gazette.

Country	Name of Company	Dumping Margin as % of CIF Value
Republic of Turkey	Art Carpet Sanayi Ve Ticaret Anonim Şirketi	%23.46
	Okkiran Tekstil Gida San. Ve Tic. Ltd. Sti	%21.17
	* Other Companies	%33.27

*Other companies: are unknown and non-cooperating producers/exporters.