

**ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND TURKEY**

The Association Council

Brussels, 7 October 2014

UE-TR 4808/14

COVER NOTE

from:	Mr J.-L. DEMARTY, Director General for Trade, European Commission
date of receipt:	6 October 2014
to:	President of the EU-Turkey Association Council
Subject:	AS 606 - Anti-subsidy proceeding concerning imports of certain rainbow trout originating in Turkey

Excellency,

I have the honour to inform the President of the EU-Turkey Association Council that the Commission has sent to the Permanent Delegation of Turkey to the EU the enclosed confidential early information letter concerning the anti-subsidy proceeding mentioned above.

I take this opportunity to renew to the President of the EU-Turkey Association Council the assurance of my highest consideration, and to notify you that you will be kept duly informed of any further developments.

Jean-Luc DEMARTY,

Encl.: Early information notice



Brussels,
TRADE/H3/ke/

EARLY INFORMATION NOTICE AS 606

Anti-subsidy proceeding concerning imports of certain rainbow trout originating in Turkey

Confidential information on preliminary findings

CASE-HANDLERS

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EARLY INFORMATION NOTICE

1. PROVISIONAL FINDINGS SUBSIDY

- The investigation showed the existence of subsidies. Direct subsidies to trout farmers account for almost the entirety of government support programmes for aquaculture. Practically all farmers benefit from this programme. As the product concerned covers both the subsidized raw material, i.e. live trout, and the downstream products (fresh, frozen whole fish, fillets, smoked trout), the Commission provisionally considers that all sampled exporting producers benefit from the direct subsidy scheme.
- The subsidy is specific since the benefit of the subsidy is specifically limited to a list of economic sectors including the aquaculture sector.
- To calculate the benefit, the Commission first calculated the percentage subsidisation, being the subsidy amount over total company turnover. This percentage was then used to calculate the subsidy allocated to exports of the product concerned to the Union during the investigation period. The subsidy amount per whole fish equivalent of product concerned exported to the Union during the investigation period was then calculated, and the subsidy margins were then calculated as a percentage of the CIF value of the same exports per whole fish.

2. PROVISIONAL FINDINGS INJURY

- The investigation showed that the Union industry suffered injury due to subsidised imports from Turkey. The volume of imports from Turkey almost doubled from around 15.7 million kg WFE (whole fish equivalent) in 2010 to around 27 million kg WFE in the investigation period ('IP') and the corresponding market share increased by 8.2 percentage points from 8.5% in 2010 to 16.7% in the IP. Moreover, Turkish imports undercut the sales price of the Union industry on the Union market by average around 9%.
- The investigation revealed that the Union industry suffered material injury, in particular in terms of decline in market share, production volume, employment, profitability, cash flow and return on investment.
- The Union industry's deteriorating state coincided with the increase in imports at subsidised prices originating in Turkey. The level of the import prices did not allow the Union industry to increase its prices in line with the increase in cost of production. On these grounds, the Commission provisionally concluded that a causal link between the subsidised imports from Turkey and the material injury suffered by the Union industry can be established.
- At this stage of the investigation, no compelling reasons were found which would indicate that the measures envisaged would be against the interest of the Union.

3. PROVISIONAL CONCLUSION

- In view of the provisional findings, as set out above, the Commission intends to impose provisional anti-subsidy measures.

- Taking into account the application of the lesser duty rule, the provisional anti-subsidy measures would be imposed at the level of the subsidy margins.
- The envisaged form for measures should be an *ad valorem* duty.
- With regard to the parallel anti-dumping proceeding, the Commission does not intend to impose provisional measures. This investigation will continue.
- On the basis of the above, the provisional countervailing duty rates, customs duty unpaid, should be as follows:

Company	Subsidy margin	Injury margin	Countervailing duty
GMS	7,0%	27%	7,0%
Kilic	9,7%	41%	9,7%
Özpekler	7,1%	26%	7,1%
Ternaeben	9,5%	20%	9,5%
Other cooperating companies	8,2%	26%	8,2%
All other companies	9,7%	41%	9,7%
