



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



ISO 9001:2008 CERTIFIED

Anti-Dumping Investigation Against Dumped Imports of Edam and Gouda Cheese, Originating in or Exported from Netherlands

Essential Facts Report
(Non-Confidential Version)

November 2021

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1. PROCEDURES

1.1 Introduction

1.1.1 This report is a summary of the most important pertinent issues raised by the interested parties during the investigation proceedings and a presentation of the information contained in the investigation files of the Trade Remedies Sector (hereinafter referred to as the “Investigating Authority” “the IA”).

1.1.2 The purpose of this report is to inform all the interested parties of the essential facts under consideration which form the basis the IA has relied on for the determination of dumping, injury, and a causal link, in accordance with Article (7)¹ of the Executive Regulation implementing Law No.161 of 1998 concerning the Protection of the National Economy from the Effects of Injurious Practices in International Trade issued by the Ministerial Decree No. (549) of 1998 (hereinafter referred to as the ‘Regulation’) and Article (6.9)² of the Anti-Dumping Agreement hereinafter referred to as “the Agreement”.

1.1.3 On 6/12/2020, the IA received a properly documented application submitted by Port Said Company for Food Industries (Riyada) (hereinafter referred to as the "Domestic Industry") alleging that the imports of Edam and Gouda cheese originating in or exported from the Netherlands were imported into Egypt at dumped prices and thereby causing material injury to the domestic industry. The IA accepted and registered the application after the examination of the accuracy and adequacy of the data contained therein in accordance with Article (13)³ of the Regulation.

1.1.4 The domestic industry alleged that imports from the country under investigation increased in absolute and relative terms and came at dumped prices causing material

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".

injury to the domestic industry. The aspects of such material injury were represented in the following:

- Price undercutting,
- Price suppression.
- Decline in production and the rate of capacity utilization.
- Decline in the market share of the domestic industry.
- Increase in inventory.
- Decline in the ability to grow and raise capital.
- Incurring losses.

1.1.5 The IA notified the Embassy of the Netherland on 22/12/2020 of the acceptance of the application in accordance with Article (21)⁴ of the Regulation.

1.1.6 On 22/12/2020, the Advisory Committee agreed with the conclusions reached by IA and sent recommendations to the Minister of Trade and Industry to initiate an investigation and publish a Notice of Initiation in the Egyptian *Official Gazette*.

1.1.7 On 23/12/2020, the Minister of Trade and Industry approved the recommendations of the Advisory Committee to initiate the investigation and publish a Notice of Initiation in the Egyptian *Official Gazette*.

1.1.8 On 29/12/2020, Notice No. (9) of the year 2020 on the initiation of an anti-dumping investigation against the imports of Edam and Gouda cheese, originating in or exported from the Netherlands was published in the Egyptian *Official Gazette*, Issue No. (295) Supplement (c). The WTO was notified of the initiation of the investigation.

⁴Article (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 Interested Parties

1.2.1 Domestic Industry

1.2.1.1 The domestic industry is represented by Port Said Company for Food Industries (Riyada) whose production constitutes 59 percent of the total domestic production of the like product and supported by Farm Cheese Company.

1.2.2 Known Importers

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

1.2.3 Foreign Producers and Exporters

1.2.3.1 Producers and exporters of the product under investigation known to the IA.

1.2.4 Countries Concerned

1.2.4.1 The Netherland.

1.3 Product under Investigation (Product Concerned)

1.3.1 Edam and Gouda cheese

1.3.2 Tariff Classification

1.3.2.1 The product under investigation is classified under the following HS tariff code:

04 06 90 90

1.3.2.2 The above-mentioned description is the sole description of the product under investigation. Other information provided on the product is just to help interested parties understand the product under investigation and the information on the H.S tariff code is provided as a reference only.

1.4 Investigation Details

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

1.4.2 The measurement unit used in the calculations of dumping and injury in this report is the “Ton- KG”.

1.4.3 The currencies used to analyse data in this report are the Egyptian Pound, the Euro and US \$.

1.4.4 The period of dumping investigation covers the period from 1/7/2019 to 30/6/2020.

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- 1.4.5 The injury analysis period covers the calendar years 2017, 2018, 2019 and the period from 1/7/2018 to 30/6/2019 and from 1/7/2019 to 30/6/2020.
- 1.4.6 On 12/12/2012, 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 for whom the IA had a complete address, as well as to the Embassy of Netherland in Cairo in order to be circulated to all unknown producers and exporters of the product under investigation who exported to Egypt during the period of investigation and they were given a 37-day period to respond to the questionnaires from the date of receipt.
- 1.4.7 On 12/1/2021, questionnaires, a copy of the Notice of Initiation and the non-confidential version of the application were sent to the domestic industry (Riyada Company) and the supporters thereof (Farm Cheese Company) and to known importers, namely Khoshala Company, United Grocers (Seoudi). On 1/2/2021 Gafman Food Company made itself known as an interested party in this investigation and was sent the questionnaires on the same date. All parties were granted a 37-day period to respond to the questionnaire as of the date of receipt.

1.5 Responces of Interested Parties

1.5.1 Domestic Industry

- 1.5.1.1 On 16/2/2021, the IA received a request from the domestic industry (Riyada Co.) to extend the time limit to respond to the questionnaires and the IA accepted to extend the time limit.
- 1.5.1.2 On 25/2/2021, the IA received the response of the domestic industry to the domestic industry questionnaire.
- 1.5.1.3 During the period from 7/9/2021 to 9/9/2021 the IA made a verification visit to the domestic industry on the Company premises in Portsaid.

1.5.2 Importers

- 1.5.2.1 On 18/2/2021, the IA received a request from United Grocers to extend the time limit to respond to the Importer's questionnaire and the IA accepted to extend the time limit.
- 1.5.2.2 On 18/2/2021, the IA received a request from Khoshala to extend the time limit to respond to the Importer's questionnaire and the IA accepted to extend the time limit.
- 1.5.2.3 On 18/2/2021, the IA received the response of Gavaman Food to the importer's questionnaire.
- 1.5.2.4 On 23/2/2021, the IA received the response of Khoshala to the importer's questionnaire.

1.5.2.5 On 2/3/2021, the IA received the response of United Grocers to the importer's questionnaire.

1.5.3 Producers and Exporters

1.5.3.1 Cooperating Producing and Exporting Companies

1.5.3.1.1 Royal A-Ware Group

1.5.3.1.1.1 On 26/1/2021, the company sent a letter confirming the receipt of the questionnaire and the Notice of Initiation and that the company would send a substantiated response to the questionnaire within the specified time limit.

1.5.3.1.1.2 On 17/2/2021, the IA received the response of the company to the questionnaire and the analysis of the response showed that some data had not been fully completed.

1.5.3.1.1.3 On 9/3/21, the IA sent a deficiency letter to the company which was granted a 10-day time limit ending on 19/3/21 to respond.

1.5.3.1.1.4 On 15/3/2121, the company sent a letter to the IA requesting to extend the time limit to respond to the deficiency letter. The IA accepted to extend the time limit for a further 5 days ending on 24/3/2021.

1.5.3.1.1.5 On 24/3/2021, the IA received the response of the company to the first deficiency letter. The analysis of the response showed that some data had not been fully completed.

1.5.3.1.1.6 On 9/5/2021, the IA sent the second deficiency letter and granted the company 10 days to respond ending on 19/5/2021.

1.5.3.1.1.7 On 18/5/2021, the IA received a letter from the company requesting to extend the time limit to respond to the second deficiency letter. The IA accepted to extend the time limit for a further 3 days ending on 23/5/2021.

1.5.3.1.1.8 On 23/5/2021, the IA received the response of the company to the second deficiency letter and found that some data had not been fully completed.

1.5.3.1.1.9 On 9/6/2021, the IA sent a deficiency letter and granted the company a 10-day time limit to respond, ending on 19/6/2021.

1.5.3.1.1.10 On 18/6/2021, the IA received a letter from the company requesting to extend the time limit to respond to the third deficiency letter and the IA approved and granted the company a further 5 days ending on 24/6/2021.

1.5.3.1.1.11 On 23/6/2021, the IA received the response of the company to the third deficiency letter and found that some data had not been fully completed.

1.5.3.1.1.12 On 12/7/2021, the IA sent a letter to inform the company that the IA would rely on the best information available to make preliminary and final determinations.

1.5.3.1.2 Friesland Campina Nederland B.V.

1.5.3.1.2.1 On 27/1/2021, the company sent a letter to inform the IA that Friesland Campina Co. had received the questionnaire and the Notice of Initiation from the Embassy of Netherlands in Cairo and would send the response to the the questionnaire and supporting documents within 37 days starting from the date of receipt. The IA welcomed the company's willingness to cooperate and emphasized that the deadline for receiving the response to the questionnaire was 18/2/2021. Moreover, the company might request an extension of the time limit in accordance with Article 6.1.1 of the Anti-Dumping Agreement.

1.5.3.1.2.2 On 2/3/2021, the IA received the response to the questionnaire and found that it was not fully completed.

1.5.3.1.2.3 On 29/3/2021, the IA sent a deficiency letter to the company which was granted a 10-day time limit to respond, ending on 8/4/ 2021.

1.5.3.1.2.4 On 6/4/2021, the IA received a letter from the company requesting to extend the time limit to respond to the first deficiency letter. The IA granted the company a further 5 days, ending on 13/4/2021.

1.5.3.1.2.5 On 13/4/2021, the IA received a partial response to the first deficiency letter including a request for another extension to complete the required data and documents. The IA approved and granted the company an additional time limit ending on 16/4/ 2021, the IA did not receive any response from the company within the due time limit.

1.5.3.1.2.6 The IA examined and analysed the company's response and found that it did not submit the required information

1.5.3.1.2.7 On 31/5/2021, the IA sent a letter to the company to inform the company that it did not provide certain information regarding domestic sales and cost of production data for the reply to the deficiency letter, as well as the original response to the foreign producer/exporter questionnaire, therefore, preliminary and final determination will be based on the best information available in accordance with the provisions of Article (6-8) of the Anti-Dumping Agreement.

1.5.3.1.2.8 On 2/6/2021 and upon the request of the company, the IA held a meeting with the company at the premises of the IA in Cairo to discuss company inquires regarding the investigation and provided the IA with some required data related to the company's response to the deficiency letter and pledged to submit and send the other required data.

1.5.3.1.2.9 On 9/6/2021, the IA received the response of the company to the deficiency letter and found that it was not fully completed.

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- 1.5.3.1.2.10 On 22/6/2021, the IA sent a second deficiency letter and granted the company 5 days to respond ending on 27/6/2021.
- 1.5.3.1.2.11 On 24/6/2021, the IA received a letter from the company requesting an extension to time limit to respond to the second deficiency letter and the IA approved and granted the company further 5 days ending on 2/7/2021.
- 1.5.3.1.2.12 On 2/7/2021, the IA received a partial response from the company to the second deficiency letter, also the company invited the IA to conduct a verification visit to the company's premises in the Netherlands to allow the IA to review all the supporting documentations and data submitted or could not be submitted completely in the company's responses. Moreover, the company suggested that if the verification visit is not possible due to the COVID-19 outbreak, a video conference meeting can be arranged.
- 1.5.3.1.2.13 On 30/8/2021, the IA received a letter from the company reiterating the invitation to the IA to conduct a verification visit to the company's premises in the Netherlands to verify the required information and data or to arrange a video conference meeting in case that the visit is not possible for any reason. The IA sent a letter to inform the company that in case of taking the decision of verifying the submitted documentations and evidences whether to be "on the spot verification or via video conference meeting, the company will be notified in advance within a reasonable period.
- 1.5.3.2 Non-Cooperating Producing and Exporting Companies**
- 1.5.3.2.1 Vandersterre Holland B.V.**
- 1.5.3.2.1.1 On 29/1/2021, the company sent a letter to inform the IA that the company received both of the questionnaire and the Notice of initiation and would respond within the time limit.
- 1.5.3.2.1.2 On 18/2/2021, the IA received the response of the company to the questionnaire, and found that it was not fully completed.
- 1.5.3.3.3 On 14/3/2020, the IA sent a deficiency letter to the company and granted the company a 10-day time limit to respond, ending on 24/4/2021. Moreover, the IA informed the company that preliminary and final determinations will be based on the best information available in accordance with Article 6.8 of the Agreement in case the company did not cooperate or respond to the questionnaire and the deficiency letter.
- 1.5.3.3.4 The IA did not receive any respond to the deficiency letter, accordingly, the company was considered non-cooperating and the IA relied on the best information available.

1.5.3.4 Visser Kaas

1.5.3.4.1 On 28/1/2021, the company sent a letter to inform the IA that it exported Dutch cheese products to Egypt and expressed its willingness to cooperate with the IA. The IA welcomed the company's willingness to cooperate and sent a copy of the Notice of initiation, a non-confidential version of the application and a copy of the questionnaire of the foreign producers and exporters and granted the company a 37-day time limit to respond ending on 10/3/2021.

1.5.3.4.2 The IA did not receive any respond to the deficiency letter, accordingly, the company was considered non-cooperating and the IA relied on the best information available in accordance with Article 6.8 of the Agreement.

1.5.3.5 Kaasmakerij Henri Willig B.V.

1.5.3.5.1 On 29/1/2021, the company sent a letter to the IA inquiring about how to cooperate in the current investigation. The company informed the IA that it exported to Egypt through an importer and requested more information. Hence, the IA sent a copy of the Notice of initiation, a non-confidential version of the application and a copy of the questionnaire and granted the company a 37- day time limit to respond starting from the date of receipt ending on 10/3/2021.

1.5.3.5.2 The IA did not receive any respond to the deficiency letter, accordingly, the company was considered non-cooperating and the IA relied on the best information available in accordance with Article 6.8 of the Agreement.

1.5.3.6 Unilac Holland.

1.5.3.6.1 On 4/2/2021, the company sent a letter to inform the IA that the company exported to Egypt and wished to cooperate with the IA. Accordingly, the IA sent the company a copy of the Notice of initiation, the non-confidential version of the application and a copy of the questionnaire. The IA granted the company a 37- day time limit to respond starting from the date of receipt ending on 13/3/2021.

1.5.3.6.2 The IA did not receive any respond to the deficiency letter, accordingly, the company was considered non-cooperating and the IA relied on the best information available in accordance with Article 6.8 of the Agreement.

1.5.4 The Government of the Exporting Country

1.5.4.1 Embassy of the Netherlands

1.5.4.1.1 On 28/1/2021, the Embassy of Netherland in Cairo sent a letter to inform the IA that copies of the questionnaires were sent to Dutch Dairy Trade Association "GEMZU" to be circulated among the Dutch producers and exporters.

1.5.4.1.2 On 10/2/2021, the IA received a letter from the Embassy of Netherland in Cairo, including comments on both of the Notice of initiation and the application of the domestic industry.

1.5.4.2 The European Commision

1.5.4.2.1 On 13/1/2021, the European Commision to Egypt sent a letter to the IA requesting to consider the EU an interested party in the investigation.

1.5.4.2.2 On 28/1/2021, the European Commision to Egypt sent a letter including comments on the Notice of initiation and the application submitted by the domestic industry.

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 investigation proceedings 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 producers and exporters, the IA has relied on the best information available to calculate 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 6.8 of the Agreement stipulates:**

“In cases in which any interested party refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final determinations, affirmative or negative, may be made on the basis of the facts 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 Port Said Company for Food Industries (Riyada) whose production constitutes 59 percent of the total domestic production of the like product. Therefore, the application fulfills the requirements set out in the provisions of Articles (14) and (19) of the Regulation of Law No. 161/1998 concerning the submission of an application and the initiation of an investigation.

2.2 Like Product¹⁰

2.2.1 Edam and Gouda cheese.

2.2.2 The IA concluded that the product produced by domestic industry and the imported product originating in or exported from the Netherlands are alike in terms of physical characteristics, specifications, distribution channels, end-usages and both products are substitutable for one another in accordance with the provisions of Article (2.6) of the AD Agreement.

⁹ Article (1) of the Regulation of Law No. 161/1998 stipulates:

“Domestic Industry”: means

“Domestic Industry”: means 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”.

Paragraph (1) 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 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”.

¹⁰ Article (2.6) of the Anti-dumping Agreement stipulates:

“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”.

2.3 Imports Volume¹¹

The following table shows the volume of imports of Edam and Gouda cheese from all sources during the period from 1/7/2019 to 30/6/2020.

Table (2.1)
Imports Volume
The Period from 1/7/2019 to 30/6/2020

Country	Quantity/ton	Percentage of Total Imports
Dumped Imports (the Netherlands)	20097	98%
Imports from Other Countries	396	2%
Total Imports	20493	100%

*Source: General Authority for Export and Import Control.

2.3.1 The above table shows that during the period of investigation, imports from the Netherlands accounted for 98 percent of the total imports from all countries, and thus the IA concluded that the volume of dumped imports from the Netherlands is not negligible (more than 3 percent of the total volume of imports) in accordance with Article (5.8) of the Agreement¹² and Article (38.a) of the Executive Regulation implementing Law No.161 of 1998 concerning the Protection of the National Economy from the Effects of Injurious Practices in International Trade.

¹¹Article (38.a) of the Regulation stipulates:

“The Investigating Authority shall prepare a report to recommend the termination of the investigation in the following cases:

a- 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”.

Article (5.8) of the Anti-dumping agreement stipulates:

“the margin of dumping is de minimis, or that the volume of dumped imports, actual or potential, or the injury, is negligible. The margin of dumping shall be considered to be de minimis if this margin is less than 2 per cent, expressed as a percentage of the export price. The volume of dumped imports shall normally be regarded as Article (5.8) of the Agreement stipulates,

“The volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 3 per cent of imports of the like product in the importing Member, unless countries which individually account for less than 3 per cent of the imports of the like product in the importing Member of collectively account for more than 7 per cent of imports of the like product in the importing Member”.

¹² Article (5.8) of the Agreement stipulates:

“An application under paragraph 1 shall be rejected and an investigation shall be terminated The margin of dumping shall be considered to be de minimis if this margin is less than 2 per cent, expressed as a percentage of the export price... The volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 3 per cent of imports of the like product in the importing Member, unless countries which individually account for less than 3 per cent of the imports of the like product in the importing Member of collectively account for more than 7 per cent of imports of the like product in the importing Member”.

3. DUMPING

3.1 Normal Value¹³

General Guidelines

Based on the information submitted by the cooperating 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 (i.e. represent 5 percent or more of the total export sales to Egypt) in accordance with the provisions of Article (2.2)¹⁴ of the Agreement. In addition, the IA examines whether such domestic sales were made in the ordinary course of trade (i.e. at a price higher than the cost) by making a comparison between the net domestic sale (selling) price and the cost of production in accordance with Article (2.2.1)¹⁵. 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 account for 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 of sales will be constructed on the basis of the production cost of the product exported to Egypt in addition to a reasonable amount for selling, general, administrative and financing costs and for the profit.

3.1.1 Royal A-Ware Group

3.1.1.1 Base Price

3.1.1.1.1 The company provided some invoices of the sales made in the Dutch domestic market during the period of investigation; however, it did not provide the documents supporting the adjustments made to the domestic sales transactions (██████ and ██████ expenses) to reach the domestic sale price at ex-factory level. Furthermore,

¹³ **Article (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."

¹⁴ **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 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."

¹⁵ **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 authorities determined that such sales are made within an extended period of time in substantial quantities."

the company did not provide the documents supporting the data on the production cost of the domestic sales, which made it difficult for the IA to conduct profitability tests on the transactions of the domestic sales made in the Dutch domestic market in order to determine whether such domestic sales were made in the ordinary course of trade, that is to say, were being sold at a price higher than cost, in accordance with the provisions of Article (2.2.1) of the Anti-dumping Agreement. Therefore, the IA has resorted to construct the normal value on the basis of actual export manufacturing cost of each type of cheese (Gouda and Edam) in addition to an amount for selling, general & administrative cost and a reasonable profit margin.

3.1.1.2 Normal Value

3.1.1.2.1 The weighted average of the constructed normal value was [REDACTED] Euro/kg for Gouda cheese and [REDACTED] Euro/kg for Edam cheese.

3.1.2 Friesland Campina

3.1.2.1 Base Price

3.1.2.1.1 The company sells the product in the Dutch domestic market through [REDACTED] and [REDACTED].

3.1.2.1.2 [REDACTED] company provided some sale invoices of the transactions made in the Dutch domestic market during the period of investigation, while [REDACTED] company did not provide the sale invoices of the product under investigation.

3.1.2.1.3 Both companies did not provide the documents supporting the adjustments made to the transactions of the domestic sales ([REDACTED]) to reach the domestic sale price at ex-factory level.

3.1.2.1.4 Furthermore, the company did not provide the documents supporting the data on the production cost of the domestic sales of both [REDACTED] and [REDACTED], which made it difficult for the IA to conduct profitability tests on the transactions of the domestic sales made in the Dutch domestic market to determine whether such domestic sales were made in the ordinary course of trade, that is to say, were being sold at a price higher than cost, in accordance with the provisions of Article (2.2.1) of the Anti-dumping Agreement. Therefore, the IA has resorted to construct the normal value on the basis of actual export manufacturing cost of each type of cheese (Gouda and Edam) in addition to an amount for selling, general & administrative and a reasonable profit margin.

3.1.2.2 Constructed Normal Value

3.1.2.2.1 The weighted average of the constructed normal value was [REDACTED] Euro/kg for Gouda cheese and [REDACTED] Euro/kg for Edam.

3.2 Export price

3.2.1 Royal A-Ware Group

3.2.1.1 Base price

3.2.1.1.1 The company provided the export transactions to Egypt during the period of investigation at [REDACTED] and [REDACTED] values, including exported quantities, prices, and invoices.

3.2.1.2 Adjustments to Export Price

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

- Weighted average cost of ocean freight is [REDACTED] Euro/kg for Edam cheese and [REDACTED] Euro/kg for Gouda cheese
- Weighted average cost of marine insurance is [REDACTED] Euro/kg for Edam cheese and [REDACTED] Euro/kg for Gouda cheese
- Weighted average cost of handling is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of inspection is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of certificate of origin is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of health certificate is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of credit is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average of total other expenses is [REDACTED] Euro/kg for Edam cheese, [REDACTED] Euro/kg for Gouda cheese.

3.2.1.3 Ex-Factory Export Price

3.2.1.3.1 The weighted average of the export price at ex-factory level was [REDACTED] US\$/kg for Edam cheese and [REDACTED] US\$/kg for Gouda cheese.

3.2.2 Friesland Campina

3.2.2.1 Base Price

3.2.2.1.1 The company provided the export transactions to Egypt during the period of investigation at [REDACTED] value, including exported quantities, prices and invoices.

3.2.2.2 Adjustments to Export Price

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

- Weighted average of discount is [REDACTED] Euro/kg for Edam cheese and [REDACTED] Euro/kg for Gouda cheese.
- Weighted average cost of ocean freight is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of marine insurance is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of inland transport is [REDACTED] Euro/kg for Edam cheese and [REDACTED] for Gouda cheese.
- Weighted average cost of warehousing expenses is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of banking charges/inspection expenses is [REDACTED] Euro/kg for Edam and Gouda cheese.
- Weighted average cost of credit is [REDACTED] Euro/kg for Edam and Gouda cheese.

3.2.2.3 Ex-Factory Export Price

3.2.2.3.1 The weighted average of the export price at ex-factory level was [REDACTED] US\$/kg for Edam cheese and [REDACTED] US\$/kg for Gouda cheese.

3.3 Non-cooperative Exporters

In accordance with Article (6.8) of the Agreement, the IA may determine the dumping margins for producers and exporters based on the best information available in cases in which the interested parties do not fully cooperated with the IA during the investigation proceedings, provide incomplete data, or fail to provide information within time limits specified by the IA.

3.4 Dumping Margin (Comparison between Export Price and Normal Value)¹⁶

In accordance with Article (36) of the Regulation and for the purpose of fair comparison, the weighted average constructed 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 Ex-factory Value
The Netherlands	A-Ware Dairy Ingredients BV	14 % (Edam) 5 % (Gouda)
	Friesland Campina Nederland B.V	9 % (Edam) 4.5 % (Gouda)
	Other Companies	20 % (Edam) 9 % (Gouda)

* Other Companies: unknown and / or non-cooperated producers/exporters.

¹⁶Article 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 INVESTIGATION

4.1 Imports Volume¹⁷

4.1.1 Absolute and Relative Increase in Dumped Imports

Table (4.1)

Absolute and Relative Increase in Dumped Imports

(Quantity: Ton)

Statement	2017	2018	2019	2018/2019	2019/2020
Volume of Dumped Imports	3702	4420	3990	4598	20097
Change %	-	19	(10)	-	337
Domestic Production	■	■	■	■	■
Dumped imports as % of Production	■	■	■	■	■
Change %	-	(8)	24	-	511

*Comparison from year to year

4.1.1.1 The previous table shows that the volume of dumped imports increased in absolute terms by 19 percent during 2018 compared to 2017, and declined by 10 percent in 2019 compared to 2018, and that during the investigation period, the volume of dumped imports increased by 337 percent compared to the period 2018/2019.

4.1.1.2 As the previous table shows, the volume of dumped imports as a percentage of the domestic production declined by 8 percent during 2018 compared to 2017, and increased by 24 percent in 2019 compared to 2018, while during the investigation

¹⁷Paragraph (a) of Article 39 of the Regulation stipulates:

“ The Investigating Authority, having examined all positive evidence, shall determine the martial 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.”

period, the volume of dumped imports as a percentage of the domestic production increased by 511 percent compared to 2018/2019.

4.2 Price Effects

4.2.1 Price Undercutting¹⁸

4.2.1.1 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.

4.2.1.2 The IA has made a comparison between the selling price of the imported product and the selling price of the like product of the domestic industry at all levels of trade.

Table (4.2)
Price Undercutting
during 2019/2020

(L.E/ K.G)

Statement	Average Selling Price of the Domestic Product	Average Selling Price of the Imported Product	Price Undercutting	Price Undercutting %
Edam Cheese				(7%)
Gouda Cheese				(9%)

Source of exchange rate: The Egyptian Central Bank

4.2.1.3 The previous table shows that there is no price undercutting between the average selling price of the domestic product and the average selling price of the dumped imported product of both the Gouda and Edam cheese.

4.2.2 Price Depression and Price Suppression¹⁹

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

¹⁸ Article 39.1(a) 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: a. whether there has been a significant price undercutting by the dumped imports as compared with the price of the domestic like product".

¹⁹Article 39.1(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

increases, which otherwise would have occurred without the presence of dumped imports.

- 4.2.2.2 In accordance with Article 39.1 of the Regulation of law No.161 of the year 1998 concerning the protection of the national economy from the effects of inurious practices in international trade, the IA has assessed whether such dumped imports caused price depression of the domestic product or prevented price increases which otherwise would have occurred.

Table (4.3)
Price Depression and Price Suppression
(L.E. /Ton)

Statement	2017	2018	2019	2018/2019	2019/2020
Average Domestic Selling Price	■	■	■	■	■
Change %	-	8	5	-	12
Average Total Cost	■	■	■	■	■
Change %	-	11	12	-	14
Cost of Sales as % of Selling Price	■	■	■	■	■
Change %	-	3	7	-	2

* Comparison from year to year.

- 4.2.2.3 The above table shows an increase in the average domestic selling price of 8 percent during 2018 compared to 2017, of 5 percent in 2019 compared to 2018, and also increase of 12 percent during the period of investigation compared to the period 2018/2019.

- 4.2.2.4 The table also shows an increase in the average total cost of 11 percent in 2018 compared to 2017, and increased by 12 percent in 2019 compared to 2018. The average total cost also increased during the investigation period by 14 percent compared to the period 2018/2019.

- 4.2.2.5 The above table also shows that cost as a percentage of the selling price increased by 3 percent in 2018 compared to 2017 and by 7 percent in 2019 compared to 2018.

Cost as a percentage of the selling price increased also by 2 percent during the period of investigation compared to the period 2018/ 2019.

4.3 Economic Impacts²⁰

4.3.1 Production, Production Capacity and Capacity Utilization

Table (4.4)

Production, Production Capacity and Capacity Utilization

(Unit: Ton)

Statement	2017	2018	2019	2018/2019	2019/2020
Volume of Production	■	■	■	■	■
Change %	-	14	(36)	-	(20)
Production Capacity	■	■	■	■	■
Capacity Utilization %	■	■	■	■	■
Change %	-	14	(36)	-	(20)

- Comparison from year to year

4.3.1.1 The above table shows that the volume of production increased by 14 percent during the year 2018 compared to 2017, and declined by 36% during the year 2019 compared to 2018, and decreased by 20 percent during the period of investigation compared to the period 2018/2019.

4.3.1.2 The IA concluded that the available production capacity was stable during the injury analysis period.

²⁰Article (39.2) of the Regulation states:

“The Investigating Authority, having examined all positive evidence, shall determine the martial injury suffered by the domestic industry and shall verify the following: The economic effects of the dumped imports on the domestic industry reflected in the following:

- Actual and potential decline in sales, profits, production, market share, productivity, return on investment or utilization of capacity.
- Factors affecting domestic prices.
- Magnitude of the margin of dumping.
- Actual and potential negative effects on cash flow, inventories, employment, wages, investment, growth and ability to raise capital.
- Any other effective factors the IA considers sufficient evidence.”

4.3.1.3 The previous table also shows that the rate of capacity utilization increased by 14 percent during 2018 compared to 2017, and declined by 36 percent in 2019 compared to 2018, and decreased by 20 percent during the period of investigation compared to the period 2018/2019 due to the decline in the volume of production and the stability of the available production capacity during the same period.

4.3.2 Sales and Market Share

Table 4.5
Sales and Market Share

(Unit: Ton)

Statement	2017	2018	2019	2018/2019	2019/2020
Domestic Sales					
Change %	-	5	(14)	-	(29)
Other Domestic Sales					
Change %	-	(16)	28	-	(25)
Dumped Imports	3702	4420	3990	4598	20097
Change %	-	19	(10)	-	337
Other Imports	41	21	4	4	396
Change %	-	(50)	(80)	-	9765
Total Market Volume					
Change %	-	12	(6)	-	258
Domestic Sales Market Share%					
Other Domestic Sales Market Share%					
Dumped Imports Market Share%					
Other Imports Market Share %					
Change in Domestic Sales Market Share%	-	(6)	(8)	-	(80)
Change in Other Domestic Sales Market Share%	-	(25)	36	-	(79)
Change in Dumped Imports Market Share%	-	7	(4)	-	22
Change in Other Imports Market Share %	-	(56)	(79)	-	2656

*Comparison from year to year .

A- Apparent Market Volume

4.3.2.1 The above table shows an increase in the total market volume of 12 percent in 2018 compared to 2017, a decline of 6 percent in 2019 compared to 2018 , and the

previous table also, shows growth in the Egyptian market of 258 percent during the period of investigation, compared to the period 2018/2019.

B- Apparent Market Indicators

- 4.3.2.2 The previous table also shows an increase in the volume of domestic sales of 5 percent during the year 2018 compared to 2017, a decline of 14 percent during the year 2019 compared to 2018, and a decline of 29 percent during the period of investigation compared to the period 2018/2019.
- 4.3.2.3 The previous table shows also a decline of 16 percent in the volume of other domestic sales during 2018 compared to 2017, an increase of 28 percent during 2019 compared to 2018, and a decline of 25 percent during the investigation period compared to the period 2018/2019.
- 4.3.2.4 The previous table shows that the volume of dumped imports increased in absolute terms by 19 percent during 2018 compared to 2017, and declined by 10 percent in 2019 compared to 2018, and that during the investigation period, the volume of dumped imports increased by 337 percent compared to the period 2018/2019.
- 4.3.2.5 The above table shows that the decline in the volume of other imports amounted to 50 percent in 2018 compared to 2017 and by 80 percent in 2019 compared to 2018. During the investigation period, the volume of the other imports increased by 9765 percent compared to 2018/2019.

C- Market Share Indicators

- 4.3.2.6 The table shows, in addition, a decline in the market share of domestic industry sales of 6 percent during 2018 compared to 2017, a decline of 8 percent during 2019 compared to 2018, and a decline of 80 percent during the period of investigation compared to 2018/2019, despite the continued increase in the domestic demand.
- 4.3.2.7 The table shows also a decline in the market share of other domestic sales of 25 percent during 2018 compared to 2017, then an increase of 36 percent during 2019 compared to 2018, and a decline of 79 percent during the period of investigation compared to the period 2018/2019.
- 4.3.2.8 The previous table also shows an increase in the market share of dumped imports of 7 percent during the year 2018 compared to 2017, a decline of 4 percent during the year 2019 compared to 2018, and an increase of 22 percent during the period of investigation compared to the period 2018/2019.
- 4.3.2.9 The previous table also shows a decline in the market share of other imports of 56 percent during the year 2018 compared to 2017, a decline of 79 percent during the year 2019 compared to 2018, and then an increase of 2656 percent during the period of investigation compared to the period 2018/2019.

4.3.2.10 The previous table also shows that the proportion of the market share which the domestic sales and other domestic had lost, and it was absorbed by the dumped imports and other imports, but other imports constituted a small proportion of the total market volume.

4.5.3 Inventory

Table (4.6)
Inventory

Unit/ Ton

Statement	2017	2018	2019	2018/2019	2019/2020
Inventory	█	█	█	█	█
Change %	-	290	(54)	-	131

*Comparison from year to year

4.5.3.1 The above table shows an increase of 290 percent in the volume of inventory during 2018 compared to 2017, a decline of 54 percent during 2019 compared to 2018, and an increase of 131 percent during the period of investigation compared to the period 2018/2019 due to the increase in the dumped imports during that period and the decline in the volume of domestic sales as a result of the inability of the domestic industry to compete with the dumped imports.

4.3.4 Labor, Productivity and Wages

Table (4.7)

Labor, Productivity, Wages

Statement	2017	2018	2019	2018/2019	2019/2020
Labor	█	█	█	█	█
Change %	-	10	(15)	-	(22)
Wages/EGP	█	█	█	█	█
Change %	-	19	0,2	-	(10)
Productivity (Ton/Worker)	█	█	█	█	█
Change %	-	4	(24)	-	(18)

* Comparison from year to year.

4.3.4.1 The above table shows that labor increased by 10 percent in 2018 compared to 2017, declined by 15 percent in 2019 compared to 2018, then declined again by 22 percent during the period of investigation compared to 2018/2019.

4.3.4.2 The above table also shows an increase in wages of 19 percent in 2018 compared to 2017, then another increase of 0.2 percent in 2019 compared to 2018 and a decline of 10 percent during the period of investigation compared to 2018/2019.

4.3.4.3 The above table also shows that productivity per worker increased by 4 percent in 2018 compared to 2017, declined by 24 percent in 2019 compared to 2018, and then declined again by 18 percent during the period of investigation compared to 2018/2019, due to the decline in production caused by the significant increase in the dumped imports.

4.3.5 Return on Investment

Table (4.8)

Investment and Rate of Return on Investment

Value: (EGP)

Statement	2017	2018	2019
Investments	■	■	■
Change/%	-	(9)	(2)
Rate of Return on Investment	■	■	■
Change/%	-	(155)	(640)

* Comparison from year to year.

4.3.5.1 The above table shows that the investments declined by 9 percent in 2018 compared to 2017 and by 2 percent in 2019 compared to 2018.

It is worth mentioning that the total investments were related not only to the product concerned but also to all the products of the company.

4.3.5.2 The above table also shows that the rate of return on investment sharply deteriorated by 155 percent in 2018 compared to 2017.

Such decline continued by 640 percent during 2019 compared to 2018 due to the losses of the like product produced by the domestic industry.

4.3.6 Cash flows

Table (4.9)
Cash flow

Value: (EGP)

Statement	2017	2018	2019
Cash Flows from Operating Activities	■	■	■
Change %	-	119	(1081)

* Comparison from year to year.

4.3.6.1 The above table shows that cash flow was related not only to the product concerned but also to all the products of the company, also shows that the domestic industry had positive cash flows of 119 percent during 2018 compared to 2017. However, these cash flows declined by 1081 percent in 2019 compared to 2018.

4.3.6.2 Such decline in the cash flows generated from operating activities was due to the company's resort to offer payment facilities to customers in line with the market conditions, Therefore the company was forced to borrow from banks to cover the commitments. Thereof, the customers' debt balances was increased with the decrease in liquidity of cash from operating activities owed to the company.

4.3.7 Profitability

Table (4.10)
Profits/ Losses

Value: (EGP)

Statement	2017	2018	2019	2018/2019	2019/2020
Net Profits/Losses	■	■	■	■	■
Change/%	-	(150)	(625)	-	(2)

* Comparison from year to year.

4.3.7.1 The above table shows that the domestic industry suffered losses over the course of injury analysis period. In 2018 losses increased by 150 percent compared to 2017, then increased by 625 percent in 2019 compared to 2018, then increased again by 2 percent during the period of investigation compared to 2018/2019.

Such losses were due to the inability of the domestic industry to compete with the dumped imports because selling prices were lower than cost.

4.3.8 Ability to Grow & Raise Capital

4.3.8.1 The IA has concluded that the domestic industry suffered losses. Moreover, there was a decline in the rate of return on investment during the investigation period, which resulted in the inability of the domestic industry to raise capital.

4.3.8.2 The IA has also concluded that the decline in both the sales and the market share of the domestic industry in addition to the inability thereof to raise capital, led to the inability of the domestic industry to grow.

4.3.9 Magnitude of the Margin of Dumping

The IA has concluded that imports from Netherlands was imported at dumped prices with a dumping margin ranged between 9% and 14% for Edam cheese, also ranged between 4.5% and 5% for Gooda cheese.

4.4 Conclusion on Injury

The IA has concludes, in the light of the data and the information submitted by the domestic industry and verified by the IA, as well as all other information obtained from other sources, that there was an absolute and relative increase in the dumped imports during the period of investigation.

The IA has also concluded that there was no price undercutting by the imports from Netherlands as compared with the prices of the domestic products during the same period coinciding with the existence of negative effects on the domestic industry indicators during the period of investigation. The aspects of such injury were represented in the following:

1. Decline in the production volume,
2. Decline in the rate of capacity utilization,
3. Decline in the sales volume and market share of the domestic industry,
4. Price suppression,
5. Decline in labor & wages,
6. Decline in productivity per worker,
7. Decline in the rate of return on investment,
8. Incurring losses,
9. Inability to raise capital,
10. Inability to grow,
11. Negative cash flows,
12. Increase in inventory,
13. *Non-De minimis* margin of dumping.

4.5 Other Causes of Injury²¹

In accordance with Article (41) of the Regulation and Article (3.5) of the Anti-Dumping Agreement, the IA has examined the following known causes that might have caused material injury to the domestic industry other than the dumped imports.

4.5.1 Other Imports

**Table (4.11)
 Other Imports**

	(Unit/Ton)				
Statement	2017	2018	2019	2018/2019	2019/2020
Other Imports	41	21	4	4	396
Change %	-	(50)	(80)	-	9765

* Comparison from year to year.

4.5.1.1 The above table shows that the decline in the volume of other imports amounted to 50 percent in 2018 compared to 2017 and by 80 percent in 2019 compared to 2018. During the investigation period, the volume of the other imports increased by 9765 percent compared to 2018/2019. However, such increase represented a small proportion of the total imports. Additionally, the market share of the other imports was only 2 percent during the same period.

4.5.2 Export Performance of the Domestic Industry

**Table (4.12)
 Export sales**

	(Unit/Ton)				
Statement	2017	2018	2019	2018/2019	2019/2020
Export sales	█	█	█	█	█
Change %	-	5	(64)	-	(47)

* Comparison from year to year.

²¹ 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.”

Article (3.5) of the Anti-Dumping Agreement stipulates:

“.....The authorities shall also examine any known factors other than 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. Factors which may be relevant in this respect include, inter alia, the volume and the prices of imports not sold at dumping prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry.”

4.5.2.1 The above table shows that there was an increase in the export sales of the domestic industry of 5 percent in 2018 compared to 2017, a decline of 64 percent in 2019 compared to 2018 and a decline of 47 percent during the period of investigation compared to 2018/2019. Moreover, export sales represented a limited share of the domestic industry's total sales, precisely 15 percent, during the period of investigation.

4.5.3 Contraction in Demand, change in pattern of consumption

Table (4.13)

Total Market Volume

Unit: Ton

	2017	2018	2019	2018-2019	2019-2020
Total Market Volume	■	■	■	■	■
Change %	-	12	(6)	-	258

* Comparison from year to year

4.5.3.1 The above table shows an increase in the total market volume of 12 percent in 2018 compared to 2017, a decline of 6 percent in 2019 compared to 2018 and an increase of 258 percent in the period of investigation compared to the period from 2018 to 2019.

4.5.3.2 The IA has also concluded that the demand for the product under investigation was stable and even increasing (see Table 4.13). Moreover, this product is considered a daily product in the Egyptian market and can not easily be affected by the change in consumption pattern. Thus, the IA has not found a change in the consumption pattern of the product under investigation during the period of investigation.

4.5.4 Technological developments

4.5.4.1 The IA has concluded that the domestic industry utilizes the most common technology in manufacturing the product under investigation.

4.5.5 Restrictive Trade Practices

4.5.5.1 The IA has concluded that there were neither import restrictions nor governmental regulations or legislation on the product under investigation. Therefore, there were no restrictive trade practices.

4.5.6 Competition

- 4.5.6.1 The IA has concluded that competition with the domestic producers of the like product takes place within a framework of parity and fair competition in terms of prices and market share in the domestic market and in terms of the impact of the dumped imports on the domestic market.
- 4.5.6.2 The IA has concluded that there are no differences between the like product and the product concerned, which affected their selling and distribution. Moreover, there were no factors affecting the growth or decline of the domestic market.
- 4.5.6.3 The IA has also concluded that imports from other sources competed with the domestic products during the period of investigation. However, despite the increasing volume of these imports during that period (Table 4.11), they acquired a small market share of the domestic market (Table 4.5), in contrast with the increasing volume of the dumped imports which acquired an increasing market share of the domestic market during the same period (Table 4.5).

5. CAUSAL LINK²²

- 5.1 The IA has examined the causal link between the dumped imports and the material injury suffered by the domestic industry in accordance with Article (3.5) of the Anti-dumping Agreement in light of the responses of domestic industry, importers, producers and foreign exporters to questionnaires. The IA has also taken into consideration the results of the verification visit to the domestic industry and the comments of the interested parties during the investigation period and concluded the following:
- 5.1.1 The dumped imports are not negligible as they represented 98 percent of the total imports during the period of investigation.
- 5.1.2 The volume of dumped imports increased in absolute terms during the period of Injury analysis (2017, 2018, 2019, the period from 1/7/2018 to 30/6/2019 and the period from 1/7/2019 to 30/6/2020) and relative to the domestic production during the period of investigation.
- 5.1.3 The magnitude of the dumping margin is not de minimis as it is ranged between 9% and 14% for Edam cheese, also ranged between 4.5% and 5% for Gouda cheese from Netherlands.
- 5.1.4 Moreover, the absolute and relative increase in dumped imports led to a deterioration in the economic indicators of the domestic industry represented in The increase in the dumped imports from Netherlands resulted in price suppression of the domestic product during the period of investigation, a decline in production, rate of capacity utilization, labour, wages, productivity, domestic sales and market share. This increase also led to losses, a decline in rate of return on investment, inability to grow or raise capital, negative cash flows and an increase in inventory, which indicates that there was a coincidence between the increase in dumped imports and the material injury to the domestic industry.

²² Article (3.5) of the Dumping Agreement stipulates:

“It must be demonstrated that the dumped imports are, through the effects of dumping. As set forth in paragraph 2 and 4, causing injury within the meaning of this Agreement. The demonstration of a casual relationship between the dumped imports and the injury to the domestic industry shall be based on an examination of all relevant evidence before the authorities. The authorities shall also examine any known factors other than 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.....”

6. Comments of the Interested Parties on the Complaint

The IA received during the course of investigation the submissions and comments of the interested parties on the application including the Embassy of Netherland in Cairo, the European commission and some importers.

6.1 Comments on the Dumping

6.1.1 The Embassy of Netherland

6.1.1.1 Export Value Versus NL Domestic Price Quotations

According to statistics, the value of the exports of the product under investigation is higher than their value in the Dutch domestic market. Therefore, there is no basis for the allegation that the prices of exports to Egypt are lower than their prices in the domestic market.

The IA's Response

The application included the selling price of the product under investigation in the domestic market of the exporting country and the export price of this product to Egypt during the period of investigation. The domestic industry submitted the substantiating evidence and the IA examined the accuracy and adequacy of the evidence contained in the application to determine whether it is sufficient to initiate an investigation. The IA found that the evidence included in the application is sufficient to initiate an investigation in accordance with the provisions of Articles (5.2) and (5.3) of the Agreement. During the course of investigation, the IA also examined and analysed the data submitted by the Dutch cooperating producers and exporters to calculate both the normal value and the export price in order to determine whether there was dumping, injury and a causal link.

7.1 Comments on Injury

7.1.1 EU Comments

7.1.1.1 Procedural Issues

According to Article 6.5.1 of the WTO agreement ('ADA') a non-confidential summary should be provided for any confidential information. The summary [...] "shall be in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence" [...].

However, in the present case too much information is treated as confidential, in particular, in table 3.1 (Imports), table 3.3 (Price differences). Furthermore, it seems that the complaint contains important inconsistencies, e.g. import figures in Table

3.1 for the full year 2019 and the two half years of 2019 do not match, and the amounts and years of reference would require careful examination.

Additionally, in several parts of the complaint, the Edam and Gouda data are kept separate, but in the tables 3.5, 3.6 and 3.7 the data are given in a combined way, adding Edam and Gouda. This will not allow an adequate analysis of the markets shares and the impact of the imports on it.

The Commission therefore requests that meaningful summaries be provided and the inconsistencies corrected and made available on the public file as soon as possible.

IA's Response

As for the non-confidential summary of the confidential information, Article 6.5 of the AD Agreement 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 domestic industry considered some of the data included in the application confidential and submitted a non-confidential version of the application which is made available through the public file in accordance with Article 6.5.1, which 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. In exceptional circumstances, such parties may indicate that such information is not susceptible of summary. In such exceptional circumstances, a statement of the reasons why summarization is not possible must be provided”.

The application included enough information to understand the essence of the data mentioned in the above comment. The non-confidential version of the application disclosed the volume of imports based on the official statement issued by the General Organization for Export and Import Control.

Hence, the IA found that the non-confidential summary of the application is sufficient and allows all the parties to understand the data provided for the purposes of initiating an investigation.

The IA separated the data of Gouda and Edam only in some parts of the application, The IA assessed through the verification visit and based on the responses of some interested parties that Edam and Gouda cheese have the same production inputs, manufacturing process, production stages and distribution channels except in the percentage of fat in Gouda. Hence, there is no reason to separate their data , So the IA combined the data of the two products in the analysis of the injury indicators.

7.1.1.2 Product concerned

The complainant states under point 1.6.2 comparing the concerned product to the similar product” that “According the above mentioned, it is clear that both the concerned and similar products are identical from all aspects. Both are subject to the same Egyptian standards....”.

In this context we would like to recall that even if the imported product and the domestically produced product are considered as like products in terms of the ADA, they may not be perceived as alike by the consumer. This can be due to quality differences or in this particular case, differences in taste, consistency etc. and this can have consequences that will have significant impact on prices.

The IA’s Response

The IA has concluded that there were no differences between the like product which was produced and sold by the company in the domestic market during the period of injury analysis and the concerned product whether in physical characteristics, manufacturing process, end use, marketing or distribution channels.

The IA also concluded that the concerned product and the like product are substitutable for one another in the domestic market because they have identical characteristics in terms of shape, taste, texture, colour and usages. In addition, there is no product in the Egyptian market which can substitute the like product because it is considered a 100 percent natural and semi-dry product. Moreover, there is a demand for the domestic product in spite of its small market share within the Egyptian market due to the dumped imports.

It should be noted that the international Anti-dumping Agreement does not provide for any examination of quality in anti-dumping investigations. However, the domestic product conforms to the Egyptian standards and the company has provided a copy of (FSSC22000 certificate from Q-check, which has the ISO certificate issued by the Egyptian General Organization for Standardization and Quality). Moreover, the company is registered among the facilities approved by Food and Drug Authority for exporting milk products from the Arab Republic of Egypt to the Kingdom of Saudi Arabia, which indicates that the Egyptian Product is accepted and cofirmed its quality abroad.

7.1.1.3 Injury - Developments of Imports

Allegedly dumped imports increased by around 7 percent over the period analysed (between 2017 and 2019). However, the figure for 2019 imports amounts to 3953 tons, while the two half year periods together amount to 20870 tons. It is thus urgent to correct this data, as import data is crucial for any injury analysis.

It also appears from table 3.5 that other imports increased exponentially, over the period analysed. (Please also see causal link below).

The IA's Response

As for the volume of imports in the complaint, the figure 20870 tons represents the sum of the two halves of 2019 and 2020 and not the two halves of 2019 as mentioned in the comment.

As for the volume of other imports and its impact on market share and causal link (see Table No. (4.5) Section (4) of this report), Other imports table (4-11) in the fourth section of this report and a review of the second section of this report, which shows that the volume of imports from the Netherlands amounted to 98% of the total volume of imports during the investigation period.

7.1.1.4 Effects on Prices

Table 3.3 shows price undercutting. The complaint mentions the price difference between the domestic product and the imported product and indicates the inability of the complainant company to raise the price of its product to cover production costs and make fair margin profits and that the selling price of the imported product impedes raising the price of the local product.

However, despite the significant price increases for Edam and Gouda (Tab 3.2), there seems to be price suppression, i.e. the price increases are not sufficient to cover the huge increase in costs. The reasons for this increase in costs merits further investigation and explanation by the authorities.

The IA's Response

As for price undercutting, the IA has concluded that there was no price undercutting by the product imported from the Netherlands as compared with the price of the domestic product (see Section 4 of this report).

With regard to price suppression, the IA concluded that the domestic industry was able to increase the average domestic selling price during the injury analysis period, and as for the average total cost, it also increased during the same period, but this increase in cost represents an acceptable increase in within close proportions.

It also concluded that there is an increase in the average cost as a percentage of the selling price during the same period ,but in spite of the increase in the average domestic selling prices, the increase in the average total cost was more than the increase in the average selling prices.

7.1.1.5 Situation of the Domestic Industry

In the petition, it is claimed that the domestic industry has lost market share and was loss making during the period analysed.

While several indicators show a negative trend, it is evident from the data provided in the complaint that there are other local producers and imports from other countries that have gained market shares, with a huge and constant increase. The capacity has remained constant over the period observed, the capacity utilisation increased in 2018 (at the same time as the pick of EU imports) and then decreased. The cost of wages have significantly increased throughout the period concerned. The investments decreased but the return on investments increased during the period.

Considering the above, the injury picture of the domestic industry appears unclear and any difficulty it might have experienced does not seem to be caused by an alleged increase in imports from the EU.

Therefore, if the domestic industry is experiencing any difficulties, they must be caused by other factors.

The IA's Response

The IA has concluded through the data submitted to it and which was verified during the verification visit to the domestic industry there was evidence that the domestic industry suffered material injury that coincided with an absolute and relative increase in dumped imports from the Netherlands, represented in the following; Price suppression, Decline in production, Decline in the rate of capacity utilization, Decline in labor, wages and productivity, Decline in the domestic sales and market share, Incurring losses, Decline in the rate of return on investment, Inability to grow or increase capital, Negative cash flow, Increase in the volume of inventory.

In addition the IA, in Section 4 of this report, examined factors other than the dumped imports which might have contributed to the injury suffered by the domestic industry and concluded that such factors were not the main causes of the material injury suffered by the domestic industry. It is worth noting that the examination of the causal link showed that dumped imports were the main cause of the material injury suffered by the domestic industry.

7.1.1.6 Causal link – other factors

Unfortunately, the complaint does not provide adequate information nor reasoning regarding the causal link or other factors. The complaint only refers to the following self-explanatory analysis:

5.1 Since the above evidences demonstrate that the injury that Port Said Company For Food Industries (Riyada) suffers from cannot be ascribed to reasons other than the alleged dumped imports, and since the impact of the said imports is considered a direct reason of the injury that the company suffers from, we have realised a direct causal relation between the Dutch alleged dumped imports and the substantial injury that the local industry suffers from during the period of analysing the injury.

However, by reading the complaint, several other factors appear to have had an impact on the situation of the domestic industry and need to be analysed.

It appears that the domestic industry was loss-making since 2018. Thus, the reasons for these losses need to be analysed. Other important elements in this regard, that need to be analysed more in details, are production costs and the development of demand.

An important factor to analyse in this context appears the increase in costs and in particular the increase in wages (+ 45 index points), with a small decrease in the number of employees throughout the period concerned (-7.5%), compared to the productivity per employee (-16% in 2108, and probably more in 2019). The increase in costs and decrease in productivity would also explain any difficulties regarding profitability.

Furthermore, the domestic market has been supplied with other local produced products, that have fluctuated during the period and more importantly with imports from other third countries not subject to the anti-dumping investigation, that have exponentially increased. It is difficult to comprehend that any injury could still be claimed on account of imports from the European Union, despite the significant increase of imports from other third countries that have not been analysed nor commented in the complaint.

Moreover, the demand for the product concerned has been increasing. It should be considered that Port Said Company for Food industries (Riyada), being the major domestic producer of the product concerned does not seem to have the capacity to satisfy the domestic demand in its entirety, which has logically led to an increase in imports, particularly from countries which are not subject to this anti-dumping complaint.

The IA's Response

As for the other causes of the injury, the IA responded in the previous comment.

The IA has concluded in this report there was evidence that the domestic industry suffered material injury that coincided with an absolute and relative increase in dumped imports from the Netherlands, represented in the following; Price suppression, Decline in production, Decline in the rate of capacity utilization, Decline in labor, wages and productivity, Decline in the domestic sales and market share, Incurring losses, Decline in the rate of return on investment, Inability to grow or increase capital, Negative cash flow, Increase in the volume of inventory.

As for the domestic industry achieving losses during 2018, as well as during the investigation period, whether in the complaint or the report; It achieved losses during the year 2018 compared to 2017, coinciding with the increase in the volume of imports during the same period, as well as achieved losses during the investigation period compared to the period 2018/2019, which also coincided with the increase in the volume of imports during the same period.

Concerning the increase in the total average cost for the like product, it is worth noting that this increase in the cost represents accepted increase within close proportions.

As for the demand for the product under investigation, The IA concluded that the increase in the market volume was dominated by dumped imports, which increased the volume of its imports by 337% and increased its market share by 22% during the investigation period. In contrast, the market share of the domestic industry decreased by 80% during the same period.

As for the increase in wages and the decline in labor and productivity shown in the application, the IA concluded through the verification visit to the domestic industry in Section 4 of this report, has concluded that employment, wages and productivity declined during the period of investigation (see Table No. 4.7).

The IA has concluded also that although there was an increase in the volume of other imports during the period of investigation, such imports represented a small proportion of the total imports and had a very small market share of 2 percent during the same period. Therefore, other imports were not considered one of the other causes of the material injury suffered by the domestic industry.

As for the inability of the domestic industry to meet the domestic demand for the product under investigation; The IA concluded that in light of the unfair competition between dumped imports and the same product, this led to a decrease in the domestic sales of the domestic industry and thus its inability to penetrate the domestic market properly.

Based on the foregoing, the IA has concluded that the increase in dumped imports was the main and direct cause of the material injury suffered by the domestic industry while the effect of the other causes of injury was limited (Other Causes of Injury – Section 4 of this report).

7.1.1.7 Measures are not in the public interest

Further to the above elements, any antidumping measures would not be in the public interest. They would allow for further monopolising of Port Said Company for Food industries (Riyada) of the domestic market.

Moreover, imposing definitive measures would significantly hamper imports on the domestic market, allowing Port Said Company for Food industries (Riyada) to raise its prices, and thus unduly penalising domestic users. In a period of high inflation and social tension, and additional levy on a food products could have destabilising effect.

The IA's Response

There is no provision in the AD Agreement or the Executive Regulations which prevents any Egyptian domestic industry from submitting an application to the investigating authority in the event that the increase in the dumped imports from one country caused injury to the economies of that industry.

It should be noted that there are other sources of the product under investigation, such as imports from other countries which do not practice the policy of dumping which come at fair prices, led to creating fair price competition. Moreover, the imposition of duties does not prevent imports from the countries subject to anti-dumping duties, but only ensures their entry into Egypt at fair prices.

It should also be noted that the role of anti dumping duties is to achieve fair competition within the Egyptian market between the like product and the concerned product and does not lead to monopoly.

7.1.2 Comments of the Embassy of the Kingdom of the Netherlands

7.1.2.1 Analysis in response to the Anti-Dumping complaint

In general, Dutch producers have a competitive advantage over local producers in the production of Edam and Gouda, and therefore the two producers cannot be compared.

Over the past year, the marketing of these products has become more competitive due to the decrease in demand from the tourism sector as a result of the Corona pandemic. This has led to wholesalers in the Egyptian market lowering their selling price. It is also clear that the market has been having competition for a long time which leads to good prices to consumers for quality products.

The IA's Response

Concerning the comparison between the product originating or exported from the Netherlands and the Egyptian domestic product is not based on objective

facts. The IA has concluded that the difference between the two products lies in the percentage of milk fat in Gouda cheese regardless of the quality of milk fat; The point is that, according to standards, Edam should contain 40 percent of milk fat and Gouda should contain 46 percent of milk fat which applies to the domestic product which consistent with the Egyptian standards. In addition the company has international quality certificates such as ISO 22000 and Halal certification and the product of the company has its own internal and external distribution channels, which indicates customer's satisfaction and acceptance of the product.

from the tourism sector as a result of the Corona pandemic. This has led to wholesalers in the Egyptian market lowering their selling price.

7.1.2.2 Misleading time period

The period 2017-2020 chosen for this investigation is misleading. In 2017, exports were at a historical low point. This had to do with

- a) A readjustment of the value of the Egyptian pound (commonly referred to as devaluation) and
- b) Registration requirements with the General Organization for Import and Export Control (GOIEC) for producers in country of origin, as a result of decree 43.

Because of this exports were not possible for a certain period. Growth over recent years was a recovery to pre-2017 levels.

The IA's Response

As for the claim that the investigation period is a misleading because exports in 2017 were at their lowest historical level; It is worth noting that the IA took this comment into its consideration and, through section four of this report, analyzed the imports from year to year, not the comparison with the base year, and therefore 2017 was not relied on as a base year for data analysis.

With regard to the devaluation of the currency in 2016, the change in the exchange rate of the Egyptian pound against the dollar affected the whole market including the domestic industry and importers of the product under investigation. Moreover, the value of the Egyptian pound increased against the US dollar during the period from year 2019 to date.

With regard to Law No. 43 and its impact on the level of imports during year 2017, it should be noted that Law No. 43 of the year 2016 was issued on 16/1/2016, which is considered to be outside the period of investigation and the period of injury analysis, However, it should be noted that the continuation of this decision did not negatively affect the flow of the volume of imports, but rather the imports continued to increase until the investigation period.

It should also be noted that the last paragraph of the above-mentioned allegation confirms that there was an increase in imports during the years following the year 2017, which justifies the submission of an application on the increase in imports which came at dumped prices.

7.1.2.3 Incomparable specifications

The specifications in the complaint are more specific than the diversity of Edam and Gouda products imported by Egypt. As a consequence the processes for manufacturing these cheese types in the Netherlands or in Egypt are not comparable, nor is the end-product.

The complaint is specific on the size and weight of the product (Edam ‘almost a 1.8-Kg.-ball’, Gouda ‘about a 4.5-kg.-disc’) while the Egyptian standards and EU specifications, have broad ranges of size and weight (for Gouda 2.5 – 30 Kg [both EU and EG], for Edam 1.5-2.5 Kg [EU, EG no spec.]).

Another factor making comparison difficult is milkfat content of the cheese. The complaint specifies 40% milkfat, while EU specification state 30% or more, and Egyptian standards distinguishing four categories ranging from 30% to above 60%. Further, ripening provides quality distinctions, while Egyptian standards are silent on this, EU specification speaks of at least 28 days. The complaint however mentions 45-60 days. Further differences exist in use of colourings (beside Annato) and of starter culture.

A distinctive difference in the local manufacturing process compared to the Netherlands is related to local milk quality. Both fat and protein content of Egyptian milk are lower than in the Netherlands milk, this mean more milk is needed for the manufacture of a similar quantity of cheese. In terms of food safety bacterial load, antibiotics residue, aflatoxins, local Egyptian milk has issues that affect the quality (and safety of the end-product). There are further branding differences, with quality implications which are not taken into account by the complaint. The production processes are further incomparable as local production relies on imported materials in many levels of the value chain (from genetic material, to paraffin wax, to machines, culture and rennet). Due to non-tariff barriers, sanitary & veterinary procedures and costly trade facilitation this leads to differences in costs, process and quality.

The IA's Response

With regard to the allegation that the specifications cannot be compared in terms of the final product, and that Egypt imports more products than the products mentioned in the complaint, as well as the difference in weights between domestic and imported products as a result of the discrepancy in Egyptian and European specifications, the IA has concluded that the product produced by the domestic industry has characteristics closely resembling to

those of the product imported from the Netherlands in terms of the technical and physical characteristics and distribution channels.

With regard to the difference between the imported types and the types mentioned in the complaint, most of the types which are imported and are not mentioned in details in the complaint but fall under the same tariff code and have been taken into our consideration, and the IA verified during the verification visit and based on the company's catalogs that the domestic industry produces such types and concluded that the addition of flavors and the difference in weights does not represent a real difference in the basic components of Edam or Gouda cheese.

As for the fat content in Gouda cheese, the IA has concluded that the difference between the two products lies in the content of fat in Gouda cheese, regardless of the fat quality, i.e. 40 percent in Edam cheese and 46 percent in Gouda cheese which also applies to the domestic product which conforms to the Egyptian standards.

With regard to the EU specifications which speaks of at least 28 days for mild cheese, the IA has concluded that, based on the data obtained from the domestic industry, that this period does not differ from the period of ripening the Egyptian medium cheese which ranges between 30 to 35 days to provide an opportunity to the cheese to settle and be ready for sale, and that would be in the average of the imported product also.

With regard to the addition of colors (Annato), the IA has concluded based on the data submitted by the domestic industry, that Annato is used in both the European Edam and the domestic product.

With regard to bacterial load and food safety of Egyptian milk, the domestic industry represented by Riyada is accredited by the Food Safety Authority and registered in the White List. In addition, the company holds international quality certificates such as ISO 22000 and Halal certification and all products including Edam and Gouda conform to the specifications including antibiotics.

It was also mentioned in the comment that domestic production processes depend on imported materials which increase cost. These imported materials include genetic materials: what genetic materials do you mean? since the company has been producing Edam and Gouda for more than 15 years and it is not known what is meant by that!

As for paraffin wax, it represents only a very small percentage of the final cost. As for health and veterinary measures, the company has approved quality certificates as previously mentioned.

7.1.2.4 Sustainability Challenges

Dutch and Egyptian Gouda and Edam are not comparable from the perspective of ecological sustainability. Both sectors have sustainability challenges that need addressing. The Dutch sector has taken many steps to tackle the energy footprint of dairy production, as well as the impact of phosphate and nitrogen emissions and the impact on bio-diversity. It is clear that many steps have yet to be taken, but the sector has taken up this challenge. For Egyptian dairy production, the water footprint in this water scarce country, challenged by climate change and geo-political threats to water availability, should be an issue of concern. Within this context, the imports of food products with a highwater foot print should be welcomed, rather than discouraged.

The IA's Response

The purpose of the anti- dumping investigations is to achieve fair competition in the demostic market, as anti-dumping measures, if imposed, do not prevent the entry of imports from countries that are proven to be exporting at dumped prices and cause injurey to the demostic industry, but the measures guarantee the entry of imports at fair prices.

7.1.2.5 Modest Injury to Egyptian Sector

Finally, it must be noted that allegations of injury to the complainant and Egyptian producers in general are dubious. The complainant who has a dominant local market position (59%), has a much broader portfolio than the two cheese types involved. He has previously made unsubstantiated claims of trade practices leading to a subsidy investigation on Edam and Gouda from the Netherlands several years ago. This implies that his interest appears not to be related to a fair and level playing field, but using tools to get rid of competition.

The IA's Response

With regard to the allegation that the complainant holds a major share in the domestic market, it should be noted that Riyada Co. is not the only producer of the like product in the Egyptian market, and therefore the allegation that the complainant dominates the domestic market is unsubstantiated. However, despite the fact that the complainant's share of the domestic production is ■■■, what matters is the size of the domestic production to the size of the total market. The volume of domestic production for both Riyada Company and Farm Cheese Company is less than ■■■ of the total market size, even if the Egyptian companies are operating under conditions Favorable and there is no fierce competition from the imported product, it would have been natural for the domestic production rate to exceed ■■■ of the total volume of the Egyptian market.

Moreover, the production capacity of Riyadh is [REDACTED] tons annually, and it was planned that in the following years, production capacity would be gradually increased to [REDACTED] tons, but unfortunately, the current production capacity does not exceed [REDACTED] percent of the total available capacity.

7.1.3 Comments of Foreign Exporters (Vandersterre)

7.1.3.1 Difference between Company's Product and Like Product

The Landana Gouda Mild cheese (12 kg) is similar to the product of Riyadh; however, the ripening period thereof is only 4 weeks, while the ripening period of the Gouda cheese wheel (4.5 kg) ranges from 45 to 60 days, and therefore both products are not comparable in cost and age. Thus, we consider that our product has nothing to do with the Applications.

The IA's Response

The IA has concluded based on the data provided therefore and the verification visit that the domestic industry produces the two products under investigation of the Mild type whose ripening period, that is to say the period during which the protein in cheese is hydrolysed by desired starter cultures under certain conditions, is from 30 to 35 days. The other type (i.e., Aged) requires a longer ripening period, which ranges from 60 to 90 days approximately under the same conditions in order to give a desirable taste (flavour) and aroma, which is stronger than the taste and aroma of the Mild type.

Thus, the IA has concluded that the product produced by the domestic industry is similar to the product imported from the Netherlands in terms of technical specifications, physical characteristics, and distribution channels.

7.1.4 Comments of Foreign Exporters (Friesland Campina)

7.1.4.1 Business Performance of Friesland Campina in Egypt for the Period from 2015 to 2020

During the period from 2015 to 2017, the volume of exports of the company to its distributors in Egypt declined dramatically. The main root cause for this steep decline is the currency depreciation in Egypt during 2016, where the Egyptian pound lost 130 percent of its value vs the US-Dollar. On top of that, the scarcity of forex resulted in a steep increase of overdues the company had on Egyptian customers.

As per 31/12/2016, the company's total receivables position with the Egyptian customers was €16,5m. Out of this amount, the company had €14m overdues. In addition, customers were not able to convert their local currency into US-Dollars. Consequently, 80% of the company's net sales for the year 2016 was not converted

back to cash. This development and the impact it had on the company's results was not sustainable and the continuity of the company's business was at risk. To give head to the steep currency depreciation and to reduce the margin erosion further, the company implemented price increases in Egypt during the year 2016.

Frico in Egypt is positioned in the premium segment. On average, the company's prices in the Egyptian market are higher than the prices of its competitors, and that of the locally-manufactured brands. As a result, the company's sales dropped, and the profit margins as well as the net profitability declined, which forced the company to increase prices in order to continue improving its products and to ensure the availability of its products in the Egyptian market. This could only be realized through investment in marketing activities and through various social medias to be connected with the consumers.

During the period from 2015 to 2020, the retail price of Edam cheeses (Mild and Matured) increased. This increase in prices resulted in a decline in the purchasing power of the Egyptian consumer causing a shift in demand from premium products to the lower priced mainstream or economy products.

After the price increases taken in 2016/2017, the company was able to claw back part of the volume loss, but still not back on the levels of 2015. By comparing the company's sales in 2020 with its sales in 2015, it is found that the company lost 44 percent of its volumes!

The drop in average net sales/kg from €4,98/kg in 2015 to €2,90/kg in 2016, is mainly as result of the FX-loss the company realized in 2016.

In 2016 and 2017, the company also incurred extra cost for once-off discounts to support additional investment in the trade, in addition to the increase in stock levels with the company's distributors. The risk here was that at a moment in time the company's distributors would have too much stock (with expiry date nearing) that could not be sold anymore. This measure was necessary to avoid extra costs of stock write-off.

Furthermore, the cost of goods sold (COGS) increased considerably during the years 2016 and 2017 for Frigo and other brands sold in Egypt or in other countries. This was due to higher input cost as result of changes in the milk price and extra cost incurred as result of demurrage in Egypt.

The fact that 2 years in a row (2015/2016) the company realized negative gross profit in Egypt and hence a net loss whereby the company was not generating positive free cash flows, had a considerable impact on the company's business.

The company's decision to continue to invest in Egypt was key to improving both physical and mental availability, realizing a turnaround to serve the Egyptian consumer better and becoming profitable again. The company see a positive trend, but still has not fully recovered.

The volume development and margins realized during the period from 2015 to 2020 show that there was no dumping of the company's products on the Egyptian market. The fact that the company kept its products in the upper-segment of the semi-hard cheese type product and increased the RRB supports in the company's view this concern. Accordingly, the damage caused, if proved, is not related to the Friesland Campina's local activities and the company does not see any causality.

The IA's Response

The IA has previously responded to the point concerning the currency depreciation in Egypt during 2016 and its impact on the increase in the company's total receivables position with the Egyptian customers. Furthermore, the year 2016 is outside the IA's scope of examination, being outside the period of investigation.

With respect to the points that Frico in Egypt is positioned in the premium segment, and that the prices of company in the Egyptian market are higher than the prices of its competitors and that of the locally-manufactured brands, and that the sales of the company dropped, and that the profit margins as well as the net profitability declined, which forced the company to increase prices in order to continue improving its products and to ensure the availability of its products in the Egyptian market through investment in marketing activities and through various social medias to be connected with the consumers, the IA has concluded in the Section (4) of this report that there is no price undercutting by the imported product as compared with the price of the domestic product, and that the company's ability to raise prices, per se, is an indication of holding a representative share in the Egyptian market.

Furthermore, the decline in the profits of the company, It was previously responded to comment No. 7-1-1-6.

With respect to the increase in prices, which resulted in a decline in the purchasing power of the Egyptian consumer causing a shift in the demand from premium products to the lower priced mainstream or economy products, the IA has examined the change in demand in Section (4) of this report and concluded that there was an increase in the total market volume during the period of investigation, and therefore there is no contraction in the demand for the product under investigation.

As for the causal link between the injury suffered by the Egyptian domestic industry and the dumped imports from the Netherlands, kindly review Section (5) of this report.

7.1.5 Comments of Importers

7.1.5.1 Comments of United Grossers Co. (Seoudi)

7.1.5.1.1 H.S. Tariff Code & Selling Price in the Netherlands & Age of Cheese & Other Factors of Injury

Our imports of the products under investigation, classified under the H.S tariff code 04069090, are restricted to the Dutch Edam Cheese (Flamenco) only, while the Dutch Gouda Cheese, as indicated in the attached customs releases, is classified under H.S Tariff Code 04069010 (cheese in packages of 10 kg and less than 20 kg) which is not subject to investigation.

The selling price of the two products under investigation (i.e., Edam and Gouda cheese) in the Netherlands on which the application is based is exaggerated, since the purchase price of Gouda and Edam cheese did not reach \$10.78 and \$8.10 respectively as indicated in the attached invoices.

The prices contracted for with the supplier vary according to the age of cheese, whether Gouda or Edam. For instance, Gouda cheese is classified according to age into types: 6-week-old cheese (Mild), 10-week-old cheese (Matured), 36-week-old cheese (Extra Matured) and 18-month-old cheese (Old). Edam cheese is classified according to age into similar types as well.

The price of the imported product is higher than the price of the domestic one, where the selection of the year 2017 as the beginning of the injury analysis period is against the application, because this year was affected by many factors that led to a decline in the volume of imports of the two product under investigation, including the liberalization of the exchange rate of the Egyptian Pound at the end of 2016 by the Central Bank of Egypt (CBE), the restrictions imposed by the CBE on foreign currency deposits with banks, with a maximum of \$50,000 per month and the equivalent in other currencies, as well as the implementation of the Ministerial Decree No. 43 of 2016 on the Amendment of the Rules Regulating the Registration of Factories Eligible to Export Products thereof to the Arab Republic of Egypt. Said Decree provides for the registration of factories and companies eligible to export cheeses of less than 2.5 kg with the General Organization for Export and Import Control (GOEIC). Furthermore, the volume of imports of the two products under investigation before the year 2017 was not mentioned in the application. Despite those huge obstacles to the imported product in the Egyptian market, the applicant was unable to gain the confidence of the customer or satisfy the demand of the domestic market for the product under investigation despite the fact that the price of the imported product is higher than the price of the domestic one.

The IA's Response

With respect to the H.S tariff code of the product under investigation, the IA has concluded that the product under investigation is classified under the H.S tariff codes 04069090 and 04069010 and that the difference in classification lies in the weight of the product, whether it is less or more than 10 kg, It is worth noting that H.S tariff code 04069010 is outside the scope of the investigation,

Whereas, the product under investigation is Edam and Gouda cheese less than 10 kilo.

With respect to the selling price of the product concerned in the Netherland, Kindly review the IA response on paragraph number 6-1-1-1 of this report.

With respect to the fact that prices vary according to the age of cheese, the IA has concluded based on the data provided thereto and the verification visit made to the domestic industry that the domestic industry produces the two products under investigation, i.e., the Mild type whose ripening period (the period during which the protein in cheese is hydrolysed by desired starter cultures under certain conditions), is from 30 to 35 days and the Aged type which requires a longer ripening period ranging from 60 to 90 days approximately under the same conditions in order to give a more desirable and stronger taste (flavour) and aroma than those of the Mild type. Therefore, it is normal that prices vary according to the age of cheese either the imported or the domestic products.. Therefore, the IA has concluded that the product produced by the domestic industry and the product imported from the Netherlands are alike in terms of technical specifications, physical characteristics, and distribution channels.

As for the company's reliance on 2017 as a base year for analyzing the injury; It is worth noting that the point is that the complaint should be sufficient and documented, and with regard to analyzing the indicators of injury, the IA in this report relied on analyzing the indicators of injury from year to year and not a base year like what was relied on in the complaint, and there is no specific methodology that the authority must The IA adhered to, but it is up to the discretion of the investigating authority.

7.1.5.2 Comment of Khaled Khoshala & Partners Company

7.1.5.2.1 Volume of Imports & Variation in Export Prices According to Ripening Period

In Table (1.3), the company mentioned that the volume of imports of Edam and Gouda cheese in the first half of the year 2020 was 18489 tons, and this figure is overly exaggerated and not proportional to the volume of the Egyptian market.

In addition, it is incorrect to compare the selling price in the Netherlands with the export price to Egypt, as the types of Edam and Gouda cheese available in the Dutch market are completely different from the types exported to Egypt in terms of ripening period, which has a significant impact on determining the price of the product.

The IA's Response

With regard to the volume of imports, the IA has relied on the statement of the General Organization for Export and Import Control (GOEIC), which is the

official approved source in this regard and concluded that the imports from the Netherlands during the investigation period amounted to 98 percent of the total import volume, and therefore the volume of the dumped imports from the Netherlands is not de minimis in accordance with Article (5.8) of the Anti-Dumping Agreement.

As for the comparison between the selling prices and the variation thereof according to the ripening period, the IA has previously responded to this comment.