

**REQUEST FOR THE INITIATION OF AN ANTI-DUMPING INVESTIGATION
CONCERNING IMPORTS OF HOT ROLLED STAINLESS STEEL SHEETS AND
COILS ORIGINATING IN INDONESIA, THE PEOPLE’S REPUBLIC OF CHINA
AND TAIWAN**

EXECUTIVE SUMMARY OF THE COMPLAINT

❖ COMPLAINANT

This complaint is submitted by Eurofer, the European Steel Association, on behalf of its members active in the production of stainless steel hot-rolled flat products (hereinafter referred to as “SSHR”):

Eurofer - the European Steel Association
Avenue de Cortenbergh, 172
B-1000 Brussels

Eurofer is the European Steel association, representing more than 95% of steel production in the European Union. Eurofer members are steel companies and national steel federations throughout the EU.

It is submitted on behalf of Union producers active in the production of stainless steel hot-rolled flat products, as follows:

- Acerinox Europa SAU
- Aperam Stainless Europe
- Outokumpu Oyj
- Acciai Speciali Terni SpA

❖ PRODUCT CONCERNED AND LIKE PRODUCT

The product concerned and like product is defined as “*certain flat-rolled products of stainless steel, whether or not in coils (including products cut-to-length and narrow strip), not further worked than hot-rolled, originating in Indonesia, the PRC and Taiwan*” (hereinafter referred to as “SSHR”).

The following products are not part of the product concerned and like product:

- Products, not in coils, of a width of 600 mm or more and of a thickness exceeding 10 mm.

The product concerned and like product falls within the following codes of the combined nomenclature: 7219 11 00, 7219 12 10, 7219 12 90, 7219 13 10, 7219 13 90, 7219 14 10, 7219 14 90, 7219 22 10, 7219 22 90, 7219 23 00, 7219 24 00, 7220 11 00 and 7220 12 00.

❖ **PRODUCTION PROCESS**

Production from scrap

The steel melt shop represents the first step in stainless steel production, after which semi-finished stainless steel products are produced. At this stage, the blend of raw materials such as scrap (stainless steel and alloys) and ferroalloys are put cold and melted in an electrical arc furnace ("EAF"). The molten material is further processed in an argon oxygen decarburization ("AOD") converter and, if required, secondary treatments are carried out. AOD is a mandatory tool to remove carbon without oxidizing the chromium too much. Once the liquid metal is clean, it is then processed through a continuous casting process in which the molten metal is poured directly into a mould to produce the required shapes. After leaving the mould, the strand's shell is then cooled until it has completely solidified.

Further in the process, the strand is cut into lengths to obtain compact rectangular blocks of crude steel, called slabs. Slab is a semi-finished steel product with a rectangular cross section and is used as a starting material in the production process of stainless steel hot-rolled flat products, i.e. hot-rolled sheets and strips.

At the hot rolling mill stage, slabs are rolled to obtain hot-rolled flat products. For that reason, slabs are pre-heated (or not cooled) prior to rolling and then reduced to a predetermined thickness in the roller gap of a hot rolling mill by pressure applied between two rollers. The resulting product is known as hot rolled black band ("black SSHR"), a product mainly used as feedstock for further processing that is covered by a layer of scale, giving it its black colour.

Black SSHR can be further annealed (a heat treatment that softens the steel) and pickled (with acid) to obtain hot rolled white band ("white SSHR" or "HRAP"). More specifically, annealing is the process of heating cold steel to make it more suitable for bending and shaping as well as to prevent breaking and cracking. Pickling is a process by which stainless steel is cleaned using chemical baths of diluted acid to remove impurities such as rust, dirt, scale and oil from the surface without changing the underlying properties of the metal. The initial annealing and pickling ("hot" annealing and pickling) remove the scale and cause the typical white colour of the white SSHR.

Production from NPI

In Indonesia and the PRC, stainless steel slabs are produced in part with a different source of raw materials (nickel pig iron or "NPI") and through a slightly different process. Stainless

steel producers in Indonesia and in the PRC, are vertically integrated with the production of NPI, an aggregate of lower-grade nickel ore and iron. Besides NPI, the integrated production route relies on chromium, coking coal and a mixture of gravel and sand. This mixture is then melted together with other raw materials, usually in a blast oxygen furnace ("BOF"), but also in rotary kiln electric furnaces ("RKEF") for the most modern facilities.

If the NPI is produced internally, the melt will be kept liquid and poured directly into the AOD or a vacuum oxygen decarburising converter. After AOD, the liquid metal is transferred to the continuous casting machine for transformation into a semi-finished product. This production route also diverges by the fact that as NPI requires significant smelting and sintering to remove the impurities in the ore. Consequently, that production process require greater quantities of energy.

❖ USES OF THE HOT-ROLLED FLAT STAINLESS STEEL PRODUCTS

There are two main uses of the stainless steel hot-rolled flat products: (i) further processing internally or by re-rollers and tube manufacturers or (ii) direct use by end-users.

First, stainless steel hot-rolled flat products are the primary material for the production of various value added downstream steel products, starting with stainless steel cold-rolled flat products ("SSCR") and stainless steel tubes. In this respect, SSHR - annealed and pickled - is mainly purchased by re-rollers who further cold-roll, anneal and pickle the SSHR into lighter products.

Since a major proportion of SSHR is turned into stainless steel cold-rolled products or tubes, the remaining part of the SSHR production is used as an industrial input by third-party purchasers such as capital goods manufacturers and process engineers. SSHR is ideally suited for their industry since it is corrosion resistant, formable, weldable and provides long life and low maintenance.

More specifically, among SSHR products most users rely on white SSHR and much less on black SSHR. White SSHR products are notably used for non-decorative purposes, for example in unexposed support systems and structural applications. Typical applications include stainless tubes, structural components and fastening elements in the building industry, profiles, boilers, electrical cabinets, machine components. Marginal applications include the bus and railway sector (fittings).

Black SSHR only plays a role in applications where heat resistant grades are used. Black coil is used by pipe makers. Here the material will further build up scale during the application due to the exposure to high temperatures, and hence removing the scale in the production by pickling is not needed.

In the European Union, SSHR is manufactured by integrated producers transforming stainless steel scraps into the final product. That process allows up to 100% of the previously produced

stainless steel to be recycled, and helps minimise both the use of virgin resources and the quantity of untreated waste. Similarly, the process used by the Union industry helps minimise the quantity of energy used, thus fulfilling the EU policy objectives of reducing carbon emissions and of ensuring resource efficiency.

❖ SUMMARY OF THE CASE

With this complaint, the European Steel Association (Eurofer or “the Complainant”) requests the European Commission to initiate an anti-dumping investigation concerning unfair imports of stainless steel hot-rolled flat products (“SSHR”) from Indonesia, the People’s Republic of China (“the PRC” or “China”) and Taiwan.

Despite the imposition of the provisional EU safeguard measures in 2018, the Union SSHR industry is significantly affected by dumped imports of SSHR originating from the countries concerned.

In recent years, imports from the countries concerned have surged in the EU, leading to a consistent increase in the market shares of these countries, reaching up to 33% of the free market during the second half of 2018, a record level despite the existence of the provisional EU safeguard measures.

As raw materials represent a significant share of the cost of production of SSHR, the local producers, especially in China and Indonesia, have leveraged the major distortions implemented by the respective governments to set up an export-oriented industry relying on distorted input costs to sell on the export market at extremely low prices. That export focus, driven by significant local overcapacities and constrained by the closure or saturation of the main export market, especially since the implementation of the US Section 232 measures on steel, further reinforced by the effect of the local distortions, has led to a significant level of dumping of imports on the EU market ranging from 15.1% to 54.3%.

Whereas the increase in dumped imports at low prices has been consistent since 2015, the continuous pressure on the Union Industry has been exacerbated by the very sudden developments of imports in the EU of Indonesian products at unprecedented low prices. These imports result from the development of an artificial Indonesian contender, prospering on the back of the control of raw material prices exerted by the Indonesian government and of substantial investments made by Chinese stainless steel manufacturers in the context of the Belt and Road initiative. On a market essentially driven by prices and by the costs of raw materials, these imports, which are immune to the normal market situation on international markets for raw materials, have further increased the price pressure on the Union Industry.

As a reaction to the pressure from dumped imports, the Union industry had initially tried to maintain its prices, but accepted a decline in its sales volumes, in order to try to improve its dangerously low profitability. However, in 2018, and notably during the second half of that year, the pressure from imports, both in terms of volume and prices, was such that both

volumes sold and the profitability of the Union industry decreased significantly down to unsustainable levels, further affecting production, investments and employment and resulting in clear material injury.

In the coming years, the production capacities dedicated to exports will increase massively, with new capacities entering into operation as soon as 2019. In the meantime, the price impact of the dumped imports will intensify through the increase in the transformation, notably in Taiwan, of the semi-finished products originating from the countries where distortions on the main raw materials exist. In that context, the Union Industry, being caught between ever increasing regulatory costs and ever diminishing import prices, faces an imminent and obvious further aggravation of the injury.

In the absence of measures, it is expected that, despite sufficient local production capacity, the SSHR consumed in the EU will essentially be imported SSHR produced at a much higher environmental cost, both in terms of carbon emissions and the use of virgin resources, leaving the EU to address new waste treatment and employment issues.

It is therefore essential that the European Commission acts swiftly to address to the fullest extent the dumped imports of SSHR from the countries concerned, to put an end to the injury, and anticipated further injury, caused to the Union industry.

❖ KNOWN PARTIES TO THE INVESTIGATION

Union Industry

- ACERINOX EUROPA SAU
- APERAM STAINLESS EUROPE
- OUTOKUMPU OYJ
- ACCIAI SPECIALI TERNI SPA

Exporters

Indonesia

- PT. INDONESIA TSINGSHAN STAINLESS STEEL
- PT VIRTUE DRAGON/DELONG

PRC

- TISCO SHANXI TAIGANG STAINLESS STEEL Co. Ltd
- TAIYUAN IRON AND STEEL (Group) Co. Ltd
- BAOSTEEL BAOSHAN IRON AND STEEL Co. Ltd
- POSCO ZHANGJIAGANG POHANG STAINLESS STEEL Co. Ltd (ZPSS)
- LISCO LIANZHONG STAINLESS STEEL CORPORATION
- TSINGSHAN (TSINGSHAN HOLDING GROUP)
- BEIHAI CHENGDE STAINLESS STEEL Co. Ltd

- JISCO JIUQUAN IRON AND STEEL (GROUP) Co. Ltd
- ZHANGZHOU YONGDA STAINLESS STEEL Co. Ltd
- TANGSHAN STAINLESS STEEL Co. Ltd

Taiwan

- YIEH CORP

Importers

- MARCEGAGLIA
- ILTA INOX SPA
- OIKI ACCIAI INOSSIDABILI S.P.A.
- S.I.P.I. SPA
- ACCIAI VENDER S.P.A.
- C.P.C. INOX S.P.A.
- LSI LAMIERE SPECIALI INOX S.P.A.
- TKM GMBH
- THYSSENKRUPP SCHULTE (BSM) GMBH
- CARL SPAETER GMBH
- IRESTAL GROUP BERGARA
- MCB GROUP
- NOVA TRADING SA
- DAMSTAHL GMBH
- AMARI METALS
- GROUP JACQUET (FRANCE, GERMANY, BELGIUM, UK)
- ALACER MAS SL
- TIBNOR AB
- OTELINOX
- FERLAT ACCIAI S.P.A.
- PADANA TUBI E PROFILATI ACCIAIO INOX
- COMMIT METALLI S.R.L.
- RAVANI ACCIAI S.P.A.
- ACINESGON
- ALINOX S.A.
- KREUER EDELSTAHL GMBH
- HW-INOX GMBH
- HERNANDEZ STAINLESS GMBH
- NORDER BAND AG
- ELG HANIEL GMBH
- CHROM STAHL- UND METALLHANDEL GMBH
- EUROSTAHL HANDELS GMBH & CO. KG
- H. BUTTING GMBH & CO. KG
- NICHELCROM ACCIAI INOX S.P.A.

- THE METAL CENTRE
- LEMVIGH-MULLER A/S

Users

- MARCEGAGLIA
- ILTA INOX SPA
- OIKI ACCIAI INOSSIDABILI S.P.A.
- S.I.P.I. SPA
- ACCIAI VENDER S.P.A.
- C.P.C. INOX S.P.A.
- LSI LAMIERE SPECIALI INOX S.P.A.
- TKM GMBH
- CARL SPAETER GMBH
- IRESTAL GROUP BERGARA
- MCB GROUP
- NOVA TRADING SA
- DAMSTAHL GMBH
- AMARI METALS
- GROUP JACQUET (FRANCE, GERMANY, BELGIUM, UK)
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- COMMIT METALLI S.R.L.
- RAVANI ACCIAI S.P.A.
- ACINESGON
- ALINOX S.A.
- KREUER EDELSTAHL GMBH
- HW-INOX GMBH
- HERNANDEZ STAINLESS GMBH
- NORDER BAND AG
- ELG HANIEL GMBH
- CHROM STAHL- UND METALLHANDEL GMBH
- EUROSTAHL HANDELS GMBH & CO. KG
- H. BUTTING GMBH & CO. KG
- STALATUBE OY
- KLÖCKNER & CO DEUTSCHLAND GMBH ZWEIGNIEDERLASSUNG
OSNABRUECK
- VERTRIEBSGESELLSCHAFT MAIKRANZ GMBH & CO.KG
- EBERSPÄCHER ETSW AB