

**EXECUTIVE SUMMARY of the request of an expiry review on anti-dumping measures on certain welded tube imports originating in Belarus, People's Republic of China and Russia**

This Expiry Review Request is filed by the Defense Committee of the EU welded steel tubes industry on behalf of 6 EU producers (the “**Complainants**”) from 4 different EU countries, manufacturing the product concerned – certain steel welded tubes (“**Welded Gas Tubes**” or “**the product**”) - and representing more than 85% of the EU production in the Complaint Investigation Period or the “**IP**”, which ran from Q3 2018 – Q2 2019. This Request demonstrates that Belarus, China and Russia would cause injury to the EU industry producing the like product were the measures implemented on their imports to be terminated. Anti-dumping measures on imports originating in these three countries were firstly implemented in 2009 then reviewed and prolonged in 2015. The production capacities of the three countries have continued increasing during implementation of existing measures and constitute a significant reserve of spare capacities. Hence, their capability to export to, the Union market at predatory prices, demonstrated by the dumped export price level they are selling on other markets, represent a notable threat if the current measures in the Union were terminated.

## **1. Product**

Product definition: The product concerned is welded tubes and pipes, of iron or non-alloy steel, of circular cross-section and of an external diameter not exceeding 168,3 mm, excluding line pipe of a kind used for oil or gas pipelines, casing and tubing of a kind used in drilling for oil and gas, precision tubes and tubes and pipes with attached fittings suitable for conducting gases or liquids for use in civil aircraft, currently falling within CN codes ex 7306 30 41, ex 7306 30 49, ex 7306 30 72 and ex 7306 30 77, originating in Belarus, the PR of China and Russia. The major raw material for the product concerned is hot-rolled coils (HRC), which are formed into tubes. The product may then further be treated by coating or galvanisation. These further treatments are intended to increase the quality of the product. They are mostly delivered with plain ends, but also can have bevelled or threaded ends, with or without couplings. The product is produced in numerous sizes and according to various national standards and classifications. It is to a considerable extent interchangeable with regard to their end-use and, therefore, there exists a significant degree of overlap and competition between the various types of the product concerned. Therefore all types of the product concerned should be considered as a single product for the purpose of this investigation.

The Product corresponds to the following European Norms (EN) as far as they are of circular cross-section of an external diameter not exceeding 168,3 mm.

- EN 10255 – Service Pipe and House installation
- EN 10224 – Conveyance Aqueous liquids
- EN 10210 -1 and 2 – Hot Finished Hollow Sections – Delivery Requirements and Dimensions
- EN 10219 -1 and 2 – Cold Formed Hollow Sections – Delivery Requirements and Dimensions.

They can also be delivered under other international norms such as US norms ASTM A-53A and B, ATM A-135/795 and ASTM A-500/A-252.

Like product: The product, produced and sold in the Union by the Union industry and the product produced and sold in the countries concerned and the analogue country have essentially the same physical, chemical and technical characteristics and the same basic uses as the product produced in the countries concerned and sold for export to the Union. They are therefore considered to be alike within the meaning of Article 1(4) of the basic Regulation.

Manufacturing process: There are 2 processes of production:

- ERW cold process

Hot rolled steel coil (HRC or HRF) is slit to the required width, edge trimmed and welded together into a continuous length. It passes through a forming mill where a series of rolls form the strip into the required shape. High frequency electric welding is used to join the longitudinal tube seam. The external and, when required, the internal weld bead is removed and the weld is water cooled. The tube is then sized to produce the required diameter and is cut to the required length. The tubes are then leak tightness tested.

- Hot Stretch Reduction process

Hot rolled steel coil (HRC or HRF) is slit to the required width, edge trimmed and welded together into a continuous length.. It passes through a forming mill where a series of rolls form the strip into the required shape. High frequency electric welding is used to join the longitudinal tube seam. The external (and possibly the internal) weld bead is removed and the weld is water cooled. The pipe is then sized to produce the required diameter and cut. This electrically welded tube forms the feedstock for the “stretch reduction” process. Lengths of pipes are uniformly heated to rolling temperature. The heated pipes pass through a series of roll-stand passes in which they are reduced to the required diameter while being stretched to produce the required finished tube wall thickness. The pipe is then cut into lengths, cooled and leak tightness tested.

Delivery conditions: Tubes may be supplied

- Self coloured (black) or with an external varnish. Black execution constitutes the majority of the deliveries.
- With a galvanized finish for greater protection, (hot dip galvanized): Black tubes are thoroughly cleaned and descaled by acid pickling washed, coated with flux and immersed in a bath of molten zinc. During immersion, a coating of zinc-iron alloys is formed on the surface of the tubes, and when they are withdrawn of the bath, a layer of pure zinc adheres to the alloyed surface.
- Tubes are normally delivered with “plain ends” (square cut) or “bevelled ends”, but can also be sold “threaded” with or without couplings, possible for both black and galvanized execution. The bulk of the tubes are delivered by the mills, through the stockist distribution system, as plain end.

Product utilization: The product is used in a wide range of applications including, amongst others, the conveyance of water, steam, natural gas, air and other liquids and gases in plumbing heating and ventilation systems, air conditioner units, automatic sprinkler systems, and other similar uses. Quite often they are also used for construction purposes, for load-bearing, fence tubing, protection means and scaffoldings. It is very seldom delivered directly to the end user, most of the distribution of the product is carried out through stockholders usually referred to as “stockists”.

Identification of the product by custom authorities: In order to avoid any kind of misdeclaration which could lead to circumvention of potentially taken measures, will be considered as belonging to the Product pipes and tubes:

- according to the mentioned EN norms and their updates and equivalents
- or, if a reference to another norm is made (for example ASTM A-53), of sizes corresponding in the size range of 10,2 to 168,3 mm in outside diameter, except if evidence can be submitted that this norm is not compatible (meaning is more severe and restrictive) with the EN norms mentioned in the Product description.
- or, if no reference to any norm is made – which normally could not happen under the Construction Products Regulation – of sizes in the size range from 10,2 mm to 168,3 mm in outside diameter.

## 2. Summary of the case:

The Complaint seeks the continuation of anti-dumping duties on the ground that the Complainant Union industry already in a delicate profit situation caused by imports not subject to anti-dumping measures, is particularly vulnerable to the possibility of dumping recurrence of the three mentioned countries. The evidence presented in this request shows that:

- **There is significant dumping and undercutting capability in the three countries, were the existing measures to be terminated.** This capability is further enhanced by the huge existing spare capacities of the three countries, especially in China and Russia.
- **The Complainant Union industry is already in a delicate situation.** Following the Eurozone crisis (2012-2014), which affected the construction sector, main customer for gas tubes, the Union industry (Complainants and non-Complainants alike) managed to initiate a recovery by adapting and optimizing production capacities. From 2011 to 2018, the number of Union Producers went from 16 to 11. Having achieved a slightly profitable situation in 2016, the Union Industry faced a significant increase of imports in 2017 and 2018, driving down the profitability to negative figure in the IP. These imports, originating in countries not subject to anti-dumping measures, saw their market share growing from 58% in 2016 to 70% in 2018, thus causing injury to the Union Industry.
- **Threat of further injury is clear.** In such fragile position, it is obvious that any recurrence of dumped imports originating in the three countries would aggravate the already delicate situation of the Union Industry.
- **Continuation of the measures is in the interest of the Union industry.** Anti-dumping measures would continue to preserve normal conditions of competition in the EU, as they did for many other key steel sectors in the past, and would ensure that end users have a long-term and reliable source of supply. Measures would not result in short supplies, because imports of other origins can continue to enter the EU, and there is more than sufficient capacity in the EU and in other third countries to supply integrally the needs of the Union market.

## 3. List of known interested parties

Complainants:

Acciaitubi SpA

Arvedi Tubi Acciaio SPA

Arcelor Mittal Tubular Products Krakow Sp.zo.o

Arcelor Mittal Tubular Products Karvina a.s.

Celsa Atlantic S.L.

Tecnotubi SPA

Other EU Producers:

Ferpinta SA, Liberty Steel Tredegar LTD, Z-Group Zelezarny Veseli a.s.

Known exporters/producers in third countries, importers and users:

List of other parties cannot be disclosed as this information is by nature confidential because its disclosure would have a significant adverse effect upon the party supplying the information or upon a party from whom this information was acquired.

#### **4. Conclusion**

The situation is critical. Further to the fact that the Complainant Union industry is already suffering material injury due to surging imports, it faces a difficult and very uncertain future as all major macro- economic forecasts indicate a downturn on steel product consumption in the Union in 2020. Moreover, the EU AD measures on HRF imports will likely divert dumped HRF that previously was exported to the EU to tube makers, especially in Russia and China, giving them access to unfairly traded, cheap raw material to enable them to undercut and dump even more aggressively. Last but not least, the implementation of section 232 on steel product imports in the US since 2018 already diverted trade flows to the Union market. The definitive safeguard measures implemented in the Union since February 2019 partially addressed this issue by capping the total import figures on the EU market; nevertheless, Tariff Rate Quotas are not addressing the predatory price matter, and the liberalization clause enabling a growing free quota in a recession period does not prevent any crowding out of the residual quota.

There is thus a clear Union interest in carrying out the expiry review and prolonging the existing measures. The losses already suffered by the industry clearly caused by growth of imports originating in other countries are also driving the Union Industry to seriously consider the possibility to request anti-dumping proceedings against these imports. Complainants are closely monitoring the situation and will proceed to such action would the necessary conditions be met. Before entering these considerations, We respectfully request the Commission to initiate the expiry review regarding the imports originating in Belarus, China and Russia, in line with its own action plan for the EU steel industry where the Commission committed on “*ensuring a level playing field at international level*” and “*tak[ing] action against unfair trade practices*”.<sup>1</sup>

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<sup>1</sup> See Commission’s action plan for the steel sector, available at [http://europa.eu/rapid/press-release\\_IP-13-527\\_en.htm](http://europa.eu/rapid/press-release_IP-13-527_en.htm).