

Executive Summary

Petition for the initiation of an expiry review of the Council Implementing Regulation (EU) N° 78/2013 of 17 January 2013 (OJ L 27 of 29.1.2013 page 1) imposing a definitive anti-dumping duty on imports of certain tube and pipe fittings originating in Russia and Turkey, and of the Commission Implementing Regulation (EU) N° 1283/2014 of 2 December 2014 (OJ L 347 of 3.12.2014 page 27) imposing a definitive anti-dumping duty on imports of certain tube and pipe fittings originating in the Republic of Korea and Malaysia, as last amended by the Commission Implementing Regulation (EU) N° 2016/306 of 3 March 2016 (OJ L 58 of 4.3.2016 page 38).

PART A - PETITIONER

a) Name and address:

Defence Committee of the steel butt-welding fittings industry of the European Union represented by its Chairman, Mr. Raymond BARBIER

b) EU producers supporting this petition: 3 EU producers are supporting this petition:

- CENA & Figlii – Italy
- ERNE Fittings GmbH – Austria
- Vallourec Fittings - France

c) Complainants' share of the EU production of the PRODUCT:

About **51 %** in 2016 and 1st half 2017

PART B - GENERAL INFORMATION

1 - Current measures against Malaysia and Sth Korea = level of duties

- Korea TK Corporation = 32,4 %
 All others = 44,0 %
- Malaysia Pantech = 49,9 %
 Anggerik = 59,2 %
 All others = 75,0 %

2 – Current measures against Russia and Turkey = level of duties

- The Council imposed anti-dumping duties on imports originating in Russia (23,8 % for all), and in Turkey (9,6 % for RSA, 2,9 % for Sardogan, 12,1 % for Unifit and 16,7 % for all others).

3 - Product

The product under review is tube and pipe fittings (other than cast fittings, flanges and threaded fittings), of iron or steel (not including stainless steel), with a greatest external diameter not exceeding 609,6 mm, of a kind used for butt-welding or other purposes, originating in the Republic of Korea and Malaysia, currently falling within CN codes ex 7307 93 11, ex 7307 93 19 and ex 7307 99 80 ('the product concerned' or TPF).

4 – Production process

The production process uses seamless or welded steel pipes for the production of elbows, reducers and tees, while for the manufacturing of caps, normally steel sheets are used as raw material. The elbows and reducers are made by cutting and forming, bending or reducing. Tees are made by using hydro-pressure, and caps are made by the forming of the sheets or plates. These are normally followed by chamfering and shot-blasting before the packaging. In certain cases also galvanisation is applied to the product. All types of products share the same basic physical, chemical and technical characteristics and same basic uses.

5 - Product utilization

Tube and pipe fittings are used in the petrochemical industry, construction, energy generation, shipbuilding and industrial installations. They are used in order to connect tubes or pipes with each other in all the above applications.

9 – Countries concerned by this petition

Geo Code	Country	% of 3 rd countries imports July 2016 to June 2017	share of EU consumption July 2016 to June 2017
KR	Korea	0,93	0,39
MY	Malaysia	0,00	0,00
RU	Russia	1,14	0,48
TK	Turkey	7,72	3,23

PART C - SUMMARY OF IMPORTS

<u>Imports of 3rd countries in tonnes</u>					
Korea	96	749	398	338	201
Malaysia	2	0	0	0	0
Russia	171	18	20	427	248
Turkey	791	1 194	1 463	1 814	1 675
expiry - 4 countries	1 060	1 961	1 881	2 579	2 124
All others	17 307	20 648	16 546	20 172	19 561
Total imports	18 367	22 609	18 427	22 751	21 685

PART D - EVOLUTION OF THE APPARENT CONSUMPTION IN EU-28

	2013	2014	2015	2016	July 2016 to June 2017
Union industry sales in EU	40 797	35 191	31 964	31 406	30 106
+ Imports from 3rd countries	18 367	22 609	18 427	22 751	21 685
= Apparent Consumption	59 164	57 800	50 391	54 157	51 791
% 3rd countries	31,04	39,12	36,57	42,01	41,87
% domestic	68,96	60,88	63,43	57,99	58,13

PART E - SITUATION OF THE COMPLAINANTS

2007 was the only recent and full year when the profit margin of the Complainants reached the level of 11,2 %. Since then it is below the level of 5% which is deemed by the Commission as being *“reasonable, since the level of profits corresponds to the actual level of profit that the Community industry could achieve in 1987, on a Community market free of dumped imports”*

Production capacity (based on 18 shifts / week and 48 weeks / year): significantly decreased from 97.000 tonnes end of 2012 to 77.000 end of June 2017, and even 65.000 on 1st October 2017.

Total production: at already a not satisfactory level in 2013 with 31.246 tonnes, it then sharply and regularly decreased and reached only 18.650 tonnes (minus 40 % on 2013) during the 12 months period from July 2016 to June 2017. The profit margin of the Complainants is obviously directly linked to the level of its production, as well as of the capacity utilization ratio

Employment of the Complainants decreased by 19 %. The closure of SIEKMANN Fittings of Germany in September 2017 entails a further decrease of about 50 people.

As a summary, it is quite obvious that the complainants, and more generally the Union industry, constituted in its vast majority of very small companies with an average number of people employed of 50 people, is currently in a very difficult and dangerous situation, and could not face a further increase of imports without further decreasing its production and utilization ratio, or making still heavier and unbearable losses, obviously compromising its survival.

PART F - REQUEST FOR AN EXPIRY REVIEW

Resulting from a detailed study of the capacity and production of these 4 countries, it appears that all of them have a huge overcapacity, which cannot be directed to any other significant world market, and would be immediately shipped to EU, should the current antidumping measure not be renewed.

All these 4 countries also still practice very significant high dumping margins, and undercut the EU domestic prices, as summarized in the below table

Country	Average dumping margin %	undercutting %
Korea	11,6 to 14,4 %	at least 6,5 %
Malaysia	46,4%	69,0%
Russia	62,0%	53,2%
Turkey	8,3%	37,5%

PART G - SUMMARY of the PETITION

The Complainants conclude that the revocation of the current AD measures on imports from KOREA, MALAISA, RUSSIA and TURKEY would certainly lead to an increased very serious material injury to an already fragile EU industry, within a very short time, in view of the size of the industries of these countries, of their available increase of production and of their structural tendency to sell at dumped prices.