

Executive Summary

Petition for the initiation of an expiry review of the Council Implementing Regulation (EU) N° 2015/1934 of 27 October 2015 (OJ L 282 of 28.10.2015 page 14) imposing a definitive anti-dumping duty on imports of certain tube and pipe fittings, of iron or steel, originating in the People's Republic of China, and those consigned from Taiwan, whether declared as originating in Taiwan, or not, and repealing the exemption granted to Chup Hsin Enterprise Co. Ltd. And Nian Hong Pipe Fittings Co. Ltd., extended to imports consigned from Indonesia by Council Regulation (EC) N° 2005/2004 (OJ L 355 of 1.12.2004 page 4, to imports consigned from Sri Lanka by Council Regulation (EC)/2004 (OJ L 355 of 1.12.2004 page 9) and to imports consigned from the Philippines by Council Regulation (EC) N° 655/2006 (OJ L 116 of 29.4.2006 page 1).

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:

- Virgilio CENA & Figli s.p.a. – Italy
- ERNE Fittings GmbH – Austria
- INTERFIT S.A. – France
- LINDEMANN GmbH & Co. KG - Germany

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

About **63 %** in 2019

PART B - GENERAL INFORMATION

1 - Current measures against People's Republic of China, extended to those consigned from Taiwan (see above in title), Indonesia, Sri Lanka and Philippines

- All = 58,6 %

2 - Current measures against Malaysia, Russia 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 %
- Russia All = 23,8 %

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, 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.

6 – Countries concerned by this petition

Geo Code	Country	% of 3 rd countries imports	share of EU consumption
		Year 2019	Year 2019
CN	China	30,78	12,21
IN	Indonesia	0,00	0,00
PH	Philippines	0,00	0,00
LK	Sri Lanka	0,00	0,00
TW	Taiwan	4,80	1,90

PART C - SUMMARY OF IMPORTS

	Year	2016	2017	2018	2019
China		9 836	7 903	5 877	6 382
Indonesia		0	1	0	0
Philippines		12	8	1	0
Sri Lanka		0	0	0	0
Taiwan		1 046	605	1 071	995
expiry - 5 countries		10 894	8 517	6 949	7 377
All Others		11 859	12 238	14 627	13 354
Total imports		22 753	20 755	21 576	20 731

There were or still are also very significant imports of TPF originating in People's Republic of China in EU resulting from various circumventions through several countries such as Hong Kong and Cambodia and possibly Vietnam, but also wrongly declared as cast iron malleable fittings.

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

	2016	2017	2018	2019
Union industry sales in EU	32 882	31 165	34 417	31 519
+ Imports from 3rd countries	22 753	20 755	21 576	20 731
= Apparent Consumption	55 635	51 920	55 993	52 250
% 3rd countries	40,90	39,97	38,53	39,68
% domestic	59,10	60,03	61,47	60,32

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*”

Since 2017 when they made heavy losses on their domestic sales, the profitability of the Complainants has improved, in line with the evolution of their production, but not yet reaching an acceptable level

Year	2016	2017	2018	2019
Production in 1000 tonnes	23,712	24,938	31,971	29,783
profit margin %	[-10 / - 15]	[-15 / - 20]	[0 / - 5]	[-5 / - 10]

Production capacity: significantly decreased by 10 % between 2016 and 2019, being then significantly reduced by one Complainant.

Total production: it significantly increased and was in 2019 at a level 26 % higher than in 2016, although EU sales had decreased, but thanks to increased export sales which doubled during this period, showing the efficiency and competitiveness of the EU industry.

Employment of the Complainants decreased by 13 % between end of 2015 and end of 2019, whilst their production increased by 26 %, thus demonstrating their highly improved efficiency.

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 People's Republic of China, it appears that it has a huge overcapacity, which cannot be directed to any other significant world market, and would be immediately shipped to EU, should the current antidumping measures not be renewed.

In addition to multiple ways of circumvention, People's Republic of China also still practices an extremely high dumping margin, and undercuts the EU domestic prices, as summarized in the below table

dumping margin in %	undercutting in %	
	before the AD duty of 58,6 %	still AFTER AD duty of 58,6 %
131,7 %	37 to 54 %	4 to 29 %

PART G - SUMMARY of the PETITION

The Complainants conclude that the revocation of the current AD measures on imports from People's Republic of China, as extended to those consigned from Indonesia, Philippines, Sri Lanka and Taiwan, 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 its industry, of its available increase of production and of its structural tendency to sell at dumped prices.