Commission Regulation (EU) 2016/1977 of 11 November 2016 imposing a provisional anti-dumping duty on imports of certain seamless pipes and tubes of iron (other than cast iron) or steel (other than stainless steel), of circular cross-section, of an external diameter exceeding 406,4 mm, originating in the People's Republic of China

COMMISSION REGULATION (EU) 2016/1977

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union[(1)] ('the basic Regulation'), and in particular Article 7 thereof,

After consulting the Member States,

Whereas:

1. PROCEDURE

1.1. Initiation

(1) On 13 February 2016, the European Commission ('the Commission') initiated an anti-dumping investigation with regard to imports into the Union of certain seamless pipes and tubes of iron (other than cast iron) or steel (other than stainless steel), of circular cross-section, of an external diameter exceeding 406,4 mm originating in the People's Republic of China ('the country concerned') on the basis of Article 5 of Council Regulation (EC) No 1225/2009[(2)]. It published a Notice of Initiation in the *Official Journal of the European Union*[(3)] ('the Notice of Initiation').

(2) The Commission initiated the investigation following a complaint lodged on 4 January 2016 by the Defence Committee of the seamless steel tubes industry of the European Union ('the complainants'). The complainants represent more than 25 % of the total Union production of seamless pipes and tubes of iron (other than cast iron) or steel (other than stainless steel), of circular cross section, of an external diameter exceeding 406,4 mm. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

1.2. Interested parties

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1977. (See end of Document for details)*

(3) In the Notice of Initiation, the Commission invited interested parties to contact it in order to participate in the investigation. In addition, the Commission specifically informed the complainants, other known Union producers, the known exporting producers and the People's Republic of China authorities, known importers, suppliers and users, traders, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.

(4) Interested parties had an opportunity to comment on the initiation of the investigation and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

(5) In the Notice of Initiation, the Commission informed interested parties that it envisaged Japan, Russia, South Korea and the USA as possible third market economy countries (‘analogue countries’) within the meaning of Article 2(7)(a) of the basic Regulation. The Commission contacted producers of these countries and also producers in Canada, India, Mexico and Venezuela and invited them to participate.

1.3. **Sampling**

(6) In the Notice of Initiation, the Commission stated that it might apply sampling in accordance with Article 17 of the basic Regulation.

1.3.1. *Sampling of Union producers*

(7) In the Notice of Initiation of the investigation, the Commission stated that it had provisionally selected a sample of Union producers on the basis of the production of the product concerned. This provisional sample consisted of four Union producers. They accounted for 51 % of the total production of the Union industry. The Commission invited interested parties to comment on the provisional sample but no comments were received.

(8) The investigation has revealed that the economic situation and the structure of the largest sampled company may not be representative of the Union industry. It has a different business model, because it relies for more than 60 % of its sales on the oil and gas business, and because it produces many more tailor-made and high-end products. Furthermore, as explained in recitals 107 to 108, its profitability has deteriorated consistently over the entire period considered, which is another important difference from the other Union producers. Hence, the Commission will investigate further whether the company is representative for the state of the Union industry. If appropriate, the Commission will consider further steps including a weighing of the relevant companies.

(9) At provisional stage, the Commission has decided to keep this company in the sample, but it will revisit the question in the light of the comments it will receive from interested parties.

1.3.2. *Sampling of importers*

***Changes to legislation:** There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1977. (See end of Document for details)*

(10) To decide whether sampling is necessary and, if so, to select a sample, the Commission asked unrelated importers to provide the information specified in the Notice of Initiation.

(11) Five unrelated importers provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of three importers on the basis of the largest volume of imports into the Union. In accordance with Article 17(2) of the basic Regulation, all known importers concerned were consulted on the selection of the sample. No comments were made.

1.3.3. *Sampling of exporting producers in the People's Republic of China*

(12) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in the People's Republic of China to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Mission of the People's Republic of China to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation.

(13) Twelve exporting producers in the country concerned provided the requested information and agreed to be included in the sample. In accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of four on the basis of the largest representative volume of exports to the Union which could reasonably be investigated within the time available. In accordance with Article 17(2) of the basic Regulation, all known exporting producers concerned, and the authorities of the country concerned, were consulted on the selection of the sample. No comments were received from interested parties in this respect.

1.4. **Individual examination**

(14) Six exporting producers in the People's Republic of China requested individual examination under Article 17(3) of the basic Regulation. Three of them are included in the sample and hence examined individually. The examination of the remaining three requests during the provisional stage of the investigation would have been unduly burdensome due to the tight deadlines of the investigation, limited resources, and current workload of the Commission services. The Commission will decide whether to grant any individual examination requests, following the provisional stage of the investigation.

1.5. **Market economy treatment claim forms**

(15) For the purposes of Article 2(7)(b) of the basic Regulation, the Commission sent MET claim forms to all the cooperating exporting producers in the People's Republic of China selected to be in the sample, to the known associations of exporting producers, and to the authorities of the People's Republic of China. No MET claim forms were submitted by any of the exporting producers.

Changes to legislation: *There are currently no known outstanding effects for the Commission Regulation (EU) 2016/1977. (See end of Document for details)*

1.6. **Questionnaire replies and verification visits**

(16) The Commission sent questionnaires to all sampled companies within the deadlines set out in the Notice of Initiation. Questionnaire replies were received from the four sampled cooperating (groups of) exporting producers in the People's Republic of China, the four sampled Union producers, and three unrelated importers. No users came forward.

1.7. **Verification visits**

(17) The Commission sought and verified all the information deemed necessary for a provisional determination of dumping, resulting injury and Union interest. Verification visits pursuant to Article 16 of the basic Regulation were carried out at the premises of the following companies:

(a) *Union producers:*
- ArcelorMittal Tubular products Roman, Romania
- Huta Batory, Poland
- Vallourec Deutschland GmbH, Germany
- Z-Group, Czech Republic

(b) *Exporting producers in the People's Republic of China (PRC):*
- Hubei Xinyegang Group:
  - Hubei Xinyegang Steel Co., Ltd (related exporter in the PRC)
  - Hubei Xinyegang Special Tube Co., Ltd (related producer in the PRC)
- Yangzhou Chengde Steel Pipe Co., Ltd
- Hengyang Valin Group:
  - Hengyang Steel Tube Group International Trading Inc. (related exporter in the PRC)
  - Hengyang Valin MPM Co., Ltd (related producer in the PRC)
- Yangzhou Lontrin Steel Tube Co., Ltd

(c) *Producer in the analogue country:*
- TAMSA, Mexico

1.8. **Investigation period and period considered**

(18) The investigation of dumping and injury covered the period from 1 January 2015 to 31 December 2015 (‘the investigation period’). The examination of trends relevant for the assessment of injury covered the period from 1 January 2012 to the end of the investigation period (‘the period considered’).

2. **PRODUCT CONCERNED AND LIKE PRODUCT**

2.1. **Product concerned**

(19) The product concerned is certain seamless pipes and tubes of iron (other than cast iron) or steel (other than stainless steel), of circular cross section, of an external diameter exceeding 406,4 mm originating in the People's Republic of China, currently falling within CN codes 7304 19 90, ex 7304 29 90, 7304 39 98 and 7304 59 99 (‘the product concerned’).

(20) The product concerned is used in a wide range of applications, for example in the oil & gas industry, in power plants, and in construction.

2.2. **Like product**

(21) The investigation showed that the following products have the same basic physical, chemical and technical characteristics as well as the same basic uses:

— the product concerned;

— the product produced and sold on the domestic market of Mexico, which served as an analogue country; and

— the product produced and sold in the Union by the Union industry.

(22) The Commission decided at this stage that those products are therefore like products within the meaning of Article 1(4) of the basic Regulation.

2.3. **Claims regarding product scope**

(23) No claims regarding the product scope were made.

3. **DUMPING**

3.1. **Analogue country**

(24) According to Article 2(7)(a) of the basic Regulation normal value was determined on the basis of the price or constructed value in a market economy third country since no sampled exporting producer was granted MET. For this purpose, a market economy third country had to be selected (‘the analogue country’).

(25) In the Notice of Initiation, the Commission informed interested parties that it envisaged Japan, Russia, South Korea and the USA as possible appropriate analogue country and invited interested parties to comment. No comments were received.

(26) The Commission requested thirteen producers of the like product in Canada, India, Japan, Russia, South Korea, Mexico, the USA and Venezuela to provide information. Cooperation was received from only one company located in Mexico. This company responded to the analogue country questionnaire and agreed to the on-spot verification of its reply.

(27) The domestic market in Mexico has adequate competition and its size is considered suitable and ranges around 20 000 tonnes annually. A customs duty of 5 % is applicable on imports of most seamless pipes and tube products originating in all countries. The cooperating company represents more than 60 % of the market share