COMMISSION REGULATION (EEC) No 3074/89

of 11 October 1989

imposing a provisional anti-dumping duty on imports of welded tubes originating in Yugoslavia and Romania

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 2423/88 of 11 July 1988 on protection against dumped or subsidized imports from countries not members of the European Economic Community (1), and in particular Article 11 thereof,

After consultations within the Advisory Committee as provided for by the abovementioned Regulation,

Whereas :

A. PROCEDURE

(1) In February 1988 the Commission received a complaint lodged by the Liaison Committee of the European Community Steel Tube Industry on behalf of manufacturers representing the majority of the Community production of the products in question.

(2) The complaint contained evidence of dumping and of injury caused thereby which was considered sufficient to justify the initiation of a proceeding.

The Commission accordingly announced, by notice published in the *Official Journal of the European Communites* (2) the initiation of an anti-dumping concerning imports into the Community of certain welded tubes of iron or non-alloy steel falling within CN codes 7306 30 51, 7306 30 59, ex 7306 30 71 and ex 7306 30 79.

(3) The Commission officially advised the producers/exporters and importers known to the Commission to be concerned and the complainant and gave the parties directly concerned the opportunity to make known their views in writing and to request a hearing.

During the investigation, the Commission was informed that more Yugoslavian producers than previously known were involved in the case. The Commission additionally gave them the opportunity to make known their views.

Furthermore the exporters concerned asked for extensions for replying to the Commission's questionnaires.

Consequently, the Commission was forced to overdraw the set time limits.

(4) Most of the Community producers, some of the importers, a Yugoslavian producer/exporter and the Romanian exporter made known their views in writing. Some of them requested and were granted hearings.

(5) The Commission sought and verified all information it deemed to be necessary for the purposes of establishing the facts and carried out inspections at the premises of the following :

(a) **EC producers :**

— Mannesmannröhren-Werke AG, Düsseldorf, Germany,

— IBS (United Tube Mills), Athens, Greece,

— Dalmine SpA, Dalmine, Italy,

— Arbed SA, Luxembourg, Luxembourg ;

(b) **Non EC-producer/exporter :**

— Zeljezara Sisak, Sisak, Yugoslavia ;

(c) **EC importers :**

— Mannesmann Handel AG, Düsseldorf, Germany,

— Montan Handel Peter Richter & Co., Düsseldorf, Germany.

(6) The investigation of dumping covered the period from 1 July 1987 to 30 June 1988.

B. DUMPING

(a) Normal value

(7) *Yugoslavia*

Normal value was established on the basis of the comparable prices actually paid or payable in the ordinary course of trade for the like product on the Yugoslavian market.

Domestic sales considered for calculation of normal value were made to independent customers at a profit in substantial quantities. The weighted average of the prices of these sales were therefore considered to be representative of the Yugoslavian domestic market.

Due to the high inflation rate in Yugoslavia during the investigation period normal values were calculated month by month. The exchange rates used for calculation are the official Yugoslavian rates, published by the Yugoslavian administration.

(1) OJ No L 209, 2. 8. 1988, p. 1.
(2) OJ No C 241, 16. 9. 1988, p. 3.

(8) *Romania*

As Romania is a non-market economy country, the normal value had to be determined on the price at which the like product is sold for domestic consumption in a third country with a market economy. Under these circumstances it was considered appropriate and not unreasonable to establish the normal value for Romania on the basis of the prices at which the like product was sold on the Yugoslavian domestic market.

The Commission is satisfied that between Romania and Yugoslavia there are no significant differences in the production processes, the supplies of raw materials, the scale of production and the quality of the finished products. The Commission has further considered that cost of production and the price level in Yugoslavia are in a reasonable proportion. The Commission therefore concluded that it was not unreasonable to apply the normal value established for Yugoslavia also for the Romanian products.

The Romanian exporter did not object to this determination.

(b) **Export prices**

(9) Export prices for both Yugoslavia and Romania were established on the basis of the prices actually paid or payable for the like product sold for export to the Community.

(c) **Comparison**

(10) In comparing value with export prices, the Commission took account, where appropriate, of differences affecting price comparability, such as discounts, commissions, credit terms, transport and insurance, handling, packing and related costs.

(11) All comparisons were made at an ex-works level.

(d) **Dumping margins**

(12) The preliminary comparison of the above facts showed that imports had been dumped. The dumping margins were equal to the difference between normal value and the export price to the Community duly adjusted. The weighted average dumping margins, as percentage rate of the free at Community frontier prices, were provisionally established as follows:

— Yugoslavia: 40,6 %;
— Romania: 31,7 %.

C. **INJURY**

(13) Imports from Yugoslavia increased from 20 720 tonnes in 1986 to 45 560 tonnes in 1988 and from Romania from 7 230 tonnes in 1986 to 19 986 tonnes in 1988. Cumulated imports from Yugoslavia and Romania climbed from 27 950 tonnes in 1986 to 65 546 tonnes in 1988 corresponding to an increase of about 135 % over that period.

(14) The corresponding market share increased from 2,8 % in 1986 to 5,1 % in 1988 for Yugoslavia and from 1 % to 2,2 % for Romania in the same period. The cumulated market shares of the imports under consideration increased from 3,8 % in 1986 to 7,3 % in 1988. In the most affected Member States, the cumulated market shares reached 23,6 % in the Federal Republic of Germany and 15,1 % in Italy respectively during the first semester of 1988.

(15) The evidence available to the Commission also indicates that the prices at which the dumped imports from Yugoslavia and Romania were sold in the Community undercut the prices of Community producers during the investigation period significantly. The average prices of the Romanian and Yugoslavian products were 22,6 % and 18,6 % below the prices of comparable products of Community producers.

(16) The sharp increase of dumped imports of the products under consideration originating in Romania and Yugoslavia has significantly contributed to dampen the recovery of Community production. The moderate increase of Community production of 4,2 % between 1986 and 1988 is to be measured against a growth of Community consumption of 19,8 % over the same period.

(17) The inflow of dumped imports prevented Community producers to benefit adequately from the increasing demand. Instead of achieving a reasonable improvement of their capacity utilization from the already relatively low level in 1986, Community producers suffered from a further reduction of their utilization rate in 1987 and could reach in 1988 only in some cases a small improvement distinctly below the level in 1985.

(18) The low prices at which the dumped products were sold in the Community, undercutting Community producer's prices by between 18 % and 22 %, combined with a substantial increase in market share in a market for a standardized product in commercial qualities caused price suppression in the Community. Community producers were forced either to accept sales at a loss or to reduce their sales. The consequent impact was a decline of the market share of Community producers and increasing financial losses or a reduction of profits.

(19) The Commission has also considered whether injury might have been caused by other factors than the dumped imports. It was found that imports from other third countries than Romania and Yugoslavia also increased significantly in the

period between 1986 and 1988. The analysis of this factor revealed that the majority of this increase stemmed from imports of the products under consideration originating in Turkey and Venezuela. The Commission has in the meantime received evidence that imports from Turkey and Venezuela are also being dumped and are causing injury to the Community industry. A corresponding complaint has been lodged by the Community industry and the Commission has initiated an anti-dumping proceeding concerning the imports of the products concerned originating in Turkey and Venezuela (1).

(20) However, because of the increase of the dumped imports from Yugoslavia and Romania and their significant price undercutting outlined under recital (13) to (18), the Commission has come to the conclusion that the imports from Romania and Yugoslavia taken in isolation are causing material injury to the Community industry regardless of the fact that imports from Turkey and Venezuela have probably also contributed to the deterioration of the situation of the Community industry.

D. COMMUNITY INTEREST

(21) Iron and steel tube production is an important basic industry in the Community closely linked upstream to the steel industry. It is the most important customer for the transformation of primary ECSC steel products. In 1988 about 15 % of total EEC raw steel production was absorbed by the manufacture of tubes.

Because of overcapacities the sector has gone through a severe restructuring process which is still going on. In 1988 the sector employed 74 500 people in the Community down from 123 500 in 1981. Regionally the plants are located in the vicinity of the steel producing centers which are already suffering from employment problems linked to the downturn in the steel industry.

(22) Downstream the sector is an important supplier of all branches of the manufacturing industry. The most important customer groups are mechanical engineering, vehicle building, construction, structural steel works and the energy sector. In order to be in a position of manufacturing the whole range of products at competitive costs the industry depends on a reasonable utilization rate of its equipment which is basically provided for by the production of standardized commercial quality tubes which are in direct competition with the dumped products imported from Romania and Yugoslavia and account for a major part of the revenue generated by the industry. In view of these facts it is considered in the Community's interest to maintain a viable and healthy steel tube manufacturing industry and to take action against unfair trade practices. In the opinion of the Commission such action in the form of provisional anti-dumping duties should eliminate the disturbing effects of the price undercutting by the imports from Romania and Yugoslavia which would contribute to more stable prices for welded steel tubes in the Community. It is considered that the secondary effects of the limited price increases for the imported products in respect of the output of the main downstream branches mentioned above will be insignificant. No submissions to the contrary were made by or on behalf of Community purchasers or processors of the welded steel tubes concerned.

E. PROVISIONAL DUTIES

(23) As a result of the preliminary findings on dumping and injury with regard to the imports from Romania and Yugoslavia under consideration and in order to prevent further injury being caused by these imports it is considered that the interests of the Community require the imposition of provisional anti-dumping duties.

(24) The provisional duties should be less than the dumping margins found but adequate to remove the injury. Under this condition and because it was established that price undercutting was the decisive factor of injury, the Commission considers sufficient a rate of duty *ad valorem* which eliminated the margins of the price undercutting found.

On this basis the Commission determined the provisional antidumping duties to be

18 % for weided steel tubes imported from Yugoslavia,

22 % for those imported from Romania,

calculated on the net price, free-at-Community-frontier, customs uncleared.

(25) A period should be fixed within which the parties concerned may make their views known and request a hearing,

HAS ADOPTED THIS REGULATION :

Article 1

1. A provisional anti-dumping duty is hereby imposed on imports of welded tubes, of iron or non-alloy steel, threaded or threadable, zinc coated or not, of circular cross-section, of an external diameter of not more than 168,3 mm, falling within CN codes 7306 30 51, 7306 30 59, ex 7306 30 71, ex 7306 30 79, originating in Yugoslavia and Romania.

(1) OJ No C 226, 2. 9. 1989, p. 18.

2. The rate of the duty shall be 18 % for products originating in Yugoslavia and 22 % for products originating in Romania. The duty shall be calculated on the net price, free-at-Community-frontier, customs uncleared.

3. The provisions in force concerning customs duties shall apply.

4. The release for free circulation in the Community of the products referred to in paragraph 1 shall be subject to the provision of a security, equivalent to the amount of the provisional duty.

Article 2

Without prejudice to Article 7 (4) (b) and (c) of Regulation (EEC) No 2423/88, the parties concerned may make known their views in writing and apply to be heard by the Commission within one month of the entry into force of this Regulation.

Article 3

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Communities.*

Subject to Articles 11, 12 and 14 of Regulation (EEC) No 2423/88, it shall apply for a period of four months, unless the Council adopts definitive measures before the expiry of that period.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11 October 1989.

For the Commission

Frans ANDRIESSEN

Vice-President