



**VIEWS OF THE TURKISH GOVERNMENT REGARDING THE ANTI-DUMPING  
DUTIES APPLIED AGAINST CERTAIN WELDED TUBES AND PIPES OF IRON  
OR NON-ALLOY STEEL IMPORTS BY THE EUROPEAN UNION<sup>1</sup>**

This document includes the views of the Turkish Government, in accordance with the Articles 6.1, 6.2 and 6.11 of the GATT 1994 Anti-Dumping Agreement, regarding the anti-dumping duties applied against Turkish originating certain welded tubes and pipes of iron or non-alloy steel imports by the European Union pursuant to the Council Regulation (EC) No. 1697/2002 of September 23, 2002.

**1. General Remarks**

On September 26, 2007, the Commission has initiated an expiry review and an interim review of the anti-dumping measures applicable to the imports of certain welded tubes and pipes of iron and non-alloy steel originating, *inter alia*, in Turkey since 2002.

The Commission has simultaneously initiated another anti-dumping investigation against the imports of subject goods originating in Belarus, Bosnia and Herzegovina, the People's Republic of China and Russia after a complaint lodged by the Defence Committee of the Welded Steel Tubes Industry of the European Union (hereinafter referred as the Committee), which is also the applicant in the current investigations concerning the imports of the said product originating in Turkey and represents the major proportion (nearly 88 %) of the Community production.

After the analysis of the non-confidential version of the complaint it is understood that the enlargement of the EU into a 27-member structure with the accession of twelve countries in 2004 and 2007 was not taken into account carefully by the complainant.

This is due to the very fact that, the status of the complainants of the present investigation, namely Jaki Karvina (Czech Republic), Zelezarny Veseli (Czech Republic) and Mittal Steel (Poland) were different in the original investigation.<sup>2</sup> In fact, they were among the companies that the EU Commission found, contributing to the material injury. Under these circumstances, the complainants would have had to prove that, the competition between these producers and the other EU producers is not the real cause of the present injury allegations. Nevertheless, the complainant failed to prove this and neglected to clear the effects of new competition conditions (as regards to prices, profitability, and etc.) on the whole EU industry which contains producers that were found to be dumping in the EU market, previously.

In the contrary, the complaint roughly evaluates the figures of market shares, the Community market situation, domestic sales, apparent consumption etc.<sup>3</sup> for a period from

<sup>1</sup> Page numbers in the footnotes refer to the current complaint dated June 25, 2007. Footnotes for other references (the complaint in the original investigation etc.) are also specified.

<sup>2</sup> See Annex I.

<sup>3</sup> See pages 12, 13, 15, 16, 17, 18 & 21.

2003 to the first quarter of 2007 and presents the statistics for the Turkish originating imports as starting from 2001 for the EU-27.<sup>4</sup>

This major deficiency makes the allegations made in the complaint unreasonable and inadequate. Hence, the Commission is requested to make its determinations with due respect to this fact.

## 2. Injury Allegations

A thorough examination of the non-confidential version of the complaint shows that the injury allegations are based on some indefinite and inaccurate assumptions that make it misleading. As an instance for the inaccuracy of the complaint, narrow explanations for the activities of the stockists can be mentioned<sup>5</sup>. In fact, the non-existence of information on whether or not and in which quantities and from which countries the stockists import and re-export the product in question, discredits the reliability of the market shares figures for imports from 3<sup>rd</sup> countries<sup>6</sup>. Turkish Government kindly requests the EU Commission to consider the position of stockists in a detailed manner while evaluating injury allegations in the investigation.

The complaint also suggests that the profit margins of the European industry in 2005 were decreasing because of rising raw material prices and energy costs along with “the pressure of imports.”<sup>7</sup> In contrast, capacity utilization and profitability rates of the applicants in 2006 are given as above 2003 rates<sup>8</sup> and the sale indices are presented as increasing more rapidly than and above the cost indices since 2003.<sup>9</sup>

Furthermore, the complainant also accepts the fact that increase in total imports is “due to the sharp rise of some countries such as China, Belarus and Bosnia” whilst the imports from Turkey is stable<sup>10</sup> and Eurostat figures indicate that certain welded tube imports from China have increased from 110 thousand tons in 2006 to 248 thousand tons in 2007, nearly by 124 %.

Under these circumstances, taking into consideration the Article 3.5 of the Anti-Dumping Agreement<sup>11</sup> and the Article 3.7 of the Basic Regulation<sup>12</sup>, Turkey is of the opinion that the injury faced by the European producers because of the rising raw material prices and energy costs or imports from other countries cannot be attributed to Turkish originating imports.

Turkey also intends to draw the Commission’s attention to the fact that in case of a decision on continuation and imposition of the anti-dumping duties against the imports of certain welded tubes and pipes of iron and non-alloy steel originating in above-cited countries<sup>13</sup>, more than 80 % of the EU imports of the product in question will be subject to

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<sup>4</sup> See page 8.

<sup>5</sup> See page 14 & Annex 37.

<sup>6</sup> See pages 12, 13 & 15.

<sup>7</sup> See page 19.

<sup>8</sup> See pages 16.

<sup>9</sup> See page 18.

<sup>10</sup> See page 10.

<sup>11</sup> “...the authorities shall also examine any known factors other than the dumped imports which at the same time are injuring the domestic industry, and the injuries caused by these other factors must not be attributed to the dumped imports.”

<sup>12</sup> “...known factors other than the dumped imports which at the same time are injuring the Community industry shall also be examined to ensure that injury caused by these other factors is not attributed to the dumped imports under paragraph 6.”

<sup>13</sup> Belarus, Bosnia and Herzegovina, the People’s Republic of China, Russia, Thailand, Turkey and Ukraine

trade policy measures, in terms of quantities in 2007. It is obvious that trade policy measures being sought in such a protectionist manner will not make a contribution to the competitiveness of the European iron-steel sector and will not be aimed by the Commission.

### **3. Imports from Turkey**

#### **a. Imports and Unit Import Prices from Turkey**

According to the non-confidential version of the complaint in the original investigation, certain welded tubes imports from Turkey to the EU-15 in 1997 was 93 thousand tons<sup>14</sup>, whereas the present complaint states that certain welded tubes imports from Turkey to the EU-27 in 2006 is 99 thousand tons.<sup>15</sup>

Likewise, certain welded tubes imports from Turkey to the EU-27 have decreased by 5 % from 2001 to 2006.<sup>16</sup>

These figures demonstrate that Turkey's certain welded tubes exports to the EU-27 (including twelve countries joined to the EU since 2004) is not subject to significant fluctuations and has only increased by 6 % in a ten-year period (1997-2007) even compared to the said exports to the 15-member EU.

Moreover, it is worth attention that, unit import prices of Turkish originated certain welded tubes have also been steadily increasing.<sup>17</sup>

The Government of Turkey is of the view that a causal link between Turkish originating imports and actual situation of the European producers could not be established by the complaint, which lacks any sound argument for the continuation of the duties.

#### **c. Turkey's Export Markets and Domestic Demand**

Although Turkish exports of the said product are mainly shipped to the EU, North American and Middle Eastern markets appear as other major destinations.

Moreover, the rapid growth of the domestic consumption of these products induces Turkish producers towards satisfying home market demand.

Accordingly, Turkey's exports of the said product to the EU market used to demonstrate a stable trend and there has been no aggressive marketing strategy towards the EU market, by Turkish exporters. In contrast, Turkish exporters' prices in the EU market are increasing and European buyers used to prefer Turkish products because of their quality and delivery time advantages for a long-time period.

As to the remarks of the complainants with regard to the US International Trade Commission's (USITC) decision on the anti-dumping duties applied against imports of circular welded non-alloy steel pipes and tubes originating, *inter alia*, in Turkey, Turkish Government finds the arguments totally irrelevant.<sup>18</sup>

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<sup>14</sup> See pages 17&20 of the complaint in the original investigation.

<sup>15</sup> See page 8.

<sup>16</sup> See page 8. According to the Eurostat figures, imports from Turkey to the EU-15 have also decreased 21.8 % from 1997 to 2007.

<sup>17</sup> See page 8.

<sup>18</sup> See pages 30, 35&Annex 6.

In fact, an anti-dumping duty applied by the US, which has significantly different market conditions than the EU, could never be considered as an indicator in this investigation.

#### **4. Conclusion**

Under the provisions of the Article 11 of the Anti-Dumping Agreement, an anti-dumping duty shall remain in force only as long as and to the extent necessary to counteract dumping which is causing injury.

Turkish Government believes that the Commission will act consistently with the related provisions of the Anti-Dumping Agreement and the Basic Regulation, evaluate all relevant economic factors affecting the state of domestic industry and avoid attributing any injury caused by other factors to the certain welded tube imports from Turkey.

Nevertheless, interdependent economic and commercial ties stemming from the Customs Union have given a way to the integration of steel markets of the two trade partners. Community firms operating in Turkey have been taking the advantage of joint investments and production opportunities.

The Government of Turkey is of the opinion that the expiry of the anti-dumping measures applied against Turkish originating said products will have no trade-distorting effects on the European market, and it will not lead to continuation or recurrence of any dumping or injury.

Bearing in mind the great value attributed by both Turkey and the EU to the friendly and constructive relations between two partners of the Customs Union, Turkish Government kindly requests the Commission to terminate proceedings and to repeal the anti-dumping duties concerning the imports of certain welded tubes and pipes of iron and non-alloy steel originating in Turkey.

Within the framework of Article 12.2 of the Anti-Dumping Agreement the Government of Turkey also requests the Commission to inform the Turkish Government about the final findings, whether affirmative or negative, of the anti-dumping investigations regarding the imports of certain welded tubes and pipes of iron or non-alloy steel originating, *inter alia*, in Turkey.