

COMMISSION IMPLEMENTING REGULATION (EU) 2015/1934**of 27 October 2015****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 following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009**

THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EC) No 1225/2009 of 30 November 2009 on protection against dumped imports from countries not members of the European Community ⁽¹⁾ (the 'basic regulation'), and in particular Article 11(2) thereof,

Whereas:

1. PROCEDURE**1.1. Measures in force**

- (1) Anti-dumping measures on imports of certain tube and pipe fittings ('TPFs' or the 'product concerned') originating, in the People's Republic of China (the 'country concerned' or 'China') and Thailand were originally imposed by Council Regulation (EC) No 584/96 ⁽²⁾ (the 'original measures') and extended last time by Council Regulation (EC) No 803/2009 ⁽³⁾ (the 'measures in force').
- (2) Pursuant to Article 13(3) of the basic Regulation the original measures were extended to imports consigned from Taiwan, Indonesia, Sri Lanka and the Philippines whether declared as originating respectively in Taiwan, Indonesia, Sri Lanka and the Philippines or not, by Council Regulations (EC) No 964/2003 ⁽⁴⁾, (EC) No 2052/2004 ⁽⁵⁾, (EC) No 2053/2004 ⁽⁶⁾ and (EC) No 655/2006 ⁽⁷⁾.
- (3) The anti-dumping duties in force are 58,6 % for all companies.

⁽¹⁾ OJ L 343, 22.12.2009, p. 51.

⁽²⁾ Council Regulation (EC) No 584/96 of 11 March 1996 imposing a definitive anti-dumping duty on imports of certain tube or pipe fittings, of iron or steel, originating in the People's Republic of China, Croatia and Thailand, and collecting definitively the provisional duty imposed (OJ L 84, 3.4.1996, p. 1).

⁽³⁾ Council Regulation (EC) No 803/2009 of 27 August 2009 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 Thailand, 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 (OJ L 233, 4.9.2009, p. 1).

⁽⁴⁾ Council Regulation (EC) No 964/2003 of 2 June 2003 imposing definitive anti-dumping duties on imports of certain tube or pipe fittings, of iron or steel, originating in the People's Republic of China and Thailand, and those consigned from Taiwan, whether declared as originating in Taiwan or not (OJ L 139, 6.6.2003, p. 1).

⁽⁵⁾ Council Regulation (EC) No 2052/2004 of 22 November 2004 extending the definitive anti-dumping duty imposed by Regulation (EC) No 964/2003 on imports of tube or pipe fittings, of iron or steel, originating in the People's Republic of China to imports of tube or pipe fittings, of iron or steel, consigned from Indonesia, whether declared as originating in Indonesia or not (OJ L 355, 1.12.2004, p. 4).

⁽⁶⁾ Council Regulation (EC) No 2053/2004 of 22 November 2004 extending the definitive anti-dumping duty imposed by Regulation (EC) No 964/2003 on imports of tube or pipe fittings, of iron or steel, originating in the People's Republic of China to imports of tube or pipe fittings, of iron or steel, consigned from Sri Lanka, whether declared as originating in Sri Lanka or not (OJ L 355, 1.12.2004, p. 9).

⁽⁷⁾ Council Regulation (EC) No 655/2006 of 27 April 2006 extending the definitive anti-dumping duty imposed by Regulation (EC) No 964/2003 on imports of tube or pipe fittings, of iron or steel, originating in the People's Republic of China to imports of tube or pipe fittings, of iron or steel, consigned from the Philippines, whether declared as originating in the Philippines or not (OJ L 116, 29.4.2006, p. 1).

1.2. Measures in force in respect of other third countries

- (4) Anti-dumping measures are currently in force on imports of TPF originating in Russia and Turkey ⁽¹⁾ and on imports of TPFs originating in the Republic of Korea and Malaysia ⁽²⁾. The measures against Thailand expired on 4 September 2014 ⁽³⁾.

1.3. Initiation of an expiry review

- (5) On 14 December 2013 the European Commission ('the Commission') published a notice of impending expiry ⁽⁴⁾ of anti-dumping measures on imports of certain tube and pipe fittings of iron or steel originating in the People's Republic of China and Thailand and those consigned from Taiwan, Indonesia, Sri Lanka and the Philippines whether declared as originating respectively in Taiwan, Indonesia, Sri Lanka, the Philippines or not.
- (6) On 2 June 2014 the Commission received a request for the initiation of an expiry review of the measures in force under Article 11(2) of the basic Regulation.
- (7) The request was lodged by the Defence Committee of the Steel Butt-Welding Fittings Industry of the European Union ('the applicant') on behalf of producers representing more than 50 % of the total Union production. The request was based on the grounds that the expiry of the measures would likely result in continuation of dumping and injury to the Union industry.
- (8) On 3 September 2014, the Commission initiated an expiry review under Article 11(2) of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* ⁽⁵⁾.

1.4. Interested parties

- (9) 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 applicant, other known Union producers, users and importers, exporting producers in the country concerned and the Chinese authorities about the initiation of the expiry review and invited them to cooperate.
- (10) All interested parties had the opportunity to comment on the initiation of the review and to request a hearing with the Commission and/or the Hearing Officer in trade proceedings.

1.4.1. Sampling

- (11) In the Notice of Initiation, the Commission stated that it might sample interested parties, in accordance with Article 17 of the basic Regulation.

(a) Sampling of Union producers

- (12) In the Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers and invited interested parties to comment. The sample was selected on the basis of production and sales volumes of the like product during the review investigation period in the Union whilst ensuring a geographical spread and comprised three companies/group of companies with production facilities in Austria, France, Germany and Italy. No comments were received and thus the provisionally selected companies were retained in the final sample.

⁽¹⁾ Council Implementing Regulation (EU) No 78/2013 of 17 January 2013 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain tube and pipe fittings of iron or steel originating in Russia and Turkey OJ L 27, 29.1.2013, p. 1.

⁽²⁾ Commission Implementing Regulation (EU) No 1283/2014 of 2 December 2014 imposing a definitive anti-dumping duty on imports of certain tube and pipe fittings, of iron or steel, originating in the Republic of Korea and Malaysia following an expiry review pursuant to Article 11(2) of Council Regulation (EC) No 1225/2009 (OJ L 347, 3.12.2014, p. 17).

⁽³⁾ OJ C 297, 4.9.2014, p. 12.

⁽⁴⁾ OJ C 366, 14.12.2013, p. 35.

⁽⁵⁾ OJ C 295, 3.9.2014, p. 6.

- (13) Subsequently, one of the sampled Union producers was not able to provide a full reply to the questionnaire and was therefore replaced by another Union producer. The final sample consisted of three companies/groups of companies representing 57 % of Union production and 58 % of Union industry's sales on the Union market, and with production facilities in four different Member States (Austria, France, Germany and Italy). Interested parties were informed accordingly. The modified sample was considered representative of the Union industry.

(b) Sampling of importers

- (14) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers to provide information specified in the Notice of Initiation. Out of twelve importers that provided the information, only six imported the product concerned from China. Out of these six companies, a sample was selected on the basis of the import volume of the product concerned in the Union during the review investigation period whilst ensuring a geographical spread and was comprised of three importers located in Germany, Greece and Italy.
- (15) All importers that came forward were informed about the proposed sample. No comments were received. The sample represented 15 % of the total imports of the product concerned.

(c) Sampling of exporting producers in China

- (16) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in China to provide the information specified in the Notice of Initiation. In addition, the Commission requested 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.
- (17) Only one Chinese exporting producer came initially forward by providing the information requested in the sampling form. Therefore sampling was not required. Subsequently, as mentioned in recital 20, this exporting producer stopped cooperating.

1.4.2. *Replies to questionnaire*

- (18) The Commission sent questionnaires to all sampled Union producers and sampled importers in the Union and to the abovementioned Chinese exporting producer.
- (19) Replies to the questionnaires were received from the three sampled Union producers/group of producers and three sampled unrelated importers.
- (20) The Chinese exporting producer did not submit a reply to the questionnaire.

1.4.3. *Verification visits*

- (21) The Commission sought and verified all the information it deemed necessary for determining the likelihood of continuation or recurrence of dumping and injury and for assessing whether the imposition of measures would be against the 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:

- Erne Fittings GmbH and the related company Siekmann Fittings GmbH, Schlins Austria,
- Vallourec Fittings SA, Maubeuge, France,
- Virgilio Cena & Figli SpA., Brescia, Italy.

(b) Importers:

- Biagini Piero & C., Altedo di Malalbergo, Italy,
- General Commercial & Industrial SA, Athens, Greece,
- Manfred Geldbach Flansch und Fitting GmbH, Gelsenkirchen, Germany.

1.5. Review investigation period and the period considered

- (22) The investigation of likelihood of recurrence of dumping covered the period from 1 July 2013 to 30 June 2014 ('the review investigation period' or 'RIP').
- (23) The examination of trends relevant for the assessment of the likelihood of continuation or recurrence of injury covered the period from 1 January 2011 to the end of the review investigation period ('the period considered').

1.6. Disclosure

- (24) The Commission disclosed to all interested parties the essential facts and considerations on the basis of which it intended to maintain the anti-dumping measures in force and invited all interested parties to comment. No comments were submitted.

2. PRODUCT CONCERNED AND LIKE PRODUCT

2.1. Product concerned

- (25) The product under review is the same as in the expiry review concluded in August 2009 ⁽¹⁾, i.e. 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 China, currently falling within CN codes ex 7307 93 11, ex 7307 93 19 and ex 7307 99 80.

2.2. Like product

- (26) The investigation showed that the following products have the same basic physical and chemical characteristics as well as the same basic uses:
- the product concerned;
 - the product produced and sold on the domestic market in Saudi Arabia, which served as an analogue country; and
 - the product produced and sold in the Union by the Union industry.

- (27) The Commission concluded that these products are like products within the meaning of Article 1(4) of the basic Regulation.

3. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

3.1. Preliminary remarks

- (28) In accordance with Article 11(2) of the basic Regulation, it was examined whether dumping was taking place and whether the expiry of existing measures would be likely to lead to a continuation or recurrence of dumping.

⁽¹⁾ Council Regulation (EC) No 803/2009 of 27 August 2009 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 Thailand, 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 (OJ L 233, 4.9.2009, p. 1).

- (29) As mentioned in recitals 18 and 19, while a questionnaire was sent to the Chinese exporting producer that came forward during the sampling exercise, this exporting producer did subsequently not provide a reply to the questionnaire. Consequently none of the Chinese exporting producers cooperated in the current investigation and therefore use had to be made of facts available in accordance with Article 18 of the basic Regulation.
- (30) In this regard, the Chinese authorities and the above-mentioned Chinese exporting producer that came forward during the sampling exercise were duly notified that failure to reply to the questionnaire would be considered by the Commission as non-cooperation, and that consequently, the Commission could apply Article 18 of the basic Regulation concerning the findings with regard to China. As mentioned in recital 20 above, the Commission did not receive any reply to the questionnaire.
- (31) On this basis, in accordance with Article 18(1) of the basic Regulation, the findings in relation to the likelihood of continuation or recurrence of dumping set out below were based on facts available, in particular on information from the request for the expiry review, and on available Eurostat statistics, counterchecked against the import statistics collected pursuant to Article 14(6) of the basic Regulation ('Article 14(6) database') and against information collected during the on-spot verifications of unrelated importers. The Chinese Export Statistics Database was also analysed. However, the analysis showed that its data on import volumes exceeded by far the volumes recorded in other available sources, in particular in the Article 14(6) database. Likewise, its reported average prices were largely above the average prices of other sources including the average price reported by the cooperating unrelated importers. Thus, while the data reported by all other available sources showed negligible differences amongst them, it was established that the data reported by the Chinese database was significantly different from the data reported by all the other sources analysed by the Commission. Therefore the data reported in the Chinese Export Statistics Database was considered unreliable in this case.

3.2. Dumping of imports during the review investigation period

(a) *Analogue country*

- (32) According to Article 2(7)(a) of the basic Regulation, normal value shall be determined on the basis of the price or constructed value in a market economy third country. For this purpose, a market economy third country had to be selected ('the analogue country').
- (33) Thailand was selected as an analogue country in the original investigation. During the previous expiry review the United States of America was used as analogue country because of the non-cooperation from Thai producers.
- (34) For the purpose of the current investigation the Commission informed interested parties in the Notice of Initiation that it envisaged the Republic of Korea as a possible analogue country as the Republic of Korea, contrary to the United States, had no trade defence measures in place and a Korean exporting producer had cooperated in the expiry review concerning the measures in force on imports of TPFs from Malaysia and the Republic of Korea mentioned in recital 4. The Commission invited parties to make comments on the appropriateness of this choice but none of the parties provided any comments.
- (35) The Commission sought information concerning producers of TPFs in other potential analogue countries, namely Bosnia and Herzegovina, India, Israel, Japan, Saudi Arabia, Taiwan and Thailand and invited all known producers of TPFs in these countries, including the producer in the Republic of Korea to provide the necessary information. Only one producer in Saudi Arabia cooperated and submitted a questionnaire reply.
- (36) As set out in recital 26, the investigation revealed that TPFs produced and sold on the domestic market in Saudi Arabia had the same basic physical and chemical characteristics and the same end uses as the product produced and exported by the Chinese exporting producers to the Union.
- (37) The investigation did not reveal any distortions in the domestic market of Saudi Arabia. Although there was only one producer, there were no trade defence measures in place and the domestic producer competed with imports from China, South Korea, Thailand and Japan. On this basis it was concluded that the level of competition in the Saudi market was satisfactory

- (38) The investigation also established that the quantities produced and sold on the Saudi domestic market were representative when compared to the total exports made from China to the Union according to Eurostat.
- (39) As mentioned in recital 45 the investigation revealed that the Saudi producer's domestic sales of TPFs were, on average, loss-making. Nonetheless, the average cost of production was found to be in the same range as that of the Union industry and the audited financial statements were prepared on a 'going concern basis'. On this basis it was considered that the company will remain viable in the foreseeable future.
- (40) Considering the above, Saudi Arabia was considered as an appropriate analogue country under Article 2(7)(a) of the basic Regulation.

(b) *Normal value*

- (41) The information received from the cooperating producer in Saudi Arabia was used as a basis for the determination of the normal value applicable to exporting producers in China.
- (42) In accordance with Article 2(2) of the basic Regulation, the Commission first examined whether the total volume of domestic sales for the cooperating producer in Saudi Arabia was representative during the review investigation period.
- (43) The domestic sales were considered representative if the total domestic sales volume of the like product to independent customers on the domestic market represented at least 5 % of the total export sales volume of the product concerned to the Union during the review investigation period. The total export sales volume was established based on Eurostat statistics, as explained in recital 31. On this basis the domestic sales in Saudi Arabia were considered to be representative.
- (44) The Commission further examined whether the domestic sales of the like product could be regarded as having been made in the ordinary course of trade pursuant to Article 2(4) of the basic Regulation.
- (45) The investigation established that over an extended period of time the weighted average domestic sales price was below the weighted average cost of production. Therefore they could not be considered as having been made in the ordinary course of trade. Consequently, normal value was constructed based on the cost of manufacturing to which a reasonable amount of selling, general and administrative costs ('SG&A') and profit were added in accordance with Articles 2(3) and 2(6) of the basic Regulation.
- (46) In accordance with the chapeau of Article 2(6) of the basic Regulation SG&A costs were determined based on data from the cooperating producer in the analogue country. In the absence of any information with regard to the actual profit of the exporting producer, a reasonable profit level was used in accordance with Article 2(6)(c) of the basic Regulation. A profit of 5 % was deemed to be reasonable in the metalworking industry. The dumping margin amounted to 136 %.

(c) *Export price*

- (47) The export price was based on facts available in accordance with Article 18 of the basic Regulation, i.e. on Eurostat statistics cross-checked with the information provided by the applicant in the request, the Article 14(6) database and with data obtained from the cooperating unrelated importers.

(d) *Comparison*

- (48) The Commission compared the normal value and the export price on an ex-works basis. Where justified for the purpose of a fair comparison, the export price and normal value were adjusted for differences affecting prices and price comparability in accordance with Article 2(10) of the basic Regulation. Adjustments were made for transport costs (ocean freight), insurance costs and custom clearance fees, based on verified information provided by unrelated importers.

(e) *Dumping margin*

- (49) The Commission compared the weighted average normal value to the weighted average export price as established above in accordance with Article 2(11) and 2(12) of the basic Regulation. Given the lack of cooperation from the Chinese exporting producers, the product types exported from China could not be determined. Therefore, a comparison per product type was not possible.

- (50) On this basis, the weighted average dumping margin expressed as a percentage of the cost, insurance, freight ('CIF) Union frontier price, duty unpaid, was over 136 %.

3.3. Development of imports should measures be repealed

(a) Preliminary remark

- (51) Further to the findings of dumping during the review investigation period, the Commission investigated the likelihood of continuation of dumping in the absence of measures. The following elements were analysed: the production capacity and spare capacity in China, the Chinese export behaviour in other third countries and the attractiveness of the Union market.

(b) Production capacity and spare capacity in China

- (52) Chinese production, production capacity and spare capacity were established on estimates provided by the applicant. On this basis, the total production volume in China was estimated at 435 000 tonnes and the total production capacity at 612 000 tonnes. Thus, the total spare capacity in China was estimated at 177 000 tonnes, representing almost three times the Union consumption during the review investigation period. As explained in recitals 53 to 56, large parts of this spare capacity are likely to be redirected to the Union.

(c) Chinese export behaviour in other third countries

- (53) In the absence of any publicly available information and due to the non-cooperation of the Chinese exporting producers, the level of the average Chinese export prices to other third country markets could not be established. However, the Chinese exporting producers engaged in unfair trading practices on the US market where anti-dumping measures against TPFs have been in force since 1992. On this basis, and considering also past and current dumping practices in the Union market, there is no reason to believe that Chinese exporters will change export price behaviour in the near future.

(d) Attractiveness of the Union market

- (54) Even with the duties in place, the Chinese exporting producers increased their export volumes to and market share in the Union, which indicates a continued interest of Chinese exporting producers in the Union market. This is also confirmed by past circumvention practices by transshipment of TPFs via Taiwan, Indonesia, Sri Lanka and the Philippines (see recital 2).
- (55) Even if considering that domestic consumption in China and in other third countries could increase, the high level of production overcapacity in China exceeding by far the total Union consumption suggests that Chinese exporting producers will still have significant quantities available to export to the Union market should measures be allowed to lapse. Considering that the US, another large market of TPFs, has high anti-dumping measures in place regarding imports of TPFs from China, it is likely that large quantities of these spare capacities will be redirected to the Union should measures be allowed to lapse.
- (56) Considering past and present dumping practices of the Chinese exporting producers, as explained in recital 50 above, and the fact that TPFs from China are subject to anti-dumping measures when imported on the US market, it is considered that the Union market will remain attractive to Chinese exporting producers.

3.4. Conclusion on the likelihood of continuation of dumping

- (57) The investigation established that Chinese imports continued to enter the Union market at significantly dumped prices during the review investigation period. In view of the significant spare capacity available in China (almost three times the Union consumption), the export behaviour to the US market and the attractiveness of the Union market, the Commission concluded that there is a likelihood of continuation of dumping should the measures be removed.

4. LIKELIHOOD OF RECURRENCE OF INJURY

4.1. Definition of the Union industry and Union production

- (58) The Union industry did not undergo any major structural changes compared to the investigation period of the last expiry review mentioned in recital 1 above. The like product was manufactured by 22 known producers in the Union during the RIP. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (59) The total Union production during the RIP was established at 48 868 tonnes. The Commission established this figure on the basis of the data provided by the applicant, which was cross-checked with the verified data of the sampled companies.
- (60) As indicated in recital 11, three Union producers/groups of producers were selected in the final sample. The sampled companies/groups of companies represented 57 % of Union production and 58 % of Union sales (see recital 13 above). The sample was considered representative for the Union industry.

4.2. Union consumption

- (61) The Commission established the Union consumption on the basis of (i) the volume of sales of the Union industry on the Union market based on the data provided by the applicant; and (ii) imports from third countries based on Eurostat. As explained in recital 31 the data reported in the Chinese Export Statistics Database was found to be unreliable and thus, it was not used to establish export volumes from China.
- (62) Union consumption developed as follows:

Table 1

Union consumption (tonnes)

	2011	2012	2013	RIP
Total Union consumption	57 897	59 916	60 503	58 113
<i>Index</i>	100	103	104	100

Source: Data provided by the applicant and Eurostat.

- (63) In 2012 and 2013 the consumption increased slightly by 3 % and 4 % respectively compared to the level in 2011 reaching 59 916 tonnes in 2012 and 60 503 tonnes in 2013. In the RIP it decreased to a slightly higher level than in 2011, i.e. to 58 113 tonnes. Overall Union consumption remained thus stable over the period considered.

4.3. Imports from the country concerned

4.3.1. Volume and market share of the imports from the country concerned

- (64) The Commission established the volume of imports on the basis of Eurostat. The total volume of imports from China as shown in the table below includes imports of TPFs originating in China and TPFs consigned from Taiwan, Indonesia, Sri Lanka and the Philippines, in view of the extension of the measures to imports consigned from these countries as referred to in recital 2.

- (65) Imports to the Union from China developed as follows:

Table 2

Import volume (tonnes) and market share

	2011	2012	2013	RIP
TPF originating in China	3 739	6 789	7 091	8 058
TPF consigned from Taiwan, Indonesia, Sri Lanka and the Philippines	1 051	1 168	1 342	1 377
Total volume of imports from China	4 790	7 957	8 433	9 435
<i>Index</i>	100	166	176	197
Market share	8 %	13 %	14 %	16 %

Source: Eurostat.

- (66) During the period considered the total volume of imports from China increased continuously and almost doubled from 4 790 tonnes in 2011 to 9 435 tonnes in the RIP. The Chinese market share followed the same trend and doubled in the period considered from 8 % in 2011 to 16 % in the RIP.

4.3.2. Prices of the imports from the country concerned and price undercutting

- (67) The Commission established the prices of imports on the basis of Eurostat. The average import price as shown in the table below includes TPFs originating in China and TPFs consigned from Taiwan, Indonesia, Sri Lanka and the Philippines for the same reasons set out in recital 64. On this basis, the average price of imports into the Union from the country concerned developed as follows.

Table 3

Import prices (EUR/ton)

	2011	2012	2013	RIP
TPF originating in China	1 347	1 646	1 299	1 179
TPF consigned from Taiwan, Indonesia, Sri Lanka and the Philippines	2 200	2 700	2 633	2 623
China average	1 534	1 801	1 511	1 388
<i>Index</i>	100	117	98	90

Source: Eurostat.

- (68) During the period considered the average import price was subject to considerable fluctuations. First, the price went up by 17 % from 1 534 EUR/ton in 2011 to 1 801 EUR/ton in 2012. Import price decreased in 2013 to 1 511 EUR/ton and to 1 388 EUR/ton in the RIP. Overall, the import price decreased by 10 % during the period considered.
- (69) The Commission determined the price undercutting during the investigation period by comparing the weighted average sales price of the sampled Union producers charged to unrelated customers on the Union market, adjusted to an ex-works level and the average price of the imports from the country concerned to the first independent customer on the Union market, established on a cost, insurance, freight (CIF) basis on the basis of Eurostat, with appropriate adjustments for customs duties and post-importation costs.

- (70) As mentioned in recital 49, given the lack of cooperation from the Chinese exporting producers, the product types exported from China could not be determined. Therefore, a comparison on a per-type basis was not possible. The price comparison was made for transactions at the same level of trade, duly adjusted where necessary, and after deduction of rebates and discounts. The result of the comparison was expressed as a percentage of the sampled Union producers' turnover during the investigation period. It showed a weighted average undercutting margin of 20,5 %.

4.3.3. Imports from third countries

- (71) The following table shows the development of imports to the Union from other third countries during the period considered in terms of volume and market share as well as the average price of these imports.

Table 4

Imports from third countries

		2011	2012	2013	RIP
Third country imports	Volume in tonnes	9 078	11 560	11 273	11 556
	<i>Index</i>	100	127	124	127
	Market share	16 %	19 %	19 %	20 %
	Average price (EUR/ton)	2 596	2 473	2 584	2 442
	<i>Index</i>	100	95	100	94

Source: Eurostat.

- (72) The volume of imports from other third countries grew from about 9 078 tonnes in 2011 to about 11 556 tonnes in the RIP i.e. by 27 %. This increase occurred mainly between 2011 and 2012, whereas import volumes remained afterwards relatively stable until the end of the RIP. Such increase is reflected in the market share of these imports which grew from 16 % in 2011 to 19 % in 2012 and remained then relatively stable with only a slight increase to 20 % in the RIP. The average import price went down by 5 % in 2012 and then increased by 5 % in 2013. In the RIP it went down again by 6 %. On average these prices were lower than the prices of the Union industry.
- (73) In the RIP the imports came mainly from Vietnam, Cambodia, Thailand, and Israel. They developed as shown below.

Table 5

Import volume (tonnes) from main other third countries

Volume of imports per country	2011	2012	2013	RIP
Vietnam	1 158	1 602	2 635	2 562
<i>Index</i>	100	138	228	221
Cambodia	0	0	365	1 368
<i>Index</i>	100	100	365	1 368

Volume of imports per country	2011	2012	2013	RIP
Thailand	2 520	2 559	1 974	1 357
<i>Index</i>	100	102	78	54
Israel	128	547	745	973
<i>Index</i>	100	427	582	760

Source: Eurostat.

- (74) Imports from Vietnam doubled in the period considered reaching about 2 562 tonnes in the RIP. Imports from Thailand decreased significantly (by 47 %) since 2011 reaching in the RIP the level of 1 357 tonnes. Finally, imports from Cambodia and Israel grew significantly in the period considered to the level of 1 368 tonnes and 973 tonnes, respectively, in the RIP.

4.4. Economic situation of the Union industry

4.4.1. General remarks

- (75) In accordance with Article 3(5) of the basic Regulation, the examination of the impact of the dumped imports on the Union industry included an evaluation of all economic indicators having a bearing on the state of the Union industry during the period considered.
- (76) For the injury analysis, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission evaluated the macroeconomic indicators on the basis of data contained in the request for review; the data relate to all known Union producers. The Commission evaluated the microeconomic indicators on the basis of data contained in the questionnaire replies from the sampled Union producers and the data related to the sampled Union producers. Both sets of data have been found to be representative of the economic situation of the Union industry.
- (77) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the dumping margin, and recovery from past dumping.
- (78) The microeconomic indicators are: average unit prices, unit cost, labour costs, inventories, profitability, cash flow, investments, return on investments, and ability to raise capital. Figures relating to the microeconomic indicators are based on verified data from the sampled companies or groups of companies only.

4.4.2. Macroeconomic indicators

4.4.2.1. Production, production capacity and capacity utilisation

- (79) The total Union production, production capacity and capacity utilisation developed over the period considered as follows:

Table 6

Production, production capacity and capacity utilisation

	2011	2012	2013	RIP
Production volume (tonnes)	53 797	54 951	54 572	48 868
<i>Index</i>	100	102	101	90

	2011	2012	2013	RIP
Production capacity (tonnes)	184 220	164 220	164 220	164 220
<i>Index</i>	100	89	89	89
Capacity utilisation	29 %	33 %	33 %	29 %

Source: Request.

- (80) The production volume remained relatively stable between 2011 and 2013 but decreased in the RIP by 10 % to the level of 48 868 tonnes.
- (81) The production capacity of the Union producers remained at the level of 164 220 tonnes since 2012 after a capacity reduction of 11 % in 2011. The reported capacity depicted in the table above was based, in line with the standard practice of this particular industry and the method used in the previous proceedings referred to in recital 4, on the theoretical maximum capacity on the basis of 3 shifts/day, 6 days/week, 48 weeks/year. However, in reality, the industry is only operating on the basis of 2 shifts/day, 5 days/week, 48 weeks/year. The reported capacity does therefore not necessarily reflect accurately the actual capacity during the RIP.
- (82) The capacity utilisation during the RIP stayed at a low level of 29 %. The capacity utilisation increased during the period considered to reach the level of 33 % in 2012 and 2013. This reflects a slight increase in the production volume in these years. As explained in recital 81, the low level of capacity utilisation is partly due to the method to calculate total capacity.

4.4.2.2. Sales volume and market share

- (83) The Union industry's sales volume and market share developed over the period considered as follows:

Table 7

Sales volume and market share

	2011	2012	2013	RIP
Sales volume on the Union market (tonnes)	44 030	40 399	40 797	37 121
<i>Index</i>	100	92	93	84
Market share	76 %	67 %	67 %	64 %

Source: Request.

- (84) The sales volumes on the Union market decreased by 8 % in 2012 compared to the volumes sold in 2011. They only slightly increased in 2013 and dropped again in the RIP to the level of 37 121 tonnes, i.e. overall sales volume decreased by 16 % when compared to 2011.
- (85) The decline in sales of the Union industry was reflected in their market share, which declined by 12 percentage points in the period considered, i.e. from 76 % in 2011 to 64 % in the RIP.

4.4.2.3. Employment and productivity

- (86) Employment and productivity developed over the period considered as follows:

Table 8

Employment and productivity

	2011	2012	2013	RIP
Number of employees	1 092	1 006	962	947
<i>Index</i>	100	92	88	86
Productivity (unit/employee)	49	55	57	52
<i>Index</i>	100	112	116	106

Source: Request.

- (87) During the period considered the number of employees progressively decreased by 14 % from 1 092 employees in 2011 to 947 employees in the RIP. As the production remained at the same level in 2012 and 2013, the productivity of the Union producers' workforce measured as output (tonnes) per person employed per year, rose by respectively 12 % and 16 % in these years compared to 2011. In the RIP the productivity decreased as a result of the decline in production but it exceeded the level of 2011 by 6 %.

4.4.3. Microeconomic indicators

4.4.3.1. Prices and factors affecting prices

- (88) The weighted average unit sales prices of the sampled Union producers to unrelated customers in the Union developed over the period considered as follows:

Table 9

Sales prices in the Union and unit cost

	2011	2012	2013	RIP
Average unit selling price in the Union on the total market (EUR/tonnes)	2 774	2 902	2 808	2 892
<i>Index</i>	100	105	101	104
Unit cost of production (EUR/ton)	3 081	3 100	3 042	3 118
<i>Index</i>	100	101	99	101

Source: Verified data of the sampled companies.

- (89) The sales prices in the Union remained relatively stable and showed only minor fluctuations. Thus they increased in 2012 by 5 %, decreased in 2013 by 4 % and increased again in the RIP by 3 %. In the period considered prices increased overall by 4 %. The unit cost of production followed the same trend, i.e. it first increased

in 2012, then decreased in 2013 and increased again in the RIP. However, these fluctuations were minor and only between 1 % and 2 %. Overall, the unit cost of production increased by 1 % during the period considered. Therefore, the slightly higher increase of the sales prices during the period considered allowed improving profitability of the Union producers, which nevertheless remained negative throughout the period considered as shown in recital 94.

4.4.3.2. Labour costs

- (90) The average labour costs of the sampled Union producers developed over the period considered as follows:

Table 10

Average labour costs per employee

	2011	2012	2013	RIP
Average labour costs per employee (EUR)	53 347	54 409	55 868	55 715
<i>Index</i>	100	102	105	104

Source: Verified data of the sampled companies.

- (91) The average labour costs per employee had a slightly increasing trend in the period considered. Between 2011 and the RIP the average labour costs per employee increased by 4 % to EUR 55 715. The reduction of the personnel by 14 % in the period considered did not bring immediate economies to the companies due to charges resulting from the termination of the contracts.

4.4.3.3. Inventories

- (92) Stock levels of the sampled Union producers developed over the period considered as follows:

Table 11

Inventories

	2011	2012	2013	RIP
Closing stocks (tonnes)	6 657	6 851	6 807	5 749
<i>Index</i>	100	103	102	86
Closing stocks as a percentage of production	22 %	21 %	29 %	21 %

Source: Verified data of the sampled companies.

- (93) The closing stock first slightly increased in 2012 and then decreased again, from 2012 to 2013 by 1 % and from 2013 to the RIP by 16 %. Overall, the stocks decreased by 14 % during the period considered. Compared to the level of production, the closing stock decreased by 1 percentage point between 2011 and the RIP.

4.4.3.4. Profitability, cash flow, investments, return on investments and ability to raise capital

- (94) Profitability, cash flow, investments and return on investments of the sampled Union producers developed over the period considered as follows:

Table 12

Profitability, cash flow, investments and return on investments

	2011	2012	2013	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	– 11,2 %	– 5,5 %	– 8,3 %	– 9,1 %
Cash flow (EUR)	– 7 791 330	– 518 192	– 2 540 656	– 1 790 761
<i>Index</i>	100	1 504	307	435
Investments (EUR)	2 388 945	3 111 518	4 339 627	3 362 845
<i>Index</i>	100	130	182	141
Return on investments	– 21,4 %	– 18,8 %	– 13,6 %	– 15,3 %

Source: Verified data of the sampled companies.

- (95) The Commission established the profitability of the sampled Union producers by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales.
- (96) During the period considered the Union industry suffered significant losses. In 2011 the industry registered a loss of – 11,2 %, which decreased to – 5,5 % in 2012 to increase again in 2013 and in the RIP to – 8,3 % and – 9,1 %, respectively.
- (97) The net cash flow is the ability of the Union producers to self-finance their activities. The cash flow remained negative in the period considered despite an improvement, in particular in 2012.
- (98) The investments followed an increasing trend and were related to improve security of the production process, lower the energy consumption and increase the competitiveness and quality of TPFs. Investments increased in 2012 and again in 2013 but decreased in the RIP. Compared to 2011 the investments increased by 30 % in 2012, by 82 % in 2013 and by 41 % in the RIP. Such an increase in investments did not however translate into a positive return on investments, which is the profit in percentage of the net book value of investments. It ranged between – 21,4 % in 2011 and – 15,3 % in the RIP.

4.4.3.5. Magnitude of the dumping margin and recovery from past dumping

- (99) The dumping margin established by the investigation is well above the *de minimis* level. The impact of the magnitude of the actual margin of dumping on the Union industry is substantial, given the volume and prices of imports from the country concerned.
- (100) The Union industry was still in a recovery process from the effects of past injurious dumping by imports of TPFs originating in Russia, Turkey, Republic of Korea and Malaysia.

4.5. Conclusion on the situation of the Union industry

- (101) Almost all main injury indicators showed a negative trend. The production volume decreased by 9 % and the production capacity by 11 % during the period considered. The Union industry remained in important losses during the entire period considered. Although slightly improving, the losses of the Union industry amounted to – 9,1 % in the RIP. In addition, the Union industry had a continuously negative cash flow and a reduction in employment by about 11 % in the period considered. Moreover the sales went down by 16 % and the market share of the Union producers shrank by 12 percentage points.
- (102) The inventories slightly improved by decreasing by 14 % and the investments increased by 41 % during the period considered. The latter however were necessary for the Union producers, inter alia, to be able to compete on the market. Such growth alone, though, does not preclude the existence of injury and should rather be seen as a part of the ongoing restructuring process of the Union industry.
- (103) On the basis of the above, the Commission concluded that the Union industry suffered material injury within the meaning of Article 3(5) of the basic Regulation.

5. LIKELIHOOD OF CONTINUATION OF INJURY

5.1. Impact of the projected volume of imports and price effects in case of repeal of measures

- (104) In recital 57, the Commission concluded that the repeal of the measures would in all likelihood result in a continuation of dumped imports from the country concerned.
- (105) The investigation has shown that the Union industry suffered material injury during the review investigation period, which was translated, inter alia, in a drop in production, sales volume, market share, employment and a continuous lack of profit as referred to in recital 101.
- (106) Despite the high duties in place, the volume of imports from China increased significantly during the period considered and consequently the Chinese market share doubled (see recital 65). The price pressure in the Union market remained very high given the significant undercutting margins found during the RIP.
- (107) Furthermore, as mentioned above in recital 52, available spare production capacity in China represented almost three times the Union consumption during the review investigation period. Therefore, should the measures be repealed, it is likely that high volumes of the product concerned will penetrate the Union market.
- (108) Considering the past and current price behaviour of the exporting producers in the country concerned it is expected that imports will continue to be at dumped prices thus undercutting the Union industry's prices significantly. Dumped imports would certainly have a negative impact on the Union industry. It would exercise an even stronger price pressure on the Union industry and would thus contribute to further deteriorating the financial results of the Union industry. These imports would continue to take up market share on the Union market at the Union Industry's expense. This would result in even lower capacity utilisation by the Union industry which is one of the crucial elements contributing to the negative results of the Union industry over the period considered.
- (109) The Commission therefore concluded that the repeal of the measures in force would very likely result in a continuation of injury to the Union Industry within the meaning of Article 11(2) of the basic regulation.

6. UNION INTEREST

- (110) In accordance with Article 21 of the basic Regulation, the Commission examined whether maintaining the existing anti-dumping measures against China would be against the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.

- (111) All interested parties were given the opportunity to make their views known pursuant to Article 21(2) of the basic Regulation.
- (112) On this basis it was examined whether, despite the conclusions on the likelihood of continuation of dumping and on the likelihood of continuation of injury, compelling reasons existed which would lead to the conclusion that it was not in the Union interest to maintain the existing measures.

6.1. Interest of the Union industry

- (113) The anti-dumping measures in force did not prevent dumped imports from entering the Union market and the Union industry suffered material injury during the period considered.
- (114) The Union industry proved to be a structurally viable industry. The efforts aimed at rationalisation of the production process and enhancement of competitiveness and quality resulted in the RIP in an increased productivity (by 6 %) and a reduced production capacity (by 11 %). They were also visible through investments (see recital 98). Finally, profitable export activity of the Union industry developed positively showing that it was competitive on third country markets (exports of the sampled producers increased by 10 % over the period considered).
- (115) Should the measures be allowed to lapse, the likely influx of substantial volumes of dumped imports from the country concerned would deteriorate further the situation of the Union industry. This influx would likely cause, amongst others, further loss of market share, decrease in sales price, decrease in capacity utilisation and in general a further serious deterioration of the Union industry's financial situation.
- (116) The Commission thus concluded that the maintenance of anti-dumping measures against China would be in the interest of the Union industry.

6.2. Interest of unrelated importers and users

- (117) Twelve importers cooperated in the current investigation but only six reported imports of TPFs from the country concerned. A sample of three unrelated importers representing 15 % of the total imports from China in the RIP was selected. The product concerned constituted on average only about 10 % of their total sales. Their business activity related to the product concerned has been profitable. On this basis the measures in force have not affected significantly the verified importers.
- (118) The investigation also revealed that the importers continued to import the product concerned in significant volumes, even raising them during the period considered. On the same grounds, it is unlikely that a continuation of the measures would lead to deterioration in their economic situation in the future.
- (119) None of the users cooperated or made themselves known in the current investigation. Their lack of cooperation seems to confirm the conclusions reached in the original investigation that TPFs represent a very small part of their total production costs and that the measures in force do not appear to have caused any loss of competitiveness to them.

6.3. Conclusion on Union interest

- (120) On the basis of the above, the Commission concluded that there were no compelling reasons against the extension of the anti-dumping measures in force.

7. ANTI-DUMPING MEASURES

- (121) It follows from the above considerations that, under Article 11(2) of the basic Regulation, the anti-dumping measures applicable to imports of certain tube and pipe fittings originating in China should be maintained.

- (122) As a consequence, the extension of the measures for the product concerned originating in China to imports consigned from Taiwan ⁽¹⁾, Indonesia ⁽²⁾, Sri Lanka ⁽³⁾ and the Philippines ⁽⁴⁾, whether declared as originating in Taiwan, Indonesia, Sri Lanka and the Philippines or not, should also be maintained.
- (123) This regulation is in accordance with the opinion of the Committee established by Article 15(1) of the basic Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive anti-dumping duty is imposed on imports of 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 (TARIC codes 7307 93 11 91, 7307 93 11 93, 7307 93 11 94, 7307 93 11 95, 7307 93 11 99, 7307 93 19 91, 7307 93 19 93, 7307 93 19 94, 7307 93 19 95, 7307 93 19 99, 7307 99 80 92, 7307 99 80 93, 7307 99 80 94, 7307 99 80 95 and 7307 99 80 98) and originating in the People's Republic of China.

2. The rate of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, of the products described in paragraph 1 and produced by the companies listed below shall be as follows:

Country	Company	Rate of duty (%)	TARIC additional codes
China	All companies	58,6	—

3. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

Article 2

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

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

Done at Brussels, 27 October 2015.

For the Commission

The President

Jean-Claude JUNKER

⁽¹⁾ Regulation (EC) No 964/2003.

⁽²⁾ Regulation (EC) No 2052/2004.

⁽³⁾ Regulation (EC) No 2053/2004.

⁽⁴⁾ Regulation (EC) No 655/2006.