

**ASSOCIATION  
BETWEEN  
THE EUROPEAN UNION  
AND TURKEY**

The Association Council

**Brussels, 17 July 2019  
(OR. en)**

**UE-TR 4807/19**

**COVER NOTE**

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From: Ms S. GALLINA, Deputy-Director General for Trade, European Commission

date of receipt: 2 July 2019

To: President of the EU-Turkey Association Council

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Subject: Anti-dumping proceeding concerning imports of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless ('hollow sections'), originating in the Republic of North Macedonia, Russia and Turkey

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Excellency,

I have the honour to inform you that the Commission has decided to terminate the anti-dumping investigation concerning imports of hollow sections originating in the Republic of North Macedonia, Russia and Turkey.

Attached you will find a copy of the Note Verbale sent to the Mission of the Republic of Turkey to the European Union, accompanied by a copy of the relevant Decision published in the *Official Journal of the European Union*.

I take this opportunity to renew to the President of the EU-Turkey Association Council the assurance of my highest consideration.

S. GALLINA

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Encl.: - Note Verbale  
- Official Journal of the European Union



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR TRADE

## NOTE VERBALE

The Directorate-General for Trade of the European Commission presents its compliments to the Mission of Turkey to the European Union and has the honour to inform that the Commission has decided to terminate the anti-dumping proceeding concerning imports of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless ("hollow sections"), originating in the Republic of North Macedonia, Russia and Turkey. This procedure was the subject of previous Note Verbale No. (2019) 3156436 of 25 April 2019.

The European Commission has the honour to provide the Mission of Turkey to the European Union with a copy of the relevant Decision published in the Official Journal of the European Union.

The Directorate-General for Trade of the European Commission takes this opportunity to renew to the Mission of Turkey to the European Union the assurance of its highest consideration.

Brussels, 28 June 2019  
trade.dga2.h.2(2019)4438606



**Mission of Turkey to the European Union**  
Avenue des Arts 36-38  
Belgium-1040 Bruxelles

Encl. Commission Implementing Decision (EU) 2019/1109

Commission européenne, B-1049 Bruxelles / Europese Commissie, B-1049 Brussel - Belgium. Telephone: (32-2) 299 11 11.

**COMMISSION IMPLEMENTING DECISION (EU) 2019/1109****of 27 June 2019****terminating the proceeding concerning imports of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless, originating in the Republic of North Macedonia, Russia and Turkey**

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 <sup>(1)</sup> (‘the basic Regulation’), and in particular Article 9 thereof,

After consulting the Member States,

Whereas:

**1. PROCEDURE****1.1. Initiation**

- (1) On 28 September 2018, the European Commission (‘the Commission’) initiated an anti-dumping investigation with regard to imports into the Union of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless, but excluding line pipe of a kind used for oil or gas pipelines and casing and tubing of a kind used in drilling for oil or gas (‘hollow sections’), originating in the Republic of North Macedonia, Russia and Turkey (‘the countries concerned’), on the basis of Article 5 of the basic Regulation. It published a Notice of Initiation in the *Official Journal of the European Union* <sup>(2)</sup> (‘the Notice of Initiation’).
- (2) The Commission initiated the investigation following a complaint lodged on 14 August 2018 by the Defence Committee of the welded steel tubes industry of the European Union (‘the complainant’) on behalf of Union producers. The companies represented by the complainant represented more than 40 % of the total Union production of hollow sections. The complaint contained evidence of dumping and of resulting material injury that was sufficient to justify the initiation of the investigation.

**1.2. Request for registration**

- (3) On 20 December 2018, the complainant submitted a request for registration of imports from the countries concerned pursuant to Article 14(5) of the basic Regulation. The complainant alleged that there had been a significant increase of imports from the countries concerned by comparing:
  - (a) the volume for the period following the end of the investigation period (‘IP’) (July–October 2018) against the period July–October 2017; and
  - (b) the average monthly imports from the countries concerned in the period following the initiation of the investigation (October and November 2018) against the corresponding period in the previous year.

<sup>(1)</sup> OJ L 176, 30.6.2016, p. 21.

<sup>(2)</sup> Notice of initiation of an anti-dumping proceeding concerning imports of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless, originating in Former Yugoslav Republic of Macedonia, Russia and Turkey (OJ C 347, 28.9.2018, p. 6).

### 1.3. Interested parties

- (4) 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 complainant, other known Union producers, the known exporting producers and North Macedonian, Russian and Turkish authorities, known importers, traders, as well as associations known to be concerned about the initiation of the investigation and invited them to participate.
- (5) 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.

### 1.4. Sampling

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

#### 1.4.1. Sampling of Union producers

- (7) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers in accordance with Article 17 of the basic Regulation. The Commission selected the sample based on the production volume of the like product in the Union between July 2017 and June 2018 and the geographical spread. The Commission invited interested parties to comment on the provisional sample. One of the provisionally sampled producers informed the Commission that it was not in the position to fill in a full questionnaire and did therefore not want to be part of the sample of Union producers. Consequently, the Commission decided to revise the sample of Union producers by replacing this producer with the next largest Union producer in terms of production volume. The definitive sample accounted for more than 30 % of the estimated Union production of the like product and was considered to be representative of the Union industry.

#### 1.4.2. Sampling of importers

- (8) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked unrelated importers in the Union to provide the information specified in the Notice of Initiation.
- (9) Twelve unrelated importers made themselves known to the Commission, of which four declared imports from the countries concerned during the investigation period, provided the requested information and which also 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 based on the largest volume of imports into the Union and their geographic location in 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.

#### 1.4.3. Sampling of exporting producers in North Macedonia, Russia and Turkey

- (10) To decide whether sampling was necessary and, if so, to select a sample, the Commission asked all exporting producers in North Macedonia, Russia and Turkey to provide the information specified in the Notice of Initiation. In addition, the Commission asked the Missions of North Macedonia, Russia and Turkey to the European Union to identify and/or contact other exporting producers in their respective countries, if any, that could be interested in participating in the investigation.
- (11) Ten exporting producers in Turkey, three in North Macedonia and two in Russia provided the requested information and agreed to be included in the sample.
- (12) In view of the limited number of exporting producers in North Macedonia and Russia, the Commission decided that sampling was not necessary in those two countries.
- (13) As regards the exporting producers in Turkey, in accordance with Article 17(1) of the basic Regulation, the Commission selected a sample of three exporting producers based on 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 countries concerned were consulted on the selection of the sample. No comments were made.

### 1.5. Individual examination

- (14) One exporting producer in Turkey requested individual examination under Article 17(3) of the basic Regulation. In view of the conclusions laid out in recital 97 it was not necessary to process this request further.

#### 1.5.1. Replies to the questionnaire

- (15) The Commission made the questionnaires available on-line on the date of initiation and invited the three cooperating exporting producers in North Macedonia, the two cooperating exporting producers in Russia, the three sampled exporting producers in Turkey, the four sampled Union producers and the three sampled unrelated importers to reply to them.
- (16) Questionnaire replies were received from the three cooperating exporting producers in North Macedonia, one cooperating exporting producer in Russia, the three sampled exporting producers and one exporting producer requesting individual examination in Turkey, the four sampled Union producers and the three sampled unrelated importers. One exporting producer in Russia did not provide a reply and announced that it did not wish to cooperate.

### 1.6. Verification visits

- (17) The Commission sought and verified all the information deemed necessary for a 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:

European Steel Tube Association, Paris, France

Sampled Union producers

- Tata Steel UK Limited, Corby, United Kingdom
- Tata Steel Tubes BV, Oosterhout and Zwijndrecht, Netherlands
- Marcegaglia Carbon Steel SpA, Gazoldo degli Ippoliti, Italy

Exporting producers in North Macedonia

- FZC 11 Oktomvri AD, Kumanovo,
- IGM-Trade Ilija I dr. d.o.o. Kavadarci,
- Metalopromet Dooel, Strumica

PAO Severstal Group

- PAO Severstal, Cherepovets, Russia
- JSC Severstal Distribution, Cherepovets, Russia
- SIA Severstal Distribution, Riga, Latvia
- Severstal Export GmbH, Manno, Switzerland

Exporting producers in Turkey

- Noksel Celik Boru Sanayi, Ankara
- Özdemir Boru Profil San. ve Tic. Ltd Şti., Zonguldak
- Tosçelik Profil ve Sac Endüstrisi, Iskenderun
- Yücel Boru ve Profil Endüstrisi, Istanbul

Sampled unrelated importers in the Union

- Kromat Trading Ltd, London, United Kingdom
- Carl Spaeter GmbH, Duisburg, Germany.



### 1.7. Investigation period and period considered

- (18) The investigation of dumping and injury covered the period from 1 July 2017 to 30 June 2018 ('the investigation period' or the 'IP'). The examination of trends relevant for the assessment of injury covered the period from 1 January 2015 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 welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless, but excluding line pipe of a kind used for oil or gas pipelines and casing and tubing of a kind used in drilling for oil or gas, originating in North Macedonia, Russia and Turkey, currently falling under CN codes 7306 61 92 and 7306 61 99 ('the product concerned').
- (20) Hollow sections are used in a wide range of applications, for example structural and load bearing purposes by the construction industry, handling equipment, tool-machines, automotive industry, agricultural machinery, farm equipment and other similar uses.

### 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 the countries concerned,
  - the product produced and sold in the Union by the Union industry.

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

## 3. DUMPING

### 3.1. North Macedonia

- (23) There were three exporting producers in North Macedonia, which cooperated with the investigation, namely FZC 11 Oktomvri AD ('FZC'), IGM-Trade Ilja I dr. d.o.o. ('IGM') and Metalopromet Dooel ('Metalopromet').

#### 3.1.1. Normal value

- (24) To calculate the normal value, the Commission first examined whether the total volume of domestic sales for each cooperating exporting producer was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are considered representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represents at least 5 % of its total export sales volume of the product under review to the Union during the investigation period.
- (25) For one of the exporting producers, namely FZC, overall domestic sales were not representative within the meaning of Article 2(2) of the basic Regulation.
- (26) As the like product was not sold in representative quantities on the domestic market, the Commission constructed the normal value for FZC in accordance with Article 2(3) and Article 2(6) of the basic Regulation.
- (27) When there were no profitable sales for a product type, the normal value for that type was constructed by adding the following to the average cost of manufacturing of the like product of the cooperating exporting producer during the investigation period:
- (a) the weighted average selling, general and administrative ('SG&A') expenses incurred by the cooperating sampled exporting producer on domestic sales of the like product, in the ordinary course of trade, during the IP; and
  - (b) the weighted average profit realised by the cooperating exporting producer on domestic sales of the like product, in the ordinary course of trade, during the IP.

When there were profitable sales for a product type, the normal value for that type was constructed by using that type's SG&A and profit rather than the weighted average SG&A and profit.

- (28) In case of IGM and Metalopromet, based on the representativity test described in recital 24, the Commission found that the like product was sold in overall representative quantities on the domestic market.
- (29) The Commission next defined the proportion of profitable sales to independent customers on the domestic market in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.
- (30) The normal value is based on the actual domestic price for the one product type, irrespective of whether those sales are profitable or not, if:
- (a) the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represent more than 80 % of the total sales volume of this product type; and
  - (b) the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (31) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the IP.
- (32) In case where that less than 80 % of all domestic sales were profitable or the weighted average sales price was lower than the cost of production, the normal value was calculated as a weighted average of the profitable sales only.
- (33) When there were no or insufficient sales of a product type of the like product in the ordinary course of trade or where a product type was not sold in representative quantities on the domestic market, the Commission constructed the normal value in accordance with Articles 2(3) and 2(6) of the basic Regulation, as described in recital 27 above.
- (34) The investigation found that, in case of IGM and Metalopromet, for some of the product types there were no or insufficient sales of a product type of the like product in the ordinary course of trade or a product type was not sold in representative quantities on the domestic market. For those product types the normal value was constructed in accordance with Article 2(3) and 2(6) of the basic Regulation. For the remaining ones the normal value was based on domestic prices in the ordinary course of trade.
- (35) In their comments on the final disclosure, the complainant argued that the approach to calculate normal value as described above was inconsistent. The complainant claimed that the Commission should have used constructed normal value (as opposed to domestic sales) for all exporters in North Macedonia, notably because the domestic market in North Macedonia would not be a representative benchmark for comparison with the sales made to the Union market due to its size, financial capacities and conditions of competition.
- (36) The Commission notes that its approach to calculate normal value consistently followed the methodology laid out in Article 2 of the basic Regulation. To disregard prices where there are sufficient sales in the ordinary course of trade, as suggested by the complainant, would go against that provision. Therefore, this claim was rejected.

#### 3.1.2. *Export price*

- (37) All three exporting producers in North Macedonia exported the product concerned directly to independent customers in the Union. Therefore, the export price was established on the basis of prices actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

#### 3.1.3. *Comparison*

- (38) The Commission compared the normal value and the export price on an ex-works basis.
- (39) Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting price comparability, in accordance with Article 2(10) of the basic Regulation. Adjustments were made for discounts, handling, loading and ancillary expenses, transport, credit cost, bank charges, packaging and commissions.

## 3.1.4. Dumping margin

- (40) The Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (41) The level of cooperation from North Macedonia was high as the exports of the cooperating exporting producers constituted almost 100 % of the total exports to the Union during the investigation period. On this basis, the dumping margins, expressed as a percentage of the CIF import value, are as follows:

Company	Dumping margin (%)
FZC 11 Oktomvri AD	8,5
IGM-Trade Ilija I dr. d.o.o.	1,5
Metalopromet Dooel	1,9
Countrywide margin	2,9

- (42) In view of the dumping margins for two of the three sampled North Macedonian exporting producers being below *de minimis* threshold as defined in Article 9(3) of the basic Regulation, the Commission verified whether the weighted average countrywide dumping margin was above that threshold.
- (43) The countrywide dumping margin was calculated as a weighted average of the dumping margins established for all cooperating exporting producers in North Macedonia. The amount of dumping, expressed as a percentage of the CIF value of exports of the cooperating exporting producers, was 2,9 %, that is, above the 2 % *de minimis* threshold defined above.

## 3.2. Russia

- (44) There was one exporting producer in Russia that cooperated with the investigation, namely PAO Severstal ('Severstal').

## 3.2.1. Normal value

- (45) The Commission first examined whether Severstal's total volume of domestic sales was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represent at least 5 % of its total export sales volume of the product concerned to the Union during the investigation period. On this basis, the total sales of Severstal of the like product on the domestic market were representative.
- (46) The Commission next defined the proportion of profitable sales to independent customers on the domestic market in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.
- (47) The normal value is based on the actual domestic price for the one product type, irrespective of whether those sales are profitable or not, if:
- the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represent more than 80 % of the total sales volume of this product type; and
  - the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (48) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the IP.



- (49) In case where that less than 80 % of all domestic sales were profitable or the weighted average sales price was lower than the cost of production, the normal value was calculated as a weighted average of the profitable sales only.
- (50) When there were no or insufficient sales of a product type of the like product in the ordinary course of trade or where a product type was not sold in representative quantities on the domestic market, the Commission constructed the normal value in accordance with Articles 2(3) and 2(6) of the basic Regulation, as described in recital 27 above.
- (51) The investigation found that the normal value for the sole cooperating exporting producer was based for some product types on weighted average of the prices of all domestic sales of the respective product type during the IP, for some product types it was based on domestic prices in the ordinary course of trade and for some product types it was constructed in accordance with Article 2(3) and 2(6) of the basic Regulation.

### 3.2.2. *Export price*

- (52) Severstal used three sales channels when selling to the Union during the investigation period. Thus, it sold the product concerned directly to the first independent customer in the Union, via related importers in the Union and via a related trader in Switzerland.
- (53) When the exporting producer exported the product concerned directly to independent customers in the Union, and in cases where sales were made via the related trader in Switzerland, the export price was established based on prices actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.
- (54) For sales via the related importers, the export price was constructed based on the price at which the imported product was first resold to independent customers in the Union, in accordance with Article 2(9) of the basic Regulation. Adjustments to the price were made for all costs incurred between importation and resale, including SG&A expenses, and for profits.
- (55) In order to establish the appropriate level of profits, the Commission assessed the information collected from the three sampled importers. The investigation revealed that two of the sampled importers were however acting as distributors of a wide variety of, primarily, Union procured goods, with imports of the product concerned representing only a very small part of their business. Neither company was able to isolate the profit margin related to its import activities from that of their overall activity. Therefore, the profit margins of these companies did not reflect their activity related to the importation and re-sale of the product concerned. The main activity of the third unrelated importer was the importation and re-sale of the product concerned and therefore the profit margin reported properly reflected this activity. Consequently, the profit margin of this importer was used when constructing the export price in accordance with Article 2(9) of the basic Regulation. The profit margin was [2 % to 6 %].

### 3.2.3. *Comparison*

- (56) The Commission compared the normal value and the export price of the sole exporting producer on an ex-works basis.
- (57) Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting price comparability, in accordance with Article 2(10) of the basic Regulation. Adjustments were made for transport, handling, loading and ancillary expenses, insurance, packing, credit cost, import charges, bank charges, discounts and commissions.
- (58) The cooperating exporting producer also claimed an adjustment on the account of negative credit cost for export sales in Euro on the basis of Article 2(10)(g) of the basic Regulation. The exporting producer argued that all sales to the Union were in Euros and the average Euro LIBOR rate for the IP was negative. The Commission notes that the purpose of a credit cost adjustment under Article 2(10)(g) is to reflect the terms of credit that were agreed between the seller and the buyer at the time of the contract or the sale. Indeed, this is the factor that was taken into account in the determination of the price charged, irrespective of the actual costs or gains eventually made on those sales as these expense or gains could not be taken into account when the price was contractually determined. In any event and without prejudice to the above, the company did not demonstrate that this had an effect on the price and price comparability and therefore this claim was rejected.

- (59) Regarding export sales made via the related trader located in Switzerland, the exporting producer argued that the Swiss trader acted as its internal sales department with whom it formed a single economic entity. The exporting producer pointed out that the Swiss trader is its 100 % subsidiary that is in charge of selling the product concerned to the Union. For this reason, according to the cooperating exporting producer, the Commission should not have adjusted its export price for commission.
- (60) However, the investigation found that there was no exclusive relationship between the parent company and the trader in Switzerland as regards sales to the Union and there were other entities within the group, including the exporting producer who also sold directly, dealing with exports to the Union. As mentioned in the recital 52, the parent company in Russia maintained three different export channels to the Union for the product concerned. For these reasons, the Commission concluded that the relationship between the exporting producer and its related company in Switzerland was not one of an integrated and internal sales department that could make the two legal entities constitute a single economic entity. Instead, the Commission considered it equivalent to that of an agent working on a commission basis within the meaning of Article 2(10)(i) of the basic Regulation. Therefore, the claim that the exporting producer and its related trader in Switzerland form a single economic entity was rejected. As a result, the export price was adjusted in accordance with Article 2(10)(i) of the basic Regulation by deducting commissions. The calculation of the commissions was based on the trader's SG&A and a reasonable profit margin as established in recital 55 on the basis of the information provided by unrelated importers in the Union.

#### 3.2.4. Dumping margin

- (61) The Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (62) The level of cooperation from Russia was high as the exports of the cooperating exporting producer constituted approximately 85 % of the total exports to the Union during the investigation period. On this basis, the dumping margin, expressed as a percentage of the CIF import value, are as follows:

Company	Dumping margin (%)
PAO Severstal	- 1,4
Countrywide margin	- 1,4

- (63) Given the high cooperation in Russia, the countrywide dumping margin was set at the same level than the dumping margin established for the cooperating exporting producer.
- (64) In their comments on the final disclosure, the complainant claimed that the Commission should not have set the countrywide dumping margin at the same level as the dumping margin established for the only cooperating exporting producer but should have calculated the country-wide margin in accordance with Article 18 of the basic Regulation instead.
- (65) The complainant's claim that it would be unfair to base the country-wide margin on the findings with regard to the cooperating exporting producer was not further explained nor did the complainant submit any further information or evidence supporting its claim. As noted in the recital 62, the level of cooperation from Russia was high and the data provided was considered representative regardless of whether those exports were made by one or more exporting producers in Russia. Furthermore, even if the Commission had used the most exported product types of the cooperating exporting producer to calculate the residual duty, the country-wide margin would have remained below *de minimis*. Therefore, this claim was rejected.
- (66) In view of the countrywide negative dumping margin, in line with Article 9(3) of the basic Regulation the investigation should be terminated as regards imports of hollow sections from Russia without measures.

### 3.3. Turkey

- (67) Ten exporting producers in Turkey cooperated with the investigation. As mentioned in recital 13 the Commission selected a sample of three, namely Noksel Celik Boru Sanayi, Tosçelik Profil ve Sac Endüstrisi and Yücel Boru ve Profil Endüstrisi.

### 3.3.1. Normal value

- (68) The Commission first examined whether for each cooperating exporting producer the total volume of domestic sales was representative, in accordance with Article 2(2) of the basic Regulation. The domestic sales are representative if the total domestic sales volume of the like product to independent customers on the domestic market per exporting producer represent at least 5 % of its total export sales volume of the product concerned to the Union during the investigation period. On this basis, the total sales of the like product on the domestic market were representative for each cooperating exporting producer.
- (69) The Commission next defined the proportion of profitable sales to independent customers on the domestic market in order to decide whether to use actual domestic sales for the calculation of the normal value, in accordance with Article 2(4) of the basic Regulation.
- (70) The normal value is based on the actual domestic price for the one product type, irrespective of whether those sales are profitable or not, if:
- (a) the sales volume of the product type, sold at a net sales price equal to or above the calculated cost of production, represent more than 80 % of the total sales volume of this product type; and
  - (b) the weighted average sales price of that product type is equal to or higher than the unit cost of production.
- (71) In this case, the normal value is the weighted average of the prices of all domestic sales of that product type during the IP.
- (72) In case where that less than 80 % of all domestic sales were profitable or the weighted average sales price was lower than the cost of production, the normal value was calculated as a weighted average of the profitable sales only.
- (73) When there were no or insufficient sales of a product type of the like product in the ordinary course of trade or where a product type was not sold in representative quantities on the domestic market, the Commission constructed the normal value in accordance with Articles 2(3) and 2(6) of the basic Regulation, as described in recital 27 above.
- (74) The investigation found that the normal value for the three cooperating exporting producers was based for some product types on weighted average of the prices of all domestic sales of the respective product type during the IP, for some product types it was based on domestic prices in the ordinary course of trade and for some product types it was constructed in accordance with Article 2(3) and 2(6) of the basic Regulation.

### 3.3.2. Export price

- (75) All three exporting producers in Turkey exported the product concerned directly to independent customers in the Union. Therefore, the export prices were established on the basis of prices actually paid or payable for the product concerned when sold for export to the Union, in accordance with Article 2(8) of the basic Regulation.

### 3.3.3. Comparison

- (76) The Commission compared the normal value and the export price of the three exporting producers on an ex-works basis.
- (77) Where justified by the need to ensure a fair comparison, the Commission adjusted the normal value and/or the export price for differences affecting price comparability, in accordance with Article 2(10) of the basic Regulation. Adjustments were made for differences in transport and handling costs, credit costs, commissions, packaging, bank charges and year-end rebates.
- (78) One exporting producer argued that the normal value should be adjusted based on Article 2(10)(b) of the basic Regulation, on the account of inward processing system whereby duty on imported inputs is not paid if the equivalent amount of finished product is exported. However, whilst the exporting producer demonstrated that it did not pay the duty on some of the inputs, which could have been incorporated into the exported product, it did not demonstrate that the equivalent duty was paid on inputs which were incorporated into the finished product destined for the domestic market. Consequently, the exporting producer did not demonstrate that the use of the inward processing scheme affects price comparability and thus this claim was rejected.



- (79) In their comments on the final disclosure, the complainant argued that the Commission did not provide sufficient explanation concerning exporter's use of inward processing systems and its effect on dumping margins. The complainant stated that there are other open questions but did not express them.
- (80) The Commission notes that its aim in recital 78 was to explain a claim for adjustment and the reasons for its rejection, not to explain the use of inward processing system by the exporting producers. The use of the inward processing system, as such, does not impact dumping calculations. It only matters where it affects price comparability between the normal value and the export price. However, as explained in recital 78 above, this is not the case here. Therefore, this claim was rejected.
- (81) In their submission of 26 March 2019, the complainant argued that there were physical differences between allegedly same product types sold in the Union and sold on the domestic market as the Turkish exporting producers would use different norms when selling to the Union (EN 10219) and when selling on their domestic market (TS 5314). According to the complainant, the Turkish standard sets a materially different quantity tolerance from the Union standard. This means that the nominal quantities reported by the Turkish exporting producers would materially distort the actual quantities that were shipped, and in turn the reported unit prices. Consequently, the dumping margins would be artificially low. Hence, an upward adjustment to normal value to eliminate the distortion would be needed.
- (82) The argument of the complainant is based on two suppositions: (i) that the exporting producers use TS 5314 for their domestic sales; and (ii) that the dumping calculation was based on the nominal rather than actual weight. In their submissions of 26 March as well as 1 and 2 April 2019, the exporting producers disputed both suppositions arguing that (i) they did not use TS 5314 during the IP; and (ii) that the data in their questionnaire replies was based on actual rather than nominal weight. Indeed, both aspects have been verified and confirmed by the Commission.
- (83) In their submission of 5 April 2019, the complainant reiterated this claim, pointing out that the exporting producers may have been following TS 5314 outside of the IP. The complainant questioned the finding that Turkish companies do not follow Turkish standards when selling on their domestic market. The complainant also questioned how the actual weight was measured or calculated.
- (84) The Commission confirmed that both the use of standards and the weight of the product have been discussed with exporting producers and verified during on-spot inspections. These issues were already identified during previous investigations of this product and were paid particular attention to during this investigation. The claim of the complainant was therefore rejected.
- (85) In their comments on the final disclosure, the complainant reiterated its claim that the exporting producers in Turkey use standard weight conversion which leads to different final price per tonne depending on the standard. The Complainant argued that the Commission did not provide sufficient explanation as to how the use of actual rather than theoretical weight by the exporting producers in their invoicing was verified.
- (86) As explained in recital 84, the Commission verified that, in their reply to the anti-dumping questionnaire, the sampled exporting producers provided the actual weight for the product concerned and the like product sold to the Union and domestically. The Commission selected a sample of invoices to customers on the domestic market and to customers in the Union and assessed the weight based on the freight papers and freight invoices as well as the custom declarations for the sales to Union customers. The verification confirmed that the exporting producers had reported the actual weight of the product sold and not a theoretical weight based on the norm.
- (87) In their submission of 15 April 2019, the complainant also argued that, according to market intelligence, the Turkish exporters, although invoicing to the UK based on EN 10219, are actually producing and shipping to the UK hollow sections that are produced to BS 4848. The complainant further alleged that, should this be the case, the invoice theoretical weight would have been distorted. The complainant argued the distortion occurs because (i) nominal weight is based on length times nominal weight per unit of length; and (ii) the invoiced EN norm allows fewer kilograms per metre (3,30) than the actual produced BS norm (3,45 kg/m). The complainant alleged that in order to adjust for this distortion, the price of UK sales must be reduced by an average 3,5 %.
- (88) The Commission notes that the complainant provided no evidence for this practice. During its investigation, the Commission did not retrieve any evidence that would substantiate this practice. Furthermore, as mentioned in recital 82, the Commission found that, in their reply to the anti-dumping questionnaire, the sampled exporting producers provided the actual weight for the product concerned and the like product sold to the Union and domestically. That actual, not theoretical, weight was used in the dumping calculation. This claim of the complainant was therefore also rejected.



- (89) In their comments on the final disclosure, the complainant reiterated its claim summarised in recital 87 above, concerning invoicing EN 10219 but selling BS 4848 resulting in alleged difference in nominal weight. The complainant also claimed that it had provided evidence demonstrating this practice.
- (90) The evidence referred to by the complainant shows that importers are offering BS 4848 but not that they are invoicing them as EN 10219. However, as explained above, even if that had been the case, the dumping calculation was based on the actual and not nominal weight. Therefore, this claim was rejected.
- (91) In their comments on the final disclosure, an interested party claimed that the cost structure of the Turkish producers would be different than the one of the Union producers and that this difference should be taken into account for the calculations of dumping margin.
- (92) It is recalled that there is no legal basis in order to take into consideration differences in the cost structures of the exporting producers concerned and the Union industry in determining the dumping margins. Therefore, this claim was rejected.
- (93) In their comments on final disclosure, one interested party claimed that the Turkish normal value is influenced by the difference between the raw material price for like product produced for the Turkish domestic market and the raw material price for the product concerned produced for the export market. Notably, this party claimed that for the domestic market the Turkish exporters use more expensive raw material than for the export markets.
- (94) In response to these comments, the Commission noted the following. It recalled that adjustments made pursuant to Article 2(10) of the basic Regulation could only be made for differences which affect price comparability and not cost comparability. In this regard, the Commission noted that the interested party making that claim did not produce proof that there would be a difference in the cost of the domestic and the exported product. In any event, the Commission observed that the investigation did not reveal any evidence to support this claim so that the interested party's comments remained unsubstantiated. The interested party also did not provide proof that any such cost difference, *quod non*, would be reflected in the price of the product charged, so as to affect price comparability between the normal value and the export price. Therefore, this claim was rejected.

#### 3.3.4. Dumping margin

- (95) The Commission compared the weighted average normal value of each type of the like product with the weighted average export price of the corresponding type of the product concerned, in accordance with Article 2(11) and (12) of the basic Regulation.
- (96) The level of cooperation from Turkey was high as the exports of the cooperating exporting producers constituted almost 100 % of the total exports to the Union during the investigation period. On this basis, the dumping margins, expressed as a percentage of the CIF import value, are as follows:

Company	Dumping margin (%)
Noksel Celik Boru Sanayi	0,5
Tosçelik Profil ve Sac Endüstrisi	- 3,6
Yücel Boru ve Profil Endüstrisi	2,5
Countrywide margin	- 0,03

- (97) In view of one exporting producer having negative dumping margin and another having a dumping margin below the *de minimis* threshold as defined in Article 9(3) of the basic Regulation, the Commission verified whether the weighted average countrywide dumping margin was above that threshold.
- (98) The countrywide margin was calculated as the weighted average of the dumping margins established for the sampled companies. The dumping margin thus calculated, expressed as a percentage of the CIF value of exports of the sample, was - 0,03 %.
- (99) In view of the countrywide negative dumping margin, the investigation should be terminated as regards imports of hollow sections from Turkey without measures.

- (100) Considering this conclusion, the request for individual examination mentioned in recital 14 is moot.
- (101) In their comments on final disclosure, an interested party claimed that Romania, due to its relative proximity to Turkey, is particularly vulnerable to imports from that country. The interested party argued that this specific situation of the Romanian market should be taken into consideration when calculating the dumping margin.
- (102) The interested party did not however explain how such country specific assessment for the calculation of the dumping margin could be made in line with the provisions of the basic Regulation. Indeed, the arguments that the interested party has put forward to support its claim related to injury and Union interest aspects and not dumping. Therefore, this claim was rejected.
- (103) In their comments on the final disclosure, one Turkish exporting producer claimed that its actual dumping margin would have been *de minimis* if the Commission had used a more detailed structure when comparing the product types, notably identifying the actual dimension and thickness of the sections, rather than grouping them. This argument was already put forward during the investigation. When originally making this argument, the exporting producer asserted that the price of hollow sections varies with their dimensions and thickness.
- (104) The Commission noted that the price of hollow sections indeed varies significantly with their dimensions and thickness, if the said price is based on the length (i.e. per metre). This variant is not so significant when hollow sections are being sold per weight (i.e. per kilogram). The dumping calculation was based on prices per kilogram and thus grouping of dimensions and thickness was justified. Therefore, this claim was rejected.

#### 4. INJURY

##### 4.1. Definition of the Union industry and Union production

- (105) The like product was manufactured by more than 40 producers in the Union during the investigation period. They constitute the 'Union industry' within the meaning of Article 4(1) of the basic Regulation.
- (106) The total Union production during the investigation period was established based on the available information concerning the Union industry, such as the information contained in the complaint, and verified data collected from the European Steel Tube Association. Total Union production during the investigation period amounted thus to 3,4 million tonnes.
- (107) As set out in recital 7, four Union producers were selected in the sample representing more than 30 % of the total Union production of the like product.

##### 4.2. Union consumption

- (108) The Commission established the Union consumption based on total sales of Union producers in the Union, and the total imports from third countries, based on Eurostat data. Union consumption was established at 4 251 597 tonnes for the investigation period.

##### 4.3. Imports from the countries concerned

###### 4.3.1. Volume and market share of the imports from the countries concerned

- (109) The investigation established, as explained in recitals 63 and 96 countrywide *de minimis* dumping margin in Russia and Turkey and as a result the investigation has to be terminated for these countries.
- (110) North Macedonia has been found to have a countrywide dumping margin of 2,9 %. However, only imports from the company FZC can be considered as dumped imports, since as set out in recitals 41 and 42, the dumping margins for the other two companies were below the *de minimis* threshold of 2 % as defined in Article 9(3) of the basic Regulation.
- (111) The volumes of dumped imports from North Macedonia during the investigation period amounted to [15 000 to 25 000] tonnes. They constituted [0,35 % to 0,59 %] of the Union consumption and [1,60 % to 2,66 %] of all imports of the product concerned to the Union during the investigation period.

- (112) According to Article 9(3) of the basic Regulation, injury is normally to be considered negligible when the imports concerned represent less than the volumes set out in Article 5(7) of the basic Regulation. Article 5(7), in turn, and absent cumulation, notes that such volumes must account for a market share of at least 1 % of Union consumption of the product concerned.
- (113) In the present investigation, as noted in recital 109, the market share of the subject imports constituted [0,35 % to 0,59 %] of Union consumption, that is less than the market share requirement established by Article 9(3).
- (114) Therefore, and absent evidence to the contrary, the Commission concluded that injury should be regarded as negligible as the volume of dumped imports from North Macedonia represents less than the volumes set out in Article 5(7) of the basic Regulation.
- (115) In view of the negligible injury, if any, the investigation should be terminated as regards imports of hollow sections from North Macedonia without measures, in accordance with Article 9(3) of the basic Regulation.

#### 5. CONCLUSIONS AND DISCLOSURE

- (116) Considering the above the anti-dumping proceeding concerning imports of hollow sections, originating in the Republic of North Macedonia, Russia and Turkey should be terminated.
- (117) In light of the findings above, the request for registration submitted by the complainant became moot.
- (118) All parties were informed of the Commission's findings and were granted a period within which they could submit comments.
- (119) The Committee established by Article 15(1) of the basic Regulation did not deliver an opinion,

HAS ADOPTED THIS DECISION:

#### Article 1

The anti-dumping proceeding concerning imports of welded tubes, pipes and hollow profiles of square or rectangular cross-section, of iron other than cast iron or steel other than stainless, but excluding line pipe of a kind used for oil or gas pipelines and casing and tubing of a kind used in drilling for oil or gas, originating in the Republic of North Macedonia, Russia and Turkey, currently falling under CN codes 7306 61 92 and 7306 61 99 is hereby terminated.

#### Article 2

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

Done at Brussels, 27 June 2019.

*For the Commission*  
*The President*  
Jean-Claude JUNCKER