TATA STEEL

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NON-CONFIDENTIAL

TD0001: Transition review of anti-dumping measures applying to certain welded tubes and pipes of iron or non-alloy steel originating in the Republic of Belarus, the People's Republic of China and the Russian Federation

Subject: Tata Steel UK's comments of the Statement of Essential Facts

14 June 2021

Dear case team,

We refer to the Statement of Essential Facts (**SEF**) in the framework of the above-mentioned transition review published on 14 May 2021. As a major producer of the product concerned in the UK, Tata Steel UK Ltd. (TSUK) welcomes the preliminary intended decision to extend the anti-dumping measures with respect to Belarus and China. At the same time, TSUK is of the opinion that some of TRA's findings with respect to Russia may require further investigation and analysis. In the present submission, TSUK will provide its views and evidence on a number of issues that call for the reassessment of TRA's preliminary conclusions concerning Russian producers and, indeed, underline the necessity of a full extension of the measures in their current form and scope.

1 Dumping will reoccur if the measures against Russia are revoked

TSUK submits that the TRA seriously understates the likelihood of recurrence of dumping by Russian producers, including Severstal, by stating the following:

> *"While some factors do suggest that Russian producers of WTP could dump to the UK in the future, we have determined that they are unlikely to have the incentive to do so. For this reason, we have concluded that dumping from Russian producers is unlikely to occur, were the measures to no longer apply."*

The TRA reaches this conclusion at paragraph 7.190 of the SEF on the basis of three factors: (i) the limited levels of stock of the product concerned in Russia; (ii) the fact that Russian consumption of WTP will increase in the future and absorb spare capacity because of planned infrastructure spending by the Russian government; and (iii) the claim that Russian producers could gain market share in the UK without dumping. A similar conclusion is reached for Severstal on the basis of the same three factors.[1] Each of the three factors is unfounded and, as such, so too is the conclusion.

Moreover, TSUK notes that TRA's analysis of Russian producers' normal value and possible dumping is incomplete, as will be explained in more detail below.

[1] SEF, para 7.239 to para 7.245

1.1 Significant spare capacity and increasing stocks of Russian producers

TSUK draws TRA's attention to the fact that Russian producers have significant spare capacity, which exceeds annual UK consumption. In fact, this is confirmed by the TRA in the SEF,[2] followed by the conclusion that "*spare production capacity increases both the incentive and the ability of Russian producers to dump in the future, as having spare capacity is financially inefficient and potentially unsustainable*".[3]

Moreover, as acknowledged by the TRA, Russian producers' inventories also started to build up during the POI, indicating a further incentive to sell the product concerned at dumped prices if such an opportunity arises. While this finding of the TRA is well-founded and verifiable, the TRA reaches a contradictory conclusion that "*Russian producers of WTP also have limited levels of stock, despite the EU measures being in place for an extended time period*".[4] This is a striking conclusion in favour of Russian producers considering that the TRA admits that it had "*little reliable information relating to the stocks held by Russian producers of the goods subject to review*."[5]

The discussion of the TRA on the issue of stocks in Russia (at paragraphs 7.141 to 7.148) did not allow the TRA to reach the conclusion it did, namely that stocks were limited (at paragraph 7.188), as there was simply no evidence presented in this regard in that discussion. There were only two conclusions that could be reached. The first was that inventories were building up during the period of investigation (a factual finding the TRA made at paragraph 7.148) which would increase the likelihood of dumping recurring. The alternative conclusion was that the evidence on stocks was unreliable (a factual finding made at paragraph 7.141) and thus no firm conclusion could be made, let alone a conclusion which would be one of the three decisive factors in revoking the measure against Russia. As such the first ground upon which the TRA decided that dumping was unlikely to reoccur (namely the limited levels of stocks) is simply unfounded (even on the TRA's own evidence). In any case, a limited level of stock does not preclude the possibility of dumping. So long as unused capacity exists, the possibility remains that a firm may use that excess capacity to increase its volume of sales and sell at dumped prices if the opportunity presents itself (as, in this case, the removal of the UK anti-dumping order against Russia). It must be also noted that steel producers operate in a capital-intensive environment and bear a high level of fixed costs. Spare capacity and increasing stocks go contrary to the basic economics of steel production. As a result, these factors create a powerful incentive for Russian producers to increase export sales – even at dumped prices – to raise their capacity utilisation.

In view of the above, TSUK submits that significant spare production capacity and an increasing level of stocks constitute essential indicators that Russian exporters are likely to export the product concerned to the UK at dumped prices. Importantly, these objective and verified factors cannot be undermined by any assumptions as to the possible impact of the EU measures on stock levels of Russian producers or by unfounded speculation on the potentially growing domestic demand in Russia.

1.2 Hypothetical increase in Russia's domestic demand will not prevent dumping

Despite the above-mentioned facts, the TRA believes that Russian producers are not likely to export the product concerned to the UK at dumped prices due to a possible increase in domestic demand. In this respect, the TRA relies almost completely on the

2 SEF, para. 7.139.
3 SEF, para. 7.140.
4 SEF, para. 7.188.
5 SEF, para. 7.141.

data provided by the Ministry of Economic Development of the Russian Federation and the Ministry of Industry and Trade of the Russian Federation which, in fact, shows a decrease in Russia's domestic consumption in the POI by 3%. However, the TRA describes this decrease as "*only marginal*" as compared to "*the significant increase*" of 10% in the period of 2015-2017. Based on the difference in the figures, it appears that TRA's classification of the decrease as "*marginal*" and the increase as "*significant*" is completely arbitrary and does not reflect the actual trends in Russia's domestic consumption.

Moreover, it is unclear why the TRA chooses to rely on the data that confirms a less significant decrease in domestic consumption than the data available from TMK's annual report, which is supported by MMK and Chelpipe Group's sales data. Indeed, according to TMK, Russia's domestic consumption of the product concerned dropped by striking 22% in 2019 and not 3% as stated by the Russian Ministries. Based on TMK's data, the decrease in domestic consumption in 2019 was more than "*only marginal*" and, in fact, much more significant than the increase in 2015-2017. This argument is also supported by the actual sales figures reported by MMK and Chelpipe Group that clearly indicate a more significant downward trend than the one considered by the TRA.

The TRA further makes an assumption that domestic consumption will recover after the POI based on Russian government plans to invest in large-scale infrastructure projects. In this respect, TSUK strongly disagrees with the importance and relevance of such statements for the purpose of TRA's analysis.

First, any remote investment plans that may or may not entail an increase in domestic consumption of the product concerned cannot possibly overweigh the actual data reported by Russian domestic producers themselves and by independent data sources such as Metal Expert.

Second, TSUK was not able to locate any specific information about the large-scale projects referred to by the Russian Ministries and the TRA. TSUK is of the opinion that these remote plans cannot be even taken into account without supporting evidence of the projects actually being implemented in the described timeframe and, more importantly, of Russian producers securing substantial sales volumes of the product concerned for such projects along with an analysis that such volumes would actually absorb spare capacity in Russia for WTP. Such evidence could be provided in the form of confirmation of large tenders awarded to Russian producers for the coming years or at least in the form of cost sheets of the Russian Ministries confirming the high level of domestic supply required for the large-scale projects. However, it is TSUK's understanding that no such evidence has been provided to the TRA and none was presented by the TRA in its SEF, which makes any speculation on the possible increase in domestic demand completely unfounded. Indeed, the evidence we have found suggests that any infrastructure plans are not only highly speculative and remote but have now been delayed. In 2019, the Financial Times reported on the launch of the plan and stated that similar promises of Russian infrastructure spending had been made in the past but had frequently never materialised: "*Many fear that a similar tale of ambitious but unfulfilled pledges will undermine the Kremlin's promised five-year investment bonanza*".[6] Just a year later, the Financial Times reported in July 2020 that "*Vladimir Putin has delayed his flagship $360bn national investment plan by six years as the coronavirus pandemic pitches Russia into recession and leaves a hole in the federal*

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6 H Foy, 'Russians skeptical of Putin's grand projects as economy founders', The Financial Times, 2 September 2019, available at the link: https://www.ft.com/content/4de8b414-c5aa-11e9-a8e9-296ca66511c9

budget".[7] As such, there is no basis for assuming such infrastructure plans will materialise, let alone absorb the spare production capacity for WTP. Nor has the TRA provided any evidence or quantitative analysis to the contrary. Its conclusion in this regard is simply an assertion without reasoning.

Third, the parallel EU review into WTP from Russia, the PRC and Belarus does not so much as *mention* Russian infrastructure plans as a factor likely to increase domestic Russian consumption of the product concerned (and thereby decrease the likelihood of the recurrence of dumping).[8] This is deeply concerning and suggests that the TRA is placing an undue reliance on the Russian infrastructure plans to absorb spare capacity given that a sister agency, conducting a review into the same product, does not deem it important enough to even discuss, let alone cite as a critical factor in the likelihood of the recurrence of dumping.

Finally, it must be noted that the speculation of the Russian Ministries on the rising domestic demand and the TRA's own conclusion that it will likely recover after the POI go contrary to the actual data available for 2020, that is a year following the POI. Indeed, TMK's annual report for 2020 states that domestic consumption of welded industrial pipes increased only by 1% even amid higher demand from the construction industry.[9] It means that Russia's domestic consumption did not even return to its previous levels, let alone increase. This is further confirmed by TMK's domestic sales of the product concerned decreasing from 1,177 thousand MT in 2019 to 785 thousand MT in 2020 (or by a striking 33%).[10] Moreover, according to Metal Expert, Russia's domestic demand for tubes and pipes used in construction, which is one of the main applications of the product concerned, fell by 20% in 2020.[11]

Much like its conclusion on the levels of stock, the TRA's conclusion that Russian infrastructure spending will increase domestic demand is simply unfounded and unevidenced in the SEF. TSUK submits that there is no evidence of any present or future increase in Russia's domestic demand for the product concerned. In fact, the current situation of the Russian market may incentivise Russian producers to export at dumped prices if the downward trend in domestic demand continues.

1.3 Dumping in third countries

TSUK points out that the TRA did not assess whether Russian producers, apart from Severstal, export the product concerned to third countries at dumped prices. It is clear that such analysis is necessary in the present case since the TRA cannot assess dumping in the UK due to lack of imports from Russia. It is even more surprising that the TRA did carry out such analysis for Severstal but not for other non-cooperating producers, which could have been done based on facts available for those producers cumulatively or individually. TRA's failure to assess the level of dumping of Russian producers to third countries constitutes a major gap in its analysis and does not allow

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7 H Foy, 'Putin delays $360bn spending plan as Covid-19 batters economy', The Financial Times, 13 July 2020, available at the link: https://www.ft.com/content/e18fde15-4fe9-4cda-943b-706353e4b4cc

8 Commission Implementing Regulation (EU) 2021 / 635 of 16 April 2021 imposing a definitive anti-dumping duty on imports of certain welded pipes and tubes of iron or non-alloyed steel originating in Belarus, the People's Republic of China and Russia following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council (the "**EU Expiry Regulation**")

9 TMK's annual report for 2020, p. 26 (available at the following link: https://www.tmk-group.com/storage/annual-reports/901//tmk-ar2020-eng1.pdf)

10 TMK's annual report for 2020, p. 6 (available at the link in footnote 5).

11 Statistical data from Metal Expert, "*CIS tubes and pipes market*" (available through subscription at https://metalexpert.com/en/services/tubesandpipes).

the TRA itself and interested parties in this investigation to objectively assess the likelihood of recurrence of dumping if the measures are revoked with respect to Russian producers.

Furthermore, TRA's own analysis of Severstal's sales to third countries confirms that such sales are made at dumped prices. Nevertheless, the TRA reaches a conclusion that "*this apparent dumping was a result of different PCNs by market*" and that "*there was no dumping identified to any third country export markets by Severstal*".[12] While the TRA uses a rather vague wording, it seems to suggest that dumping occurred due to certain PCNs which are not sold domestically, and that the TRA simply excluded such PCNs from its analysis of dumping in third countries. If this is the case, TRA's conclusion on dumping in third countries appears to be fundamentally flawed for several reasons. First, it is unclear how the TRA could make any findings on dumping per PCN if it did not establish normal value per PCN for Severstal as stated in paragraph 7.210. Second, TSUK fails to understand why the TRA would simply exclude certain PCNs which were exported to third countries but not sold domestically. In these circumstances, the TRA could have and, in fact, should have constructed normal value for such PCNs (especially given that the TRA had all the necessary data to do so) instead of comparing export price of such PCNs with the "indicative normal value", which is in itself an inaccurate and questionable approach. However, under no circumstances can the PCNs causing dumping be simply excluded from TRA's analysis. Finally, the fact that Severstal was dumping any products in third countries was an indication of both its need to do so to maintain volume and its intent to do so in the future for all tube and pipe products, not just a select few.

In this respect, TSUK also draws TRA's attention to the findings of the European Commission (EC) in the EU expiry review of the same anti-dumping measures. In particular, the EC found that Russian producers were selling the product concerned at dumped prices during the POI to the EU as well as to other third countries. The EC established a dumping margin of 12.4% for the Russian exports to the EU[13] and of 4.3% for their exports to other third countries.[14] Importantly, the EC seems to have carried out a very comprehensive analysis of the Russian exports to both the EU and third countries, which provides a well-founded proof of dumping by Russian producers. Indeed, while the TRA seems to not have carried out a proper comparison between normal value and export price of Russian producers, the EC provides detailed information on how normal value and export price were established and compared (including for Severstal). The EC's methodology is described in detail and is available to the public.[15] Given the non-cooperation of three major Russian producers of the products concerned, the above-described findings of the EC constitute the best facts available to the TRA which should be used for the analysis of dumping in third countries.

Therefore, TSUK submits that Russian producers are likely to export the product concerned to the UK at dumped prices since a comprehensive analysis of their export behaviour in third countries confirms continuous dumping.

1.4 TRA's calculation of a likely Russian UK landed price does not exclude dumping

TSUK points out that the TRA calculated a likely Russian UK landed price leading to the following conclusion:

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12 SEF, para. 7.199.
13 EU Expiry Regulation, recital 238.
14 EU Expiry Regulation, recital 247.
15 EU Expiry Regulation, recitals 231-247.

> *"However, we have determined that it is likely that Russian producers would be able to sell to the UK market at an undumped price range that would compete with other imports and the domestically manufactured like goods."*[16]

However, the methodology used for the calculation of the Russian UK landed price raises serious concerns as to its accuracy and reliability. First, it is based on an indicative Russian domestic sales price, which, in its turn, is based on the data from MMK's financial and operating highlights. It is unclear to TSUK why the TRA considers such data from a single non-cooperating producer reliable and sufficient, especially given its non-verifiability. TSUK is of the opinion that the indicative domestic sales price calculated in the above-described manner does not at all help the TRA "*to understand the countrywide indicative normal value*" and is completely inappropriate for any further dumping analysis.

Second, TSUK notes that the TRA did not apply any adjustments, apart from the domestic and international transport costs, to the likely Russian UK landed price. In addition, the TRA rejected certain adjustments proposed by UK Steel (such as export SG&A) as unreliable but failed to replace them with any other data that it considers reliable. In TSUK's view, an adjustment for export SG&A, but also for post-importation costs and possible commissions, is absolutely necessary for a proper calculation of the Russian UK landed price. Such factors would also apply to Severstal whose landed price is not adjusted by export SG&A and other post importation costs and commissions.

Naturally, the above-mentioned adjustments would increase the likely Russian UK landed price and would incentivise Russian producers to export the product concerned at dumped prices.

Third, it must be stressed that the claim that Russia could export to the UK without the need to dump was one of the three critical factors upon which the TRA concluded that dumping would not be likely to re-occur if the measures were lifted.[17] However, as the TRA itself states: "*This calculation is based on indicative prices, it does not take account of different PCNs and currency fluctuations and **therefore should be treated with caution***" (emphasis added).[18] The TRA should not have based its conclusion that the re-occurrence of dumping was unlikely on evidence which the TRA itself admits was flawed and unreliable. The same can be said of the calculation of landed price for Severstal where the TRA states that their calculation is "*based on indicative prices only, **and it has been treated with caution** in the context of the overall likelihood assessment*" (emphasis added).[19] A calculation which should be treated with caution should not constitute one of the three critical factors underpinning TRA's finding that dumping was unlikely to re-occur.

One final point concerning Severstal, just because Severstal has affiliates outside of Russia (not subject to trade remedy orders on WPT) does not remove the need to dump what it produces in Russia where it has, in the words of the TRA, "*significant levels of unused capacity*".[20]

2 Attractiveness of the UK market

TSUK notes that, in the TRA's opinion, "*it is unlikely that the UK market would be a priority for Severstal*" suggesting that the UK market is simply not attractive to this

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16 SEF, para. 7.178.
17 SEF, para 7.189
18 SEF, para 7.177
19 SEF, para 7.233
20 SEF, para 7.240.

Russian producer. Importantly, the TRA drops this part of the analysis with respect to other Russian producers. However, based on the fact that the TRA does not reject or further investigate the claim of the Russian Ministries that the UK market is not attractive to Russian producers due to high logistical costs, it appears that the TRA also shares this view. TSUK opposes the position of the Russian Ministries and the TRA, and will demonstrate below that the UK market is not only of great interest to Russian producers, but that the condition of the UK market will incentivise Russian producers to engage in dumping.

2.1 Revocation of the measures will incentivize Russian producers to build up sales to the UK leading to dumping

TSUK submits that, contrary to the conclusions of the TRA, Russian producers will start building up significant sales volumes to the UK if the measures are lifted against Russia. There are several reasons for Russian producers to do so. First of all, due to the recent extension of the same measures in the EU, the UK will become the only market in Europe with potential demand and hard currency available to Russian producers of the product concerned. Importantly, the TRA concludes that the extension of the EU measures will increase the attractiveness of the UK market to Belarusian producers. It is clear that the same conclusion must be drawn with respect to Russian producers, as the EU market will remain virtually inaccessible for them.

Second, as explained in more detail above, Russian producers have significant spare capacity, which is especially harmful to the steel industry. As a result, Russian producers have an incentive to ensure stable sales in sufficient volumes even if such sales are made with some price or profit disadvantage. Therefore, the UK market is indeed attractive to Russian producers as it provides an opportunity to increase their capacity utilisation and potentially secure a stable market share in the UK.

Third, the TRA acknowledges that Russian producers may have an incentive to export the product concerned to the UK at dumped prices in order to gain a larger market share and, therefore, increase their sales and capacity utilisation. This would be a perfectly justifiable strategy from the perspective of basic economics of steel production. Moreover, the TRA states that dumping would limit Russian producers' profits and, therefore, they are more likely to export in low volumes with high profit rather than to chase high volumes through dumping. This conclusion goes contrary to the correlation between Russian producers' spare capacity and an opportunity to have stable export sales in relatively high volumes through dumping. Indeed, dumping does not necessarily prevent Russian producers from making profit on their export sales to the UK. As a result, by dumping and securing higher sales volumes in the UK, Russian producers will be able to realize higher profits. This is especially relevant due to the significant spare capacities of Russian producers, meaning that they do not have to switch their sales from any other – more profitable – market to the UK, but they can simply increase their production.

Fourth, Russian exporters will want to export to the UK to earn pounds sterling, a reserve currency, given the weakness of the rouble. The value of the rouble has fallen against major reserve currencies over the last few years. Against the dollar, the rouble has fallen from around 1 RUB to 0.017 USD in 2017 to around 0.014 USD in 2021.[21] Against the Euro, the rouble has fallen from around 1 RUB to 0.015 EUR in 2017 to around 0.011 EUR in 2021.[22] Against pound sterling, the rouble has fallen from around 1 RUB to

21 USD and RUB exchange rate from the Financial Times, available at: https://markets.ft.com/data/currencies/tearsheet/summary?s=RUBEUR

22 EUR and RUB exchange rate from the Financial Times, available at: https://markets.ft.com/data/currencies/tearsheet/summary?s=RUBEUR

0.0135 GBP in 2017 to around 0.01 GBP in 2021.[23] The decline of the rouble is expected to continue given Russia's macroeconomic fundamentals are weak. The World Bank estimated that global GDP growth is forecast to recover to 4 per cent in 2021 and 3.8 per cent in 2022. Whereas Russia's growth rate is much below this and is forecast at 3.2 percent in 2021, followed by 3.2 in 2022 and slowing to 2.3 percent in 2022.[24] Russia's economic problems are compounded by the sanctions regime against it including sanctions from the UK, US and EU. Given the present and expected weakness of the rouble, Russian exporters will have a strong incentive to export to the UK to earn a reserve currency. For manufacturers of WTP, this incentive will be especially strong given that the UK is intending to drop its trade remedy measures against imports of WTP in contrast to the EU. Hence, the easiest way for WTP exporters to earn a reserve currency will be to export in large volumes at dumped prices to the UK in order to earn sterling.

Fifth, there are numerous trade remedy orders against Russian producers of steel products around the world. Not all such orders relate to the product under investigation. However, as we have discussed, the EU did continue its anti-dumping measures against WTP from Russia following the EU Expiry Regulation. Further, the US currently has measures against WTP from Russia under section 232 of the Trade Expansion Act of 1962. Given that the US and the EU constitute the world's largest economies, the UK risks exposing itself to an influx of dumped WPT if it opens itself up to imports of the product concerned from Russia. More generally many Russian producers have anti-dumping orders against them for major steel products. For example, there are currently anti-dumping orders against hot-rolled flat steel products from Russia in the EU, India, Mexico and the US along with anti-dumping orders against cold-rolled flat products from Russia in the EU and Mexico. If Russian steel exporters are prevented from making profitable export sales in many major product items, they will seize the opportunity to export large volumes of a product (WTP) to a major economy if that economy gives them an opportunity to do so.

It is clear from the above that Russian producers will have a significant incentive to build up their sales to the UK at dumped prices. It would appear that these arguments alone are more than sufficient to maintain the measures against Russian producers. However, for the sake of completeness, TSUK will also provide further arguments on the attractiveness of the UK market below.

2.2 There is no evidence that the UK market is not attractive for Russian producers

TSUK points out that certain claims of the Russian Ministries and Severstal with respect to the UK market not being attractive to Russian producers are completely unfounded and yet seem to be accepted by the TRA.

First, the TRA concludes that Russian producers, including Severstal, "*have not exported to the UK in significant quantities, even before the introduction of EU trade remedy measures*".[25] In TRA's view, this suggests that the UK market will not be a priority for Russian producers if the measures are lifted. TSUK strongly disagrees with this conclusion. Low sales of Russian producers to the UK prior to imposition of the anti-dumping measures by the EU are easily explained by their focus on other parts of the EU market at the time. Indeed, all main Russian producers of the product concerned

23 GBP and RUB exchange rate from the Financial Times, available at: https://markets.ft.com/data/currencies/tearsheet/summary?s=RUBGBP

24 Russia Economic Report (May 26, 2021), The World Bank, available at: https://www.worldbank.org/en/country/russia/publication/rer

25 SEF, para. 7.235.

have sales offices and related companies located in a number of countries across the EU.[26] It is expected that they were exporting the product concerned predominantly to the countries where they had a strong network, established logistics and opportunities for keeping stock. However, since the EU anti-dumping measures have been extended for another 5-year period, it is absolutely unclear why Russian producers will not be interested in exporting to the UK if such an opportunity arises, particularly since the infrastructure for them to do so already exists through their presence in Europe.

Second, the Russian Ministries claim that the UK market is not attractive for Russian producers due to high logistical costs, which allegedly constitute "*up to 30% of the Russian WTP prices in the EU market*".[27] The TRA concludes that this estimate is reliable. TSUK notes that, in fact, the Russian Ministries refer to the Russian WTP prices in the UK market.[28] In any case, TSUK has serious doubts as to the reliability of such logistical costs and their impact on the attractiveness of the UK market for several reasons. First of all, while the Russian Ministries submitted domestic and international transport costs, which the TRA assessed as reliable, no such evidence has been made available to interested parties even in the non-confidential format. Therefore, TSUK cannot assess the reliability of the alleged logistical costs and compare them to independent data sources, such as the OECD Dataset on International Transport and Insurance Costs of Merchandise Trade and fee quotes from private logistics providers. As a result, TSUK is not in a position to provide any comprehensive comments on this aspect of TRA's analysis due to the non-disclosure of essential evidence and information. However, TSUK notes that other similar products with similar, if not identical, transport costs are being exported to the UK not only from Russia but from even more remote geographical areas. This is especially relevant in the case of construction pipes (classified under commodity codes 7306 61 92, 7306 61 99 and 7306 30 80) which are used in virtually the same applications as the product concerned. The HRMC import data for other similar products confirms that the UK market is indeed attractive to Russian producers despite allegedly high transport costs.

Table 1. HRMC import data for products similar to the product concerned from Russia and other remote suppliers, MT

Country	2016	2017	2018	2019	2020	Q1 2021
Construction pipes						
Russia	300	0	40	112	145	
China	1,693	4,166	1,461	558	376	109
UAE			49		10,072	16,673
India		1,619	128	289	385	1,614
Turkey	114,622	135,588	134,112	137,075	75,364	41,601
Large welded tubes						
Russia	5	1,283	2,136	1,828	1,743	
China	2,711	1,512	401	321	1,352	51

26 TMK has sales offices in Romania, Germany and Italy; Severstal has a related distribution company in Latvia; Chelpipe Group has a sales office for pipes and tubes in Czech Republic.

27 SEF, para. 7.172.

28 Comments of the Ministry of Economic Development of the Russian Federation and the Ministry of Industry and Trade of the Russian Federation regarding a transitional review of the anti-dumping measures applicable to imports of certain welded pipes and tubes from Russia, Belarus and China, p. 9.

India		1,804	2,210		39	
US	131	96	97	834	5,180	8

Source: HMRC data.

In view of the above, it is absolutely clear that Russian producers and producers from even more remote geographical areas do sell products similar to the product concerned to the UK market in substantial volumes. Therefore, TSUK submits that the alleged transport costs will not in any way prevent Russian producers from exporting the product concerned to the UK.

3 Revocation of the measures against Russia will have a severe impact on affected industries and consumers

TSUK notes that TRA's analysis of the likely impact of the revocation of the measures against Russia on affected industries and consumers is limited to the following paragraph:

> *"Whilst this might give rise to some further competition from Russian imports which may reduce price or quantity for UK producers, we have no evidence to suggest this would happen to a significant extent, and this would occur under both scenarios."*[29]

After that, the TRA reaches a number of other conclusions on the possible impact of varying the measures which do not take into consideration any impact of Russian imports. TSUK provides several illustrative examples below:

> *"If the measures were varied as we intend to propose, it is likely that the upstream UK producers of HRC would not be impacted in the short term. In the long term, the investments of one UK producer which aim to improve their operational efficiency and reduce energy consumption may help them to increase sales, <u>in which case the impact on at least one of HRC producers is likely to be positive</u>."*[30] (emphasis added)

> *"We found <u>no evidence to suggest that</u> if the measures were varied as we intend to propose, <u>it would impact the ability of current suppliers to compete compared to the current competitive environment</u>. As the existing measures have effectively limited suppliers from Belarus and China to compete in the UK market, varying would continue to do so."*[31] (emphasis added)

TSUK submits that the TRA did not carry out a sufficiently comprehensive analysis which would justify the above-mentioned conclusions. In fact, as demonstrated by TSUK above, Russian producers will have a significant incentive and an opportunity to rapidly increase their exports to the UK at dumped prices. In turn, such an increase will undoubtedly cause injury to the domestic industry and a wide range of stakeholders related to or supported by the domestic industry. However, the TRA did not even consider such a scenario leading to a serious underestimation of the likely impact of the revocation of the measures against Russia.

In light of this, TSUK submits that the TRA failed to properly assess the likely impact of the revocation of the measures against Russia on the affected industry and other stakeholders, which would be indeed very negative.

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29 SEF, para. 9.47.
30 SEF, para. 9.56.
31 SEF, para. 9.91.

4 Conclusion

In light of the foregoing, TSUK submits that the anti-dumping measures should be extended in their form and scope against all three exporting countries, including Russia. TSUK also respectfully requests the TRA to carry out a more comprehensive analysis of the above-described points and submits the following:

- The three factors which the TRA stated made it unlikely dumping would re-occur were all flawed: (i) the fact stocks were limited was not supported by the TRA's findings on stocks which indicated an increase in stocks, was based on data for which there was "*little reliable information*" according to the TRA and, in any case, does not preclude dumping where large unused volumes of capacity are most critical; (ii) the fact that Russian infrastructure spending will absorb spare capacity is a mere assertion without any analysis and evidence; and (iii) the fact that Russia could export to the UK at an un-dumped price was based on a calculation which "*should be treated with caution*" according to the TRA. Evidence which the TRA itself admits is deeply flawed (or, in the case of (ii), just an assertion) should not form the basis of a decision.
- The most reliable evidence, instead, pointed in the opposite direction, There is a very high likelihood of recurrence of dumping by Russian producers if the measures are revoked, which is supported by the data on significant spare capacities and increasing stocks in Russia. In addition, there is convincing and reliable evidence of Russian producers exporting the product concerned at dumped prices to other third countries (such as the EU);
- The UK market presents numerous commercial opportunities for Russian producers which are not available to them elsewhere in Europe. Moreover, the condition of the UK market will incentivise Russian producers to gain market share in the UK through dumping;
- Revocation of the measures against Russia goes contrary to the economic interest of the UK as it will lead to severe consequences to the domestic industry and other stakeholders related to or supported by the domestic industry.

We remain at your disposal if you have any questions.