

MINISTRY OF COMMERCE

NOTIFICATION

New Delhi, the 10th November, 1999

Subject : Anti-Dumping investigations .concerning imports of Seamless Tubes from Austria, Czech Republic, Russia, Romania and Ukraine... Preliminary Findings.

7/1/99/DGAD,- Having regard to the Customs Tariff (Amendment) Act 1995 and the Customs Tariff (Identification' Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury), Rules 1995, thereof

A. PROCEDURE

1. The procedure given below has been followed with regard to the investigations:
 - i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from the Association of Seamless Tubes Manufacturers on behalf of M/s Maharashtra Seamless Ltd., M/s Kalyani Seamless Tubes Ltd., and M/s Indian Seamless Metal Tubes Ltd. alleging dumping of seamless tubes originating in or exported from Austria, Czech republic, Russia, Romania and Ukraine.
 - ii. The preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the petitioners. The petition was thereafter considered as properly documented.
 - iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate investigations against alleged dumped imports of Seamless Tubes originating in or exported from the subject countries.
 - iv. The Authority notified the Embassies of the subject countries about the receipt of the allegation of **dumping before** proceeding to initiate investigations in accordance with sub-rule 5(5) of the Rules.
 - v. The Authority issued a Public Notice dated 21st May, 1999, published in the Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of Seamless Tubes classified under heading nos., 73.04; 7304.10 and 7304.29 of Chapter 73 of the Customs Tariff Act, 1975, originating in or exported from Austria, Czech Republic, Russia, Romania and Ukraine.
 - vi. The Authority forwarded a copy of the.- Public Notice to the known exporters (whose details were made available by the petitioners) and industry

- associations and gave them an opportunity to make their views known in writing within forty days from the date of the letter.
- vii. The Authority forwarded a copy of the Public Notice to the known importers (whose details were made available by the petitioners) of Seamless Tubes and advised them to make their views known in writing. within forty days from the date of the letter.
 - viii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of Seamless Tubes.
 - ix. The Authority provided copies of the Petition to the known exporters and the Embassies of the subject countries in accordance with Rule 6(3) supra.
 - x. The Authority sent a questionnaire, to elicit relevant information to the following known exporters in, accordance with Rule 6(4);

Austria

- Voest Alpine Stanirohr
Kindberg, GES M.B.M., Alpine
Strasse -17, A 8652, Kingberg.

Czech Republic

- Nova Hut Ostrava,
70702, Ostrava, Kuncice.

Russia

- Volzhsky Pipe Plant,
404119, Volski Town,
Volgograd.

Romania

- Silcotub s.a.,
B-dul Mihai Viteazu nr.93,
4700 Zalau.
- **Petrotub S.A.Roman,**
5550 Roman, Soseaua Roman-Iasi km.
333; Jud Neamt.

Ukraine

- Metal Zavod Imeni Karl,
Leibenecht.
- Yuzhnotrubny Zavod,
Nikopol.
- Mitsui & Co., Ltd.,TKIPE DIV.', 2-1 Ohtemachi 1 Chome, ChiyodaKu, C.P.O.
Box 822,Tokyo,vide their letter dated June 11, 1999 informed the Authority
that as a supplier of the subject goods to ONGC/OIL India Ltd. and other
government corporations engaged in the oil exploration business in India,
they are -an interested party in these investigations.

Responses were received from:

Russia

- Volzhsky Pipe Plant

Romania

- S il cotub s.a.,
 - Petrotub S.A.Roman,
 - A letter dated 17/8/99 addressed to the Authority was received from the Trade Representation of the Russian Federation in India stating that the main Russian producers of tubes, namely, Seversky Tube Works, Volzhsky Tube Works, Chelaybinsky Tube Works and Pervouralsky Tube Works were interested parties. They were informed that the extended date for responding to the questionnaire was over. After initiation of the investigations, the Trade Representation had been requested to advise the named producers in the petition as also other manufacturers in Russia engaged in the manufacture and export- of the subject goods to India to respond to the questionnaire sent by the Authority. M/s Volzhsky Pipe Plant alone responded to the questionnaire within the extended time-limit granted by the Authority.
- xi. The Embassies of the subject countries were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. Copies of the letter, petition and questionnaire sent to the exporters were also sent to them, along with the names and addresses of the exporters.
- xii. A questionnaire was sent to the following known importers of Seamless Tubes calling for necessary information in accordance with Rule 6(4);

▪ **Oil and Natural Gas Corporation Ltd.,**

Tel Bhavan , Dehradun-248 003.

▪ **Oil India Ltd.**

P.O. Duliajan

Dist. Dibrugarh, Assam.

▪ **Gas Authority of India Ltd.,**

16, Bhikajicama Place,

R.K.Puram, New-.Delhi-110 006.

▪ **Bharat Heavy Electricals Ltd.,**

a. Seamless Steel Tube Plant Tiruchirapalli-620014.

b. Ramachandra puram

c. Jhansi-284129

d. Visakhapatnam

▪ **Reliance Petroleum Ltd.,**

a. Motikhavdi, Jamnagar.

b. Ballard Estate, Mumbai 400 001.

▪ **National Thermal Power Corporation,**

Vindychal Super Thermal Power Project,

Dist. Sidhi, Madhya Pradesh.

▪ **National Organic Chemical Industries,**

Mafatlal Centre, Nariman Point, Mumbai.

- Essar Steel, Surat 394 270
- Essar Oil Ltd., Mumbai 400 020
- Hindustan Petroleum Corporation Ltd.,

a. Visakhapatnam

b. Refinery Division, Mahul, Mumbai 400 074.

▪ Gujarat State Fertilizers & Chemicals Ltd., Dist. Vadodara.

▪ Indian Oil Corporation Ltd.,

a. P.O. Noonmati, Guwahati 781 020

b. Gujarat Refinery, Vadodara

c. Barauni Refinery, Begusarai

- d. Panipat Refinery Project
- e. Refineries and Pipeline Division, New-Delhi
- f. Haldia Refinery, Midnapore
- g. Digboi Refinery, Dibrugarh
- h. Mathura Refinery

- ABB ABL Ltd.,
Durgapur, West Bengal
- Asea Brown Boveri Ltd.,
Kalkaji, New-Delhi.
- Thermax Ltd., Chinchwad, Pune.
- Thermax Babcock & Wilcox Ltd.,
Kasarwadi, Pune.
- Krupp Industries (I) Ltd.,
Pimpri, Pune.
- Indian Petrochemicals Corporation,

- a. Baroda Based Project, Vadodara
- b. Gandhar Petrochemicals Complex, Bharuch.

- Indian Farmers Fertilizers. Co-op

- a. DAP-NPK Project, Dist. Kachchh
- b. Kalol Unit, Dist Gandhinagar.

- Enron Oil and Natural Gas India Limited Mumbai
- J.K. Thermal Power
Dist. Chittorgarh
- Bharat Heavy Plates & Vessels Limited
Visakhapatnam
- Larsen & Toubro Limited
- GTF13 Division, Mumbai
- Fact Engineering & Design Organisation
Cochin
- ATV Projects India Limited, Mathura.
- Bokaro Steel Plant, Bihar
- Bharat Earth Movers Ltd, BEML Nagar, P.O. KGF 563-115
- Cethar Vessels Limited, Tiruchirapalli
- Cochin Refineries Ltd, Ernakulam District, Kerala
- Diesel Locomotive Works, Varanasi
- Escorts Ltd, Faridabad
- Hindustan Organic Chemicals, Dist. Raigad

- Hindalco Industries Ltd, Dist. P.O. Renusagar, Sonbhadra.
- The Indian Sugar & General Engineering Co., Yamunanagar
- Integral Coach Factory, Chennai
- Kerala Automobile Ltd, Thiruvananthapuram
- Lakshmi Machine Works, Coimbatore
- Madras Refineries Ltd, Chennai
- Mangalore Refinery & Petrochemicals Ltd Mangalore

Responses were received from:-

- Oil and Natural Gas Corporation Ltd.,
- Oil India Ltd.
- The Indian Sugar & General Engineering Co.

M/s Indus Pipeline Company, 433, Vyapar Bhavan, 49 P D' .Mello Road, Mumbai-400 009, made certain observations but did not respond to the questionnaire.

- xiii. The Authority made available the non-confidential version of the evidence presented by various interested parties in the form of a public, file kept open for inspection by the interested parties.
- xiv. Cost investigations were conducted to work out optimum cost of production and cost to Make 'and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the petitioner.
- xv. * * * In this notification represents information furnished by an interested party on confidential basis and 'so considered by the Authority under the Rules.
- xvi. The Authority conducted spot verification at the premises, of the petitioners.
- xvii. Investigations were carried out for the period starting from 1st April, 1997 to 30th September, 1998 (18 months).

B. PETITIONERS VIEWS

2. The petitioner has raised the following major issues in their petition and in their subsequent submissions:

- a. Seamless tubes/pipes are hollow profiles of iron and steel. They are used where strength, resistance to corrosion; microstructure and product life is crucial. Line. pipes are used in hydrocarbon and processing industry. Boiler pipes are put to use in boilers, heat exchangers, super heaters and condensers and in mechanical, structural and general engineering industry. Casing/tubing are used in the extraction of crude oil and gas from the sea as well as from the earth.

- b. The technical specifications and the quality of the subject goods depend on their end-use and are defined in terms of :
- OD (outer diameter) of the pipe/tube .or PPF (pound per feet i.e. weight per unit length); .
 - WT or wall thickness' of the pipe/tube or PPF (pound per feet i.e., weight per unit length);
 - Length of the pipe/tube;
 - Specification of the raw material, i.e. specific grade within alloy steel, carbon steel; stainless steel;
 - Process followed while producing the tubes, i.e. HF (hot finished), CD (cold drawn) or CR (cold rolled/cold pilgered).
 - End-use to which- the goods are put to.
- c. Line/boiler pipes in various specifications/grades including API 5L are manufactured by KSTL & ISMT. The size range of the subject goods produced by KSTL is (hot finish) 1 1/4" - 10"NB/NPS. The size range of the subject goods produced by ISMT is (hot finish) 2" - 6"NB/NPS. KSTL is the sole manufacturer of tubes of 9 5/8" O.D. in the country. Casing pipes/tubing are manufactured by KSTL under API 5-CT specifications in grades H40, J-55, K55, and N-80. Grades L80, C95, T95, P110 and Q125-can be manufactured by subcontracting heat treatment operation. The size ranges manufactured are 2 3/8" - 9 5/8".
- d. The raw material used for the production of the subject goods is billets/rounds, in varying grades. The composition and specification of the raw material is selected on the basis of the specification of the product to be manufactured.
- e. The process of manufacture of hot finished tube is as follows :

Feed stock from the steel plant in the form of billets/rounds is cut to a pre-determined length and, is heated in a furnace to a temperature between 1150 degree centigrade to-1250 degree centigrade depending upon the steel grade. The hot billet after de-scaling is pierced with the help of Piercing Mill/Extrusion Press through its full length to form a rough shell/hollow. This is subsequently elongated and size controlled by processing through a finishing mill. The hot pipes are conveyed to a cooling bed and are straightened and cut into desired lengths for further processing; inspection, oiling, packing and shipment.

- f. The categorisation of the subject goods into three groups is dependent on the change in end finishing activities (beyond hot finished hollows) which are as follows:-
- casing and production tubing - are subsequently threaded and coupled.

- line pipes- are normally supplied as plain end or beveled ends, but occasionally, these are also supplied in threaded and coupled condition as per specific customer request.
- g. The nature of threading required depends on the requirements of the customer. The domestic industry has the capability of undertaking all required types of threading; the popular threads being BTC, STC, LTC. Threading is only a small activity in the entire manufacturing process and constitutes an insignificant portion in the total cost of production. A producer can always get the threading work done by other producers as well as by independent threaders and supply the desired goods to the customers even if it does not possess the required facilities for threading: Pipes with XL threading are not currently being consumed in India.
 - h. The basic manufacturing process (i.e. not finished hollows) remains the same and further processing and categorization is only to meet the specific end usage. The difference between line/boiler pipe and casing/tubing is in terms of raw material grade and end finishing requirements only and in effect line/boiler pipes and casing/tubing are seamless tubes/pipes.
 - i. The manufacture of seamless tubes pipes involve critical control on process parameters and raw material used. Producers all over the world follow international standards such as API, ASME, ASTM, DIN, BS, JIS and IS.
 - j. A sensitivity analysis has been done based on sizes of seamless tubes, grades as well as PPF. This has been done taking actual prices quoted against specific tenders of ONGC/OIL. Prices have been compared for the same supplier for the same tender to eliminate the effect of any other parameter.
- i. Size-wise analysis- For the same grade and thread prices were compared for two different sizes by the same supplier on the same tender. This revealed that sometimes for bigger sizes the prices were higher, sometimes they were lower. At times the prices were more or less the same meaning thereby that there is no direct co-relationship between prices and sizes. For e.g. N80 grade of size 51/2", 20PPF was supplied by Voest Alpine to OIL in 97-98 at USD *** (), whereas, BTC 9 5/8", 40PPF was supplied at * * *USD/MT. J55 of 51/2", 17PPF was supplied by Nova Hut to ONGC (98-99) at USD *** (),, whereas BTC 9 5/8", 40PPF was supplied at USD * * */MT.
 - ii. Grade wise analysis-For the same size and thread, prices were compared for two different grades quoted by the same supplier on the same tender. This showed that prices quoted for N80 were sometimes higher as compared to J55 and sometimes lower. Examples include the supply by Nova Hut to ONGC in 97-98 of 9 5/8" size of J55 grade, 40PPF at USD* * */MT () and supply of BTC N80 grade, 43.5 PPF at U SD * * */MT. Another instance is the supply of

51/2", size, J55 grade, 17PPF at USD***/MT () by Voest Alpine to ONGC in 97-98 whereas BTC N80 grade of PPF20 was supplied at USD * * */MT.

- iii. PPF wise analysis- It was observed in most of the cases, that for the same size and grade the prices quoted on the same tender by the same supplier were more or less identical irrespective of PPF. For e.g.,, 9 5/8" size N80 grade of PPF 43.5 was supplied by Nova Hut to ONGC in 97-98 at USD ***/MT () whereas BTC N80 grade of 47PPF was supplied at. USD * * */MT (). 5/8" N80 grade of 43.5 PPF was supplied by Mitsui to ONGC (97-98) at USD *** () while BTC 47PPF N80 grade was supplied at USD ***/MT ().

If the prices are compared per meter basis then they would vary on size (dia. as well as W.T. as well as PPF) but when these are converted on USD/MT basis, they have no significant variation as explained above.

- k. The exporters from the subject countries are dumping in a big way through the tender floated by ONGC and OIL as well as by other end users. The exporters in these countries have now become equally aggressive in the dealers/distributors market also.

C. VIEWS OF IMPORTERS, EXPORTERS AND OTHER INTERESED PARTIES

3. Importers Views

I. The Indian Sugar & General Engg. Corpn.

1. The petitioner has covered two different products viz., (a) Casing and tubing that are used in the extraction of oil and gas from the sea as well as from the earth (hereinafter referred to as "drilling" pipes/tubes; and (b) Seamless tubes used in the manufacture of boilers, heat exchangers etc. (hereinafter referred to as "non-drilling" pipes/tubes.
2. The petitioner has taken considerable pain to explain that the technical specifications depend on the end-use to which the subject goods are put to. The end-use of "drilling" pipes/tubes is vastly different from that of "non-drilling" pipes/tubes. The pipes/tubes- used for drilling of oil/gas from the sea/earth cannot be used in the manufacture of boilers/heat exchangers etc. and vice versa. Since the end-use is different; technical specifications are also different. Therefore both these products are distinct products and. cannot be clubbed as like products.

II - M/s.Oil and Natural Gas Corporation Ltd (ONGCL)

a) **Like Article**

1. The initiation notice would appear to club ail pipes of external diameter upto 10" of all grades and for various end uses like boiler, line casing and tubing as a single like article. There are a number of different products involved with clear lines of distinction between them.

- i. Companies engaged in oil exploration for drilling oil wells use drill pipes. Such drill pipes are exclusively used for drilling purposes and cannot be interchanged with casing pipes or production tubing.
- ii. As the drilling of the oil well progresses it is necessary to prevent the collapse of mud, etc, into the well. The casing pipes _ are used to prevent such collapse. The casing tube, which goes deep down into, the, earth to the bottom of the well has to be to a different specification than a casing tube used at or near the top of the well. IS 1956 defines casing tubes as tubes used for lining bore holes to prevent caving in of the surrounding strata and the undesired entry of water.
- iii. Once the well becomes operational it is necessary to draw out the; oil or natural gas emanating from the well. **Production or oil well tubing**, according to IS 1956, are tubes used for conveying oil from the bottom of the well to the delivery line. This production tube has to satisfy a different specification than the casing tube. Casing and production tubes are used by those engaged in the exploration of oil or natural gas.
- iv. The oil or natural gas produced by a well is transported over a pipeline. As **line pipes** are laid terrestrially and are not for use within a well, they have a different and less stringent specification than casing tubes or production tubes. As per IS, 1956, line pipes are used for the conveyance of oil or natural gas, excluding the pipes in the well. Line pipes are used by refining and marketing companies like IOC, HPCL, BPCL etc. who have their own pipeline for transportation of the various petroleum products.

2. Thus there are three categories of products, i.e., casing , tubing and line pipes. Further, within each category there are independent like articles based on the size and grade of the tubes. To illustrate, casing pipes are procured by ONGCL in the following four sizes:-

- i. 7" OD
- ii. 9 5/8" OD
- iii. 5" OD
- iv. 5 1/2" OD

For each of the above sizes, the grade of the pipe can be J-55; N-80, L80, P-110, C-95 or Q-125. These pipes are procured to API specification, only from those

manufacturers holding API Certificate. In addition to the size of the diameter, the weight (based on wall thickness of the tubes). also differs and the price is higher for higher weight pipes. Further, the thread of the pipe can either be BTC (buttressed thread) or XL (extra large).

3. The price of the tubes is dependent on the size, weight as also the grade. For example, a pipe 9 5/8" for a particular grade (say J-55) is priced higher than a pipe 7" of the same grade. Further, even for a pipe of 9 5/8"., the price is different if the grade is J-55 or P-110 or 43.5PPF or 47 PPF.

4. The usage of the pipes of different grades is also different and is not normally interchangeable. A casing pipe of J-55 cannot be used in a place where a pipe of grade P-110 is required. Thus diameter, weight, grade, thread and the type of pipe (casing, line, production) make a unique combination which is a "like article".

5. Line pipes, casing pipes and production tubes are therefore three independent products and cannot be combined and treated as one product for the purpose of determination of dumping margin or for determining the material injury to the domestic industry.

6. There is no mention of "drill pipe" being within the scope of the investigation. This is correctly so as there is no indigenous manufacturer of drill pipes in India. None of the three petitioner companies or the supporter of the petition have the capability to manufacture drill pipes. Further drill pipes are separate goods classified under 7304.21 of the Customs Tariff which heading is also not indicated in the initiation notice. M/s. Oil Country Tubulars Ltd. (OCTL), Hyderabad, is the only Indian processor who imports unprocessed drill pipes from Argentina and Italy through their principals, M/s Grant Prideco, USA. They supply the drill pipes after performing processing operations on the imported unprocessed tubes.

7. Casing pipes with thread XL are not within the manufacturing capability of any of the above Indian producers and hence should be excluded from the scope of the investigation.

(b) Domestic Industry

1. ONGCL has in place an indigenous development programme under which Indian manufacturers are given development orders (even without participating in a tender) in order to assess their capability to produce and supply items of particular specifications. Once the development, orders are successfully executed, these firms are empanelled, free of cost, for supply against regular

annual tenders. The empanellment process is open throughout the year to manufacturers, threaders, processors and authorised supply houses.

2. Indian .Seamless Metal Tubes Ltd., is not an empanelled firm for supply of casing tubes. ISMT had neither supplied nor even participated in any tender for supply of casing pipes, any time in the past. They do not have the capability to produce and supply the said pipes.
3. MSL have no capability to produce casing pipes of 9 5/8" of any grade. In fact for 9 5/8" pipe, MSL itself had quoted for imported pipes.
4. Kalyani Seamless Tubes Ltd., (KSTL) is the only domestic producer of casing tubes who can sustain the petition. KSTL has no capability to produce casing pipes of grade XL. Further, they have the capability to produce only two grades namely, J-55 -and N-80 and hence all other grades (viz., L-80, P-110, C-98 and Q-125) cannot cause material injury to them.
5. Indian manufacturers have been supported by ONGC and developed consciously by it through placement of development orders under its Indigenous Development Programme. Despite annual increase in customs duty (which is at ONGC cost) Indian manufacturers have largely been getting orders for items that they make. Indian companies till the period of investigation were not manufacturing grades P and L.
6. Customs duty has been hiked from 37.5% to 67.0864% (for evaluation). Rather than seeking anti-dumping duty over and above such a high customs duty (thus hiking costs for ONGC) Indian industry should strengthen its competitiveness and should compete for the export markets.

III Oil India Limited

1. M/s Remi Metals supplied some tubulars to OIL as a supply house and not as a manufacturer. M/s Tisco was not competitive even to indigenous manufacturers like M/s Maharashtra Seamless Ltd. and M/s Jindal Drilling.
2. Customs duty has been increased from 32% (in February 1997) to 43% (from 2/6/98). Customs duty has been further enhanced to 67% from 1/3/99, which should provide sufficient protection to the indigenous manufacturers. Procurement by OIL from indigenous manufacturers has been in the range, of 65% to 80% of their total requirement of tubulars during 1996 to 1999. This shows that indigenous manufacturers were in a position to compete with the foreign bidders even with the tariff barrier available upto 1998-99 and with higher tariff (67%) it is likely that the orders placed on indigenous manufacturers will further increase. The steep rise in duty has already increased the cost of procurement of these essential items to a great extent. If additional duty in the form of anti-duping is now levied, it will add to the cost of material

input for production of crude oil, which plays a vital role in the national economy.

3. OIL generally procure seamless pipes of X-46, N-80 and P-110 grades. To the best of their knowledge, P-110 grade pipes are indigenously manufactured only upto 5 1/2" size. Therefore imposition of anti-dumping duty on P-110 grade pipes other than of 5 1/2" size will not be relevant.

4. Exporters Views

I Mitsui & Co. Ltd.

1. Mitsui & Co., Japan, is an exporter of the subject goods that had been supplied to ONGCL during the period of investigation. This respondent is only a trader of the subject goods and is not a producer thereof. They had supplied the pipes manufactured by M/s Volski Tube Mill, Russia.
2. In India, the only indigenous manufacturer of 95/8" OD casing pipes is M/s Kalyani Seamless Tubes Ltd. (KSTL). No other manufacturer in India has the requisite facilities or the capability to manufacture, 95/8" L-80 grade casing pipes. That is why, Kalyani has not participated in any of the tenders of ONGC till date. Kalyani has been participating in other tenders of 95/8" in grades J-55/N-80 on regular basis.
3. Anti-Dumping duty can be imposed only on a product, which is manufactured in India. As far as 95/8" L-80 grade casing pipes are concerned this condition is not fulfilled. If any foreign supplier supplies 95/8" L-80 grade casing pipe, it cannot and does not result in monetary or any other loss, **harm or damage to any indigenous** manufacturer since no indigenous manufacturer produces or is capable of producing 95/8" L-80 grade casing pipes.
4. There are several grades of casing pipes, which are not manufactured in India. It can be unfair and damaging not to restrict the investigation to only those grades and sizes of casing pipes which are manufactured or, are' capable of being manufactured by the existing indigenous manufacturers.

II. Volzhsky Pipe Plant, Russia.

1. This respondent is an open joint stock company, that is, a public company not owned by the Government of Russia.
2. There are no incentives provided by the Government on export sales in any form such as income tax concessions/exemptions, reimbursement/exemption of taxes on inputs. There are no subsidies for supplies of raw materials, utilities like power, water, labour etc.

3. Volzhsky Pipe Plant is one of the largest metallurgical enterprises within Russia. Its basic manufactured products are seamless and spiral welded pipes applied in the oil and gas, engineering and power industries.
4. The cost of the capital fund of the plant exceeds USD 2 bln. The Plant comprises five man shops of total production capacity about 2,000,000 tn of pipes and 1,100,000 to of steel per year.
5. The plant is conveniently located near railway lines, road ways, searoutes and inland waterways which allow timely delivery of the product to the customer.
6. The Quality Assurance System implemented within the Plant enables the company to manufacture products strictly in accordance with international standards requirements. In 1993 the Plant Quality Assurance System was successfully certified by the American Petroleum Institute, which granted the right to produce casing and line pipes under API 5CT, 5L and 5B standards.
7. Since 1997 casing pipe of 95/8" produced by Volzhsky Pipe Plant have been purchased by the following wholesale customers in India;
 - a. Remi Metals Gujarat Ltd.,
 - b. Jindal Drilling & Industries Ltd.,
 - c. Mitsui & Co., Ltd.
8. The export price does not depend upon a specific customer but is based on a price level in the country market for which a specific delivery is expected. A stringent requirement in the process of pricing is that the ex-works export price is to be not less than the same ex-works price of an internal market.
9. Details of exports made to India during the period of investigation are as follows:-

Customer Contract No. Specification Qty Invoice Value Pr/Mt & date tons (USD)
(USD)

Remi Metals *** 9 5/8"x43, 5PPF,BTC, N-80 *** *** ***

Jindal Drilling *** 9 5/8"x47PPF,PE,N-80 *** *** ***

Mitsui & Co. *** 9 5/8"x43,5PPF,BTC,L-80 *** *** ***

9 5/8"x47PPF,BTC,L-80 *** *** ***

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Remi Metals *** 9 5/8"x43,5PPF,BTC,N-80 *** *** ***

9 5/8"x47PPF,BTC,P-110 *** *** ***

10. Volzshkv had supplied only casing pipes of 9.5/8"OD to India during the period of investigation. No other category of pipes was supplied. The total sales of the subject goods by Volzskhy Pipe Plant have been as under:-

Particulars **POI 1/4/97-30/9/98**

Total Co sales Qty(ton) Value(USD) Price/MT

(a) Exports to India * * * *** ***

(b) Domestic market * * * *** ***

(c) Exports to third countries * * * *** ***

Total sales * * *

*The price from roubles to USD has been converted at an average exchange rate of 6.46 rbl=1 USD.

III SiLcotub s.a.-Romania

1. Silcotub s.a. is a producer of carbon steel hot rolled and/or cold drawn seamless steel tubes, in the range of 1 /8" - 4"OD having application in oil and gas exploration and production, power stations, oil and gas pipe lines, water and distribution networks and mechanical constructions.
2. Silcotub is a 100% private company. The rolling mill production capacity is 170000 tons/year.
3. The rolling line was modernized in three stages, the main supplier of the new equipment for "Modernization being Mannesmann Demag of Germany. As a result of the modernization process, these products have reached competitive goals both in terms of quality and prices, which allowed the respondent to develop the, export market for their products in India.
4. The distribution of the products in the domestic market is directly to large end users or through wholesalers to consumers.
5. In the foreign markets , the subject goods are sold directly to endusers or traders, or through local agents representing Silcotub interests in those areas. In the Indian market ; they have no exclusive agent.

6. During the POI, they have delivered *** tons in the Indian market that is about 0.56% of their, total export. The small quantity exported could not have affected local tube manufacturers. Silcotub had exported seamless steel pipes of OD under 5", only.
7. Imports made under competitive circumstances with Indian manufacturers is demonstrative of the free trade principle supported in India. Petitioners have preferred the external market for higher prices and other fiscal benefits offered by promotional schemes and neglected the domestic market.
8. Details of exports to India during the POI, is as follows : -

Customer Contract No. Specification Qty Invoice value Rebate Remarks (Tons)
(USD)

Oil India Ltd *** 73.0x14.02 *** *** *** fob basis

Dibrugarh

do- *** -do- *** *** *** -do-

Mahalaxmi *** 33.4x3.38 *** *** *** c&fbasis

Freight ***/ton

IV Petrotub, S.A., Romania

1. Petrotub S.A. is stated to be a joint stock company in the process of privatization. It is engaged in the manufacture and sale of seamless steel pipes, hot rolled and cold rolled or drawn. Ownership is 70% state property and 30% private property.
2. The total installed capacity is 300,000 tons per year (129,000 tons for the product under supervision; 171,000 tons for other products viz., line pipes>273, casing except P-110 structural pipes etc.)
3. All Petrotub exports to India were made through trading companies (Romanian or foreign) to whom they had invoiced.
4. No incentives are given by their Government on export sales.
5. The following grades/specifications of the product under investigation were exported to India during the period of investigation:-
 - a. GRADE B-seamless steel pipes, manufactured in accordance with API 5L and/or ASTM A-106 and/or ASTM A-53, Grade B, with beveled ends, in length as per contract. Sizes: OD8"(219. I mm) and 10" (273.1 mm).

b. GRADE P-110-seamless steel casing, manufactured in accordance with API 5CT, Grade P-110, BTC threaded and coupled, Range 2 and Range 3.
Sizes:9.5/8"x 40 lbs/ft.

6. Total sales of the above mentioned products during 1/4/97 to 30/9/98 were as given below:-

Grade B Qty (tons) Value (USD) USD/ton

India *** **

Domestic Market *** **

Other Countries *** **

Grade P-110 Qty(tons) Value(USD) USD/ton

India *** **

Domestic Market *** **

Other Countries - - -

It is stated that approximately 95% of all Petrotub domestic sales were oriented to end-users, and the balance 5% to stockists.

D. EXAMINATION OF THE ISSUES RAISED

5. The foregoing submissions made by the petitioner, exporters and importers and other interested parties, to the extent these are relevant as per Rules and to the extent these have a bearing upon the case have been examined and considered and have been dealt with at appropriate places in these findings.

E. PRODUCT UNDER INVESTIGATION

6. The product being dumped in India and subject to investigation in the present case is seamless tubes, pipes and hollow profiles of iron, alloy or non-alloy steel (other than cast iron), other than cold drawn or cold rolled originating from the subject countries of the following description:

a. Seamless tubes, of iron or steel, not cold rolled, hot finished, of an external diameter not exceeding 273mm or 10"NB also known as boiler pipes or line

pipes used in hydrocarbon industry, processing and general engineering industry;

- b. Casing and tubing of a kind used in drilling of oil or gas of an external diameter not exceeding 244.5mm or 9.5/8".

The subject goods described as seamless tubes/pipes as also line/boiler pipes and casing /tubing are classified under customs sub-heading numbers 73.04, 7304.10, 7304.29 and 7304.39 of Chapter 73 of the Customs Tariff Act, 1975. The classification is however indicative only and in no way binding on the scope of the present investigations. All seamless pipes/tubes falling under the above-mentioned customs codes attracting the same basic rate of customs duty are classified as one product for the purpose of these investigations.

F. LIKE ARTICLES

7. Seamless tubes/pipes are produced and sold in different sizes/specifications /grades/standards. There is however no significant difference in terms of process, equipment or technology for the production of different specifications/grades of (hot finished) seamless tubes/pipes that are manufactured by the domestic industry and in the countries subject to this investigation. The raw material/feed stock is in the form of billets/rounds and the basic product that is the end-result of the manufacturing process is a hot-finished round/profile. For elongation, size control and uniform heating the hollow is made to pass through a series of mills. Seamless tubes/pipes are classified into line/boiler, and casing /tubing depending on the finishing activities that cater to specific end-usage viz., threading, coupling, or beveling. Therefore, seamless tubes/pipes manufactured by the domestic industry and in the subject countries are alike in their essential physical and technical characteristics.

In order to establish that seamless tubes/pipes produced by the domestic industry is a like article to that exported from the subject countries, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered. Some interested parties have stressed that there are three categories of products, i.e., casing, tubing and line pipes under the generic product and further, within each category there are independent like articles based on the size and grade of the tubes. However, it is noted that line, casing and tubing are all subject to the basic manufacturing process (i.e., heating, piercing and elongation/sizing) and the basic application of these pipes/tubes consists in the conveyance of oil or gas. The only difference lies in the end-finishing activity that categorizes the product to meet specific end-usage. An analysis of prices based on sizes, grades and PPF of seamless tubes shows that there is no direct co-relationship between selling prices and these parameters on USD/MT basis. To illustrate, the copy

of the offer from Kirtanlal Steel Export dated ***to Sreevatsa Tube Corporation shows a reduction in prices (USD/MT) from * * * to * * * on the subject goods of Ukraineian origin irrespective of sizes which ranged, from NB 0.5"x SCH40/80 to 8/10/12" x SCH 20 and up.

There is a high degree of interchangeability and consequently of competition between the imported product and that manufactured by the petitioners being the subject matter of this investigation.

There is no argument disputing that seamless pipes/tubes produced by the domestic industry in various grades has characteristics closely resembling the imported material and is substitutable by seamless pipes/tubes imported from the subject countries both commercially and technically. Seamless pipes/tubes produced by the domestic industry has been treated as like article to the product exported from the subject countries within the meaning of Rule 2(d).

G. DOMESTIC INDUSTRY

8. The petition has been filed by the Association of Seamless Tubes Manufacturers on behalf of M/s Maharashtra Seamless Ltd., M/s Kalyani Seamless Tubes Ltd., and M/s Indian Seamless Metal Tubes Ltd. Production by the Indian industry during the period of investigation is shown below:-

POI(April '97-September'98;

Production(all goods) MSL KSTL ISMTL

67304 67638 46019

Subject Goods 49030 33713 5327

Total production 180961

Subject Goods 88070

POI(April '97-September '98)

Other Manufacturers

Total production Tisco Remi Metals BIHEL

19499 944 28666

The above mentioned six companies have created capacity for production of seamless tubes: BHEL has created capacity primarily for captive consumption. It is noted that Remi Metals and BHEL have imported 7884.79MT and 9930MT respectively of the subject goods from the subject countries during the period of investigation. After careful consideration of the above, it was decided by the Authority, to exclude Remi Metals and BHEL from the scope of domestic industry in view of the substantial imports made by them of the subject goods. Tisco has suspended production and is not a- supporter of the present petition. It was brought to the notice of the Authority, that Maharashtra Seamless Ltd. is not an eligible domestic producer of seamless tubes/pipes as they are related to M/s Jindal Drilling and Industries Ltd.(JDIL) an importer and supplier of the subject .goods from the named countries, during the period of investigation. In the; certificate issued by the American Petroleum Institute, MSL and JDIL have both been referred to individually azid collectively as "Jindal Group of Industries". The Annual Report of the two companies shows that they have a common Chairman and have cross holding of shares in each other. The copy of reference by MSL to. ONGCL regarding Tender Enquiry No. MAT/IMP/252/D-II/98-99 due on 19/2/98 for supply of 9.5/8"OD Seamless Steel Casing Pipes, shows import of 1,91,155 mts. of plain end seamless pipes and, coupling stock (mother pipes) from various API approved mills including those of . M/s Pelrotub (Romania) and M/s Vitkovice (Czech Republic) for supply of tendered items viz., 9.5/8"OD, BTC, Gr J-55 40PPF as per API 5CT R-III Seamless Casing Pipes.

In view of the import of the subject goods from the named countries in the petition, it was decided to exclude M/s Maharashtra Seamless Ltd., from the scope of domestic industry. The domestic industry for the purpose of the present investigation is therefore constituted of M/s Kalyani Seamless anct M/s Indian Seamless who account for 66.69% of the total domestic production of the subject goods and thereby have the required standing to file the petition under the Rules.

H. DUMPING

9. Under Section 9A(1), normal value in relation to an article means:

- i. The comparable price in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under subsection (6); or
- ii. When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory such sales do not permit a proper comparison, the normal value shall be either: .

- a. comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under subsection (6);
- b. the cost of production of the said article in the country of origin alongwith reasonable addition for administrative, selling and general costs and for profits, as determined in accordance with the rules made under sub-section(6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

10. The Authority sent a questionnaire to the known exporters from the subject countries in terms of the section cited above. However, the exporters from Austria, Ukraine. and the Czech Republic did not respond to the questionnaire. Therefore there are no claims made by these exporters with regard to normal value and export price. The Authority has therefore been constrained to rely upon constructed price and best available information with regard to normal value and export price respectively, as provided by the petitioner.

I. EXAMINATION OF NORMAL VALUE AND EXPORT PRICE BY THE AUTHORITY

(I) Volzhsky Pipe Plant, Russia.

It is seen that the details of the nature and amount of each charge beyond ex-factory level has not been provided in accordance with the format on Appendix 3B for sales price structure for domestic sales. Details on licensed and installed capacity, production and sales as set out on Appendix 4A have also not been provided. Methods used in the financial and cost accounting system, profit determination and financial information (copies of trading and profit and loss accounts) have not been stated/submitted.

(a) Normal Value

It is stated by the exporter that all prices are-at ex-factory. Hence there are no deductions. There are no discounts that are offered on the domestic market and there are no charges after ex-factory on account of inland freight, insurance, storage, handling , taxes etc. The ex-factory price in Rbl/ton claimed is * * * or USD * * * at

an average exchange rate of 6.46Rbl=1 USD. The quantity sold in the domestic market (in tons) was * * * during the period of investigation.

It is submitted that the ex-factory cost of the product is * * * rbl per ton or USD * * * and the net profit before tax is * * * rbl or USD * * * . The unit selling price is * * * rbl or USD * * *.

However, in view of the absence of information on nature and amount of charge beyond ex-factory level and financial information in the form of profit and loss accounts, the Authority is constrained to adopt the constructed cost of the subject goods which is USD * * */MT or Rs * * */MT, subject to verification.

(b) Export Price

Volzshky has stated that they had supplied only casing pipes of 9.5/8"OD to India during the period of investigation. No other category of pipes was supplied. The total exports to India by Volzshky Pipe Plant during the period of investigation was * * * tons valued at USD * * * or USD * * */MT. Exports to India constitute 71.4% of total sales of the company.

In the sales price structure for exports to India, an average of Rbl * * * has been claimed as packing charges after ex-factory and before FOB. An average of * * * Rbl has been charged as rail road rate, * * * rbl as storage and * * * rbl on account of customs clearance. Charges after fob are on account of overseas freight and forwarding are at * * * rbl thus bringing the total charges at different stages to * * * rbl. The average list price is * * * rbl. After deducting the costs above, the export price at ex-factory level comes to * * * rbl or USD * * *.

It is submitted that the ex-factory cost of the product is * * * rbl per ton or USD * * * and the net profit before tax is * * * rbl or USD * * *. The unit selling price is * * * rbl or USD * * *.

(c) Dumping Margin

Taking the constructed cost at USD * * */ton and the ex-factory export price at USD * * */ton the dumping margin comes to * * */ton (which is about 139% of export price).

(ii) Sitcotub S.A., Romania

This company has exported * * * tons of the subject goods categorized under 73.04.39 of the customs code valued at USD * * * to M/s Mahalaxmi Seamless Ltd, and * * * tons

of grade 73.04.10.10 of the subject goods valued at USD *** to M/s Oil India Ltd., Dibrugarh., during the period of investigation.

Details of the company's sales of the subject grades mentioned above during POI and other grades (during 1998) have been as follows:-

(Qty-ton; Value-USD) POI

Grade Exports to India Domestic Market Third Countries

Qty Value Qty Value Qty. Value

73.04.10.10 *** **

73.04.39 *** **

1998

73.04.10 *** **

73.04.29 *** **

The table above shows that out of the total sales (domestic + export) of * * * tons of grade 73.04.10.10, exports to India accounted for only 4.48% whereas exports to third countries accounted for 64.88%. Likewise exports for grades 73.04.39, 73.04.10 and 73.04.29 exports to third countries accounted for 78.2%, 76.4% and 26.15% respectively. However, the exporter has stated vide Appendix 4-D that exports to countries other than India have been at a loss. Exports to India are claimed to have been at a profit. The financial information in the form of Profit & Loss figures is not substantiated with documentary evidence and is hence rejected by the Authority.

(a) Normal Value

In the sales price structure for domestic sales, it is stated that they have no charge beyond ex-factory level. Consequently no charges have been shown on account of packing, inland freight, insurance, storage, handling and taxes. No discounts, were offered. The sale prices showed against 73.04.39 and 73.04.10.10 are USD *** and ***, respectively. The average price is USD ***/ton.

In Appendix 4-B (Factory cost and profit of domestic sales), the average ex-factory cost for the two grades-is USD***/ton. Since the: exports to third countries which account for the bulk of sales are at a loss, domestic sales that account for 30.62% (for grade 73.04.10.10) and 18.57% (for grade 73:04.39) could not be at a profit. In the

circumstances, the Authority is constrained to adopt the constructed cost of the subject goods which is USD ***/ton subject to verification.

(b) Export Price

The list price for grade 73.04.10.10 is USD ***/ton. Discount has been given @***% Charges (per ton) after ex-factory and before FOB include insurance * * * U S D, handling * * *USD, customs duties * * *USD, others ***USD,. No charges have been claimed after FOB. The price at ex-factory level is USD ***/ton.

The list price for grade 73.04.39.91 is USD ***/ton. Discount has been offered @ * * *%. Charges (per ton) after ex-factory and before FOB include only overseas freight @,USD ***/ton. The ex-factory price is USD * * *. The average ex-factory export price therefore is taken to be USD ***.

The average ex-factory cost as per Appendix 4-C is ***USD. It is noted that export prices to third countries are the same as the prices to India.

(c) Dumping Margin

Given the constructed cost at USD ***/ton and the average ex-factory export price at USD ***, the dumping margin comes to ***/ton (which is 49.29% of export price).

(III) Petrotub, S.A. Romania

(a) Normal Value

In the sales price structure for domestic sales, it is stated that all Petrotub domestic sales were on ex-factory delivery terms so that no other charges were deducted afterwards. Prices were according to negotiated contracts; no discounts were granted and no commission was paid. The ex-factory price is not stated. The total domestic sales of Grade B during the period investigated was *** at a value of U S D * * * . The price per ton comes to USD* * * . The total quantum of domestic sales of P-110 was ***tons at a value of USD ***. The price per ton comes to USD ***. The average price or normal value of the grades is taken to be USD * * */ton.

The total factory cost (of domestic sales) of Grade B is stated to be USD ***/ton and net profit is ***USD/ton. The unit selling price is *** U S D/ton. The factory cost (of domestic sales) of P-110 is * * * USD/ton and net profit is *** USD/ton. The unit selling price is USD * * */ton.

The average factory cost and unit selling prices are ***USD/ton and * * *USD/ton, respectively.

(b) Export Price

The contract price for Grade B is stated to be USD ***/ton. Delivery term is on C&F. Charges claimed are on account of inland freight ***USD/ton, storage and handling ***USD/ton, custom commission @***USD/ton and trader. commission @***USD/ton, Overseas freight is USD***/ton. The deducted ex-works level price is USD ***/ton.

The contract price for P-110 is stated to be USD ***/ton- Delivery term is on FOB. Charges claimed are on account of inland freight ***USD/ton, storage and handling ***USD/ton, custom commission @***USD/ton and trader commission and overseas freight are nil. The deducted ex-works level price is USD***/ton. The average ex-works export price for the two grades is * * * U SD/ton.

The total factory cost (of exports) of Grade B is stated to be USD ***/ton and net profit is ***USD/ton. The unit selling price is ***USD/ton. The factory cost (of exports) of P-110 is ***USD/ton and net profit is ***USD/ton. The unit selling price is USD ***/ton.

The average factory cost and unit selling prices are ***USD/ton and ***USD/ton_ respectively.

It is seen that the export price to India is less than the average ex-works unit selling price. It is also seen from the Profit and Loss Account submitted by the firm that they have incurred losses. In view of the above and in the absence of a stated ex-factory domestic price the constructed cost of production is proposed to be adopted for determination of normal value, subject to verification. The constructed cost of production is U S D * * */Mt or Rs * * */MT.

(c) Dumping Margin

Given the normal value at USD ***/ton and the average ex-factory export price at USD * * */ton, the dumping margin comes to * * */ton (which is 4I .12% of export price).

Non-cooperative Exporters

11. The Authority sent a questionnaire to the known exporters from the subject countries. The Authority notes however, that the exporters from Austria, Czech

Republic and Ukraine have not responded to the questionnaire to furnish the relevant information. Therefore there are no claims made by these exporters with regard to normal value and export price. The Authority has therefore treated them as uncooperative and has been constrained to rely upon constructed price and best available information with regard to normal value and export price respectively, as provided by the petitioner.

(IV) Austria

(a) Normal Value

In the absence of any information, the normal value of the subject goods in Austria has been determined on the basis of constructed value as there is no authentic information available with regard to the selling prices in Austria. The cost of production of domestic industry, which has state of the art facilities for production of seamless tubes/pipes, has been taken to be a good indicator of the cost of production of the goods under consideration in the subject countries. The constructed normal value in the case of Austria is Rs ***/Mt or USD ***/Mt.

(b) Export Price

The petitioner on the basis of the prices offered by the Austrian manufacturer, M/s Voest Alpine to ONGC has determined the export price in the case of Austria. Voest offered casing pipe to ONGC @ Austrian shilling ***which is equivalent to Rs ***(USD ***/Mt) under Tender No. MAT/IMP/154/D-II/97-98 opened on 23/4/97. The price offered by Voest is FOB price which would require adjustments on account of local transportation as well as other expenses which the supplier would have incurred to arrive at the ex-factory price.

The expenses incurred by the producer in Romania is taken as an indication as both countries are located in close geographical proximity to one another. The delivery term for P-110 (produced by the exporter in Romania) is on FOB. Charges claimed are on account of inland freight * * * U S D/ton, storage and handling * * * USD/ton, custom commission @***USD/ton and trader commission @***USD/ton. Overseas freight is nil. Taking these adjustments into consideration, the deducted ex-works level price in the case of Voest is taken to be USD ***/mt.

(c) Dumping Margin

Taking the normal value at USD *** MT and the ex-factory export price at USD***, the dumping margin comes to ***USD/MT (which is 74% of export price).

(V) Czech Republic

(a) Normal Value

In the absence of any information, the normal value of the subject goods in the Czech Republic has been determined on the basis of constructed value as there is no authentic information available with regard to the selling prices in this country. The constructed normal value in the case of the Czech Republic is Rs * * */Mt or USD * * */Mt.

(b) Export Price

The export price in the case of the Czech Republic has been determined based on the prices offered by the Czech manufacturer M/s Nova Hut AS to ONGC. Nova Hut offered casing pipe to ONGC @ USD ***/Mt or Rs * * *under Tender No. MAT/IMP/252/D-11/97-98 opened on 9/6/98. The price offered is FOB price and therefore requires adjustment for local transportation and other FOB expenses possibly incurred by the exporter.

The expenses incurred by the producer ,in Romania are taken as an indication as both comes are located in close geographical proximity to one another. The delivery term for P-110 (produced by the exporter in Romania) is on FOB, Charges claimed: are on account of inland freight ***USD/ton, storage and handling ***USD/ton, custom commission @***USD/ton and trader commission @***USD/ton. Overseas freight is nil. Taking these adjustments into consideration, the deducted ex-works level price in the case of Nova Hut is taken to be USD ***/mt.

(c) Dumping Margin

Taking the normal value at USD * * */Mt and the ex-factory export price at USD***, the dumping margin comes to ***USD/Mt (which is 83.78% of export price).

(VI) Ukraine

(a) Normal Value

In the absence of any information, the normal value of the subject goods in Ukraine has beer, determined on the basis of constructed value as there is no authentic information available with regard to the selling prices in this country. The constructed normal value in Ukraine is Rs ***/Mt or USD ***/Mt.

(b) Export Price

The export price in the case of Ukraine has been determined on the basis of the prices at which offers are being made by traders for goods of Ukraine origin. A copy of the offer made by Kirtanlal Steel Exports to Sreevatsa Tube Corporation (enclosed in the petition) dated * * * shows a quoted price of USD * * */Mt .for NB2"-12" SCH 20 and up. This was based on the supply of minimum 10Mt per size and 100Mt per order. This offer was made by a trader in India and therefore included the profit margin of the trader. The prices were on C&F basis and therefore requires adjustment for local transportation and other expenses including freight incurred by the exporter.

The expenses incurred by the producer in Romania are taken as an indication as both countries are located in close geographical proximity to one another. The delivery term for P-110 (produced by the exporter in Romania) is on FOB. Charges claimed are on account of inland freight ***USD/ton, storage and handling ***USD/ton, custom commission @*** USD/ton and trader commission @***USD/ton. Overseas freight is USD***/ton (for Grade B). Taking these adjustments into consideration, the deducted ex-works price is USD ***Mt.

(c) Dumping Margin

Taking the constructed value at USD ***/Mt and the ex-factory export price at USD***, the dumping margin comes to ***USD/Mt (which is 15.25% of export price).

J. INJURY

12. Under Rule 11 supra, Annexure-11, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, "taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such article..." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent .price, increase, which otherwise would have occurred, to a significant degree.

Annexure II(iii) under Rule II supra further provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Designated Authority will cumulatively assess the effect of such imports,- only when it determines that the margin of dumping established in rely to the imports from each country is more than two per cent expressed: as-a

percentage of export price and the volume of the imports from -each country is three per cent of the imports of the like article or where the export of the individual countries is less than three per cent , the imports cumulatively account for more than seven per cent of the imports of the like article , and cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic article.

The Authority notes that the margin of dumping and quantum of imports from the subject countries are more than the limits prescribed above.

For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry as production, capacity utilisation, quantum of sales, stock, profitability, net sales realisation, *the* magnitude and margin of dumping etc. in accordance with Annexure II (iv) of the rules *supra*.

(a) Quantum of Imports

13. The market of line/boiler pipes and casing/tubing in India can be divided into the OEM market and dealers market. The prominent original equipment manufacturers who are an important segment of the market for the subject goods in India include the public sector oil companies such as ONGC, OIL, GAIL, BPCL, HPCL, etc. amongst others. These companies purchase the subject goods mainly through the process of international competitive bidding. Line/boiler pipes are also sold through a number of dealers in India as they are required by almost all industries in large or small quantities.

Transactions of seamless tubes/pipes are in terms of numbers, length and weight of pipes. While the weight of the pipe can be precisely calculated -once the outer-diameter; wall thickness and length are known, the weight of different, sizes vary significantly with change in the size. Since there is no uniform system for clearance of goods by the customs and imports are allowed to be cleared and reported in~ terms of any of the three units, the import statistics compiled by DGCIS and other agencies also do not indicate an accurate position with regard to volumes of imports and, their prices.

As per DGCIS data, the quantum of imports of the subject goods during 1995-96, 1996-97 and 1997-98 (April'97-Dec'97) were 80,667 Kg, 6,91,52,972 Kg. and 5,01,41,415 Kg. respectively. Thus imports increased in 1996-97 over 1995-96 and declined by 27.49% in 1997-98 (data available only till December'97) over 1996-97. Imports increased in 1997-98 over 1995-96. It is seen from DGCIS data (Apr-Dec'97), that countries such as Germany, Japan and Mexico have also exported line

pipes to India. Japan and UK have exported casing and tubing. However, the petitioners have stated that there is no known and significant import from other sources which is known to be at dumped price.

The petitioner has stated that the imports of the subject goods from the countries investigated and from other sources (as available from secondary sources) during the period of investigation was as follows: -

Country Vol(MT) % share of total imports

Ukraine 3442 4.37

Romania 5050 6.41

Russia 9095 11.54

Austria 4095 5.2

Czech Republic 11271 14.3

Other countries 45843 58.18

Total imports 78796 100

The actual imports from the subject countries as well as other countries could be higher than the volumes shown above. The subject countries account for approximately 42% of the total imports of seamless tube; in the period of investigation.

(b) Production and Capacity Utilisation

14. The production capacity, actual production and capacity utilisation of the petitioner was as follows: -

Table A

Year Capacity (MT) Production (MT) Capacity

Utilisation

1995-96 140000 55797 39.86%

1996-97 140000 50148 35.82%

1997-98 140000 67251 48.04%

1998-99 70000 46451 66.36%

(upto Sep'98)

POI

(Apr 97-Sep98) 210000 113702 54.14%

The individual capacities of M/s KSTL, and ISMTL are 90000MT, and 50000 Mt respectively. The production of the subject goods and individual capacity utilisation is shown below: -

Table B

Production (in MT)

Subject goods

1995-96 96-97 97-98 98-99(till Sep) POI

KSTL 20292 16301 26757 26612 53369

ISMTL 5700 5126 4200 2010 6210

Cap utilisation %

(for all products)

KSTL 29.52 24.51 41.25 67.91 50.14

ISMTL 58.16 56.17 60.25 63.57 61.36

The combined capacity utilization of both petitioner companies is as shown in Table A above. Capacity utilization is for all products (both hot and cold finished) manufactured by each of the petitioner companies, as capacity for these groups of products cannot be segregated. Under the Rules, the effect of the dumped imports shall be assessed in relation to the domestic production of the like article when available data permit the separate identification of that production on the basis of such criteria as the production process, producers sales and profits. If such separate identification of that production is not possible, the effects of the dumped imports shall be assessed by the examination of the production of the narrowest group or

range of products, which includes the like product, for which the information can be provided. The marginal increase in the production and capacity utilisation was on account of suspension of production by Tisco, which had produced 19,499 MT in 1997-98. Efforts were also made by the domestic industry to increase their market by lowering prices and optimizing their capacity utilization to reduce the incidence of overhead expenses.

(c) Sales and Market Share

15. It is observed that the demand for the subject goods during 1995-96, 1996-97 and 1997-98 was 73076 MT, 1,33,059 MT, and 1,22,233 MT. During the POI, demand was 1,86,765 MT. The share of imports in total demand was 0.11%, 51.97% and 41.02% in 95-96, 96-97 and 97-98 respectively, (DGCIS data available only till December'97). The share of imports during the POI was 42.18%.

Imports are cleared in a number of units and although DGCIS data indicates imports of the subject goods in terms of kg, it is seen that there is enormous variation in prices. During April-December 1997, import prices of line pipes are noted to have varied from Rs 29,541/Mt to Rs 1,28,730/Mt. Similarly, prices of casing/tubing ranged from Rs 30,928/Mt to, Rs 2,30,599/Mt. In view of the aforesaid, the Authority notes that import volumes as indicated in DGCIS data cannot be fully relied upon and actual imports of the subject goods may have been higher. The share of imports is therefore indicative only. The share of the petitioners (KSTL and ISMTL) in demand in 1995-96, 96-97 and 97-98 was 23.09%, 11.39%, and 18.63%. During the POI, the petitioners accounted for 20.90% of the demand for the subject goods. Although domestic industry has marginally increased its share in total demand by way of increase in sales, it is noted that such sales have been at prices below their cost of production. The quantum of sales (in MT) made by the petitioners during 95-96, 96-97, 97-98, 98-99 and the POI was 16874, 15164, 22775, 16265 and 39040 respectively. The selling prices of the subject goods in the POI in Rs per Mt were * * * and * * * by KSTL and ISMTL respectively. The sale of the subject goods below cost of production during the period of investigation resulted in losses to the petitioners.

(d) Closing Stocks

16. The subject goods are not produced for purposes of stocking but are custom made products.

(e) Price undercutting and price depression

17. The petitioner has stated that imports from the subject countries have been undercutting the prices of the like article being sold by the domestic producer. It is seen from the exporters responses/tender values, that seamless pipes/tubes were priced at (cif) USD ***/Mt or Rs ***/Mt from Russia; USD***/Mt or Rs ***/Mt from Austria; USD ***/Mt or Rs ***/Mt and ***/USD/Mt or Rs***/Mt from Romania; USD * * *or Rs * * */MT from Ukraine and USD * * *or Rs * * */Mt from the Czech Republic. The above referred prices are below the unit (MT) cost of production of the petitioners during the period of investigation which was Rs * * * and Rs * * * for KSTL and ISMTL respectively. The petitioners unit selling prices/MT during the POI were Rs. * * * and Rs ** * by KSTL and ISMTL, respectively. Sales realization of the domestic industry declined to Rs * * */Mt in 1997-98 from Rs * * */Mt in 1996-97. During 1998-99 (till September'98) the selling price was Rs ***Mt and in the POI, it was Rs * * */Mt. It is seen that at these price levels, the petitioners incurred losses (for the subject goods) amounting to Rs -17702/Mt in 1996-97, -9466/Mt in 97-98, -4707/Mt in 98-99 and -7140/Mt in the POI. The profit/loss (in lacs) incurred by the domestic industry for the subject goods was -2885.6 in 96-97, -2532.82 in 97-98, -1252.63 in 98-99(till September'98) and -3810.55 in the period of investigation. It is stated in the petition that the producers in-the subject countries have reduced the export prices over the years. Offers made by Voest and Nova Hut to India in various tenders were as given below:-

Supplier (USD/MT) 96-97 97-98 98-99

Quoted Landed Quoted Landed Quoted Landed

Voest Alpine *** *** *** *** *** ***

Nova Hut *** *** *** *** *** ***

Although the petitioners were able to increase capacity utilization and volume of sales the increase of sales volume has to be seen in the context of un-remunerative prices at which the domestic industry was forced to sell its produce. It is seen that at these price levels during the period of investigation, the petitioners were unable to recover its non-injurious price. The selling price of the domestic industry was inadequate considering the cost of the industry. Lower prices offered by the producers in the subject countries have forced the domestic industry to -quote lower prices in order to ensure that orders are not lost. Orders placed by purchasers like ONGC and OIL are large in volume. It is stated that the loss of a single order to an exporter may imply loss of as much as three months production for the domestic industry in India. The, domestic industry has therefore no other option but to ensure that the orders are not lost to any exporter, even at the cost of offering un-remunerative prices. The industry

has lost the following major orders to the producers in these countries in view of dumped prices offered by them:-

- a. Voest Alpine MAT/IMP/154/D-II/97-98 dt 1/9/97 (ONGC) for 70 crores.- 9 5/8"BTC, J55 17 PPF
- b. Nova Hut Mat/IMP/102/D-11/96-97/DZYDB0307 dt 27/3/96 (ONGC) for Rs.18crores - 9 5/8" BTC, J55, 40PPF

K. CONCLUSION ON INJURY

18. In view of the foregoing it is observed that: -

- a. the quantum of imports from the subject countries account for a sizeable share of demand;
- b. the petitioner has been forced to sell at prices below its non-injurious price resulting in losses;
- c. imports are undercutting the prices of the domestic industry.

L. CAUSAL LINK

19. The demand for the subject goods has not declined **causing injury to** the domestic industry. On the other hand demand has shown increase. However, prices prevailing in the market in view of dumped imports are unrealistically low forcing the domestic industry to sell at un-remunerative prices. The Authority holds that the material injury to the domestic industry has been caused by imports from the subject countries that have acquired considerable share in demand during the last three years and have undercut the prices of the domestic product forcing the domestic industry to sell below its non-injurious price. The material injury to the domestic industry was therefore caused by the dumped imports from the subject countries.

M. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

20. The purpose of anti-dumping duties, in general, is to eliminate dumping which is causing injury to the domestic industry and to reestablish a situation of open and fair competition in the Indian market, which is in the General interest of the country.

21. It is recognised that the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to

redress the injury to the domestic industry. On the contrary imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of seamless tubes/pipes. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way and therefore would not affect the availability of the product to the consumers.

22. To ascertain the extent of anti-dumping duty necessary to remove the injury to the domestic industry, the Authority relied upon reasonable selling price of seamless pipes/tubes in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.

N. LANDED VALUE

23. The landed value of imports is determined on the basis of export price of seamless tubes/pipes determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one per cent landing and two per cent handling charges.

O. CONCLUSIONS

24. It is seen after considering the foregoing that:

- a. seamless pipes/tubes described under para 6 originating in or exported from Austria, Czech Republic, Russia, Romania and Ukraine have been exported to India below normal value, resulting in dumping;
- b. the domestic industry has suffered injury;
- c. injury has been caused by imports from the subject countries.

25. It was decided to render the amount of anti-dumping duty equal to the margin of dumping or less, which if levied, would remove the injury to the domestic industry. The landed price of imports was also compared with the non-injurious price of the domestic industry, determined for the period of investigations. Accordingly, it is proposed that provisional anti-dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on all grades of seamless tubes/pipes as described under Para E, 6 of these findings originating in or exported from the subject countries falling under customs sub-heading nos. 73.04, 7304.10, 7304.29 and 7304.39 of the Customs Tariff Act, pending final determination.

Country Name of the Producer/Exporter Amount

1. 2. 3 (Rs.)/MT

Austria Voest Alpine Stanirohr

Kindberg, GES M.B.M., Alpine

Strasse -17, A 8652, Kingberg.

& all other producers/exporters 6,876

Czech Republic Nova Hut Ostrava, 70702,Ostrava, Kuncice,

& all other producers/exporters 8,375

Russia Volzsky Pipe Plant,404119, Volski Town,

Volgograd, & all other producers/exporters 13,698

Romania (a) Silcotub S.A, 4700 Zalau 4,385

(b) Petrotub SA 5550 Roman 1,136

all other producers/exporters

Ukraine (a) Metal Zavod Imeni Karl, Leibenecht

(b) Yuzhnotrubny Zavod, Nokopol & all other producers/exporters 12,453

26. Landed value of imports, for the purpose shall be the assessable value as determined try Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975. .

P. FURTHER PROCEDURE

27. The following procedure would be followed subsequent to notifying the preliminary findings:

- a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
- b. Exporters, importers, petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days of the despatch of this notification. Any

other interested party may also make known its views within forty days from the date of publication of these findings.

- c. The Authority would provide opportunity to all interested parties for oral submissions.
- d. The Authority would disclose essential facts before announcing the final findings.

RATHI VINAY JHA...
Designated Authority