



29 October 2014

(14-6283)

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Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(C) OF THE AGREEMENT ON SAFEGUARDS
ON TAKING A DECISION TO EXTEND A SAFEGUARD MEASURE ON IMPORTS
OF PIPES AND TUBES OF STAINLESS STEEL**

RUSSIAN FEDERATION

The following communication, dated 24 October 2014, is being circulated at the request of the Delegation of the Russian Federation.

BACKGROUND

The initial safeguard measure was established pursuant to the Decree of the Government of the Russian Federation of 28 September 2009 No. 758 and was liberalized in accordance with the Decree of the Government of the Russian Federation of 16 December 2010 No. 1030. Following a review conducted by the Ministry of Industry and Trade, the application of the safeguard measure was extended to the Common Customs Territory of the Customs Union in accordance with the Decision of the Commission of the Customs Union of 22 June 2011 No. 706. A new review investigation was initiated by the Ministry of Industry and Trade of the Russian Federation on 31 August 2011. A notice of extension of the investigation was subsequently published by the Ministry on 28 May 2012. The decision to extend and further liberalize the existing safeguard measure was adopted by the Board of the Eurasian Economic Commission during its 22nd session (Decision of 23 August 2012 No. 143) and was published on the official website of the Eurasian Economic Commission on 23 August 2012.

1. Provide evidence, citing relevant data and the applicable period of investigation of serious injury or threat thereof caused by increased imports.

Pursuant to its review investigation, the Ministry of Industry and Trade of the Russian Federation (investigating authority) came to the following conclusions.

After a certain improvement of the performance of the Customs Union industry in 2010, which resulted in a 9.2 percentage points increase of the market share of CU producers (as compared to 2009), the producers' financial indicators deteriorated in the first half of 2011. Gross profit during this period accounted for 4.4% of the amount in the first half of 2010, profitability declined to zero level. CU industry prices decreased by 0.9% while costs increased by 1.8%. Capacity utilization was only slightly above 20%.

During the period of application of the safeguard measure, the relation between the domestic price and the import price decreased from 1.7 in both 2009 and 2010 to 1.4 in the first half of 2011. This suggested that the safeguard measure contributed to reduce the discrepancy between the prices, although the import price continued to constrain the prices charged by domestic producers.

2. Provide information on whether there is an absolute increase in imports or an increase in imports relative to domestic production (please see also Article 2.1 for the context).

Following the liberalization of the safeguard measure at the end of 2009, import volumes increased by 5.5% in 2010 and by 23.2% in the first half of 2011. The largest suppliers of the product

involved to the Common Customs Territory of the Customs Union were China, the Member-States of the European Union and Ukraine, which accounted for more than 95% of all imports.

During the period of application of the safeguard measure, import prices (net of import duty and safeguard measure) decreased by 11.5% in 2010 and increased by 19.1% in the first half of 2011. Gross import price did not change in 2010 as compared to 2009 and increased by 10.5% in the first half of 2011.

3. Provide the precise description of the product involved.

The product involved is Pipes of Stainless Steel up to 426 mm in diameter, provided for in the Single Commodity Nomenclature of Foreign Economic Activity of the Customs Union (SCN FEA CU) under headings 7304 11 000 1, 7304 11 000 2, 7304 11 000 3, 7304 11 000 4, 7304 11 000 8, 7304 41 000 9, 7304 49 100 0, 7304 49 930 0, 7304 49 950 0, 7304 49 990 0, 7306 11 100 0, 7306 11 900 0, 7306 40 200 1, 7306 40 200 9 and 7306 40 800 9. For the purpose of application of the safeguard measure, the product involved is defined both by SCN FEA CU codes and by product description. Pipes are made of steel with carbon content 1.2 wt % or less and chrome content 10.5 wt % or more, with or without other elements.

4. Provide precise description of the proposed measure.

The proposed measure was to replace the previously applied additional combined import duty with a quota of 26,887 tons per year for the imports of pipes of stainless steel into the customs territory of the Customs Union, allocated between supplying countries as follows: European Union – 9,946 tons, Ukraine – 5,784 tons, China (including Chinese Taipei and special administrative regions Hong Kong, China and Macao, China) – 8,208 tons, other countries – 2,949 tons.

Quota shares for the imports of pipes of stainless steel up to 426 mm in diameter in 2012-2014, as allocated to supplying countries

Country (union of countries)	Volume of in-quota imports per year, tons		
	Republic of Belarus	Republic of Kazakhstan	Russian Federation
European Union	825	499	8 622
Ukraine	230	152	5 402
China (including Chinese Taipei and special administrative regions Hong Kong, China and Macao, China)	161	678	7 369
Other countries	53	594	2 302

5. Provide proposed date of introduction of the measure.

The Decision of the Board of the Eurasian Economic Commission of 23 August 2012 No. 143 entered into force upon the expiration of a thirty-day period starting from the date of publication. The measure was thus effective on 22 September 2012.

6. Provide expected duration of the measure.

The safeguard measure was extended until 1 November 2014.

7. For a measure with a duration of more than three years, provide the proposed date for the review (under Article 7.4) to be held not later than the mid-term of the measure, if such a date for the review has already been scheduled.

Not applicable.

8. If the expected duration is over one year, provide expected timetable for progressive liberalization of the measure.

Not applicable.

9. If the measure is being extended, also provide:

- i. evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy serious injury;**

The analysis of the adjustment programme submitted by the CU industry for the purpose of improving its competitiveness in the global market conditions demonstrated that the application of the safeguard measure has allowed CU producers to increase investment and continue modernization and re-equipment.

A major share of investments was used to purchase new equipment, which contributed to the increase in production of pipes used for the atomic and machine-building industries, introduction of new product types, and expansion of the range of products.

- ii. duration of the measure from initial application till the date at which it will be extended;**

- iii. precise description of the measure in place prior to the date of extension (in this context, please note that the last sentence of Article 7.4 states that: "A measure extended under paragraph 2 shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized.").**

The safeguard measure in the form of a safeguard duty of 28.1% *ad valorem* of the customs value was applied on the customs territory of the Russian Federation since 2 November 2010. The measure was subsequently liberalized and applied as an combined safeguard duty of 9.9% *ad valorem* of the customs value, but not less than US\$1,500 per ton since 27 January 2011. The application of the safeguard measure was extended to the Common Customs Territory of the Customs Union on 21 August 2011. Pursuant to the Decision of the Board of the Eurasian Economic Commission, the measure was liberalized and was applied in the form of an import quota starting from 22 September 2012.

10. If the notification relates to a decision to apply or extend a safeguard measure, Members are encouraged to provide the following information:

- i. The major exporting Members of imports of the product involved.**
- ii. If there are any exporting Members to which the measure does not apply for any reason other than the application of Article 9.1, the names of such exporting Members and reasons for non-application of the measure.**

Not applicable.

11. Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority. This document may be in the original language of the Member, even when the language is not one of the official languages of the WTO. The document will neither be translated nor circulated to the Committee, but will be made available by the Secretariat to Members requesting it.

NOTIFICATION TO THE COMMITTEE ON SAFEGUARDS OF NON-APPLICATION OF SAFEGUARD MEASURE TO DEVELOPING COUNTRIES UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS

1. Specify the measure

The safeguard measure is described in the Notification submitted under Article 12(c) of the Agreement on Safeguards

2. Specify the product subject to the measure.

The product subject to the measure is described in the Notification submitted under Article 12(c) of the Agreement of Safeguards.

3. Specify the developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards.

The measure shall not be applied to the product originating in the developing countries – users of the Customs Union Tariff Preferences System except for China, Brazil and Malaysia. Shares of imports from these countries except for China (including Chinese Taipei and special administrative regions Hong Kong, China and Macao, China) and Brazil individually do not exceed 3% and collectively do not account for more than 9%.
