



4 April 2019

(19-2156)

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Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT  
ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION  
AND THE REASONS FOR IT**

KYRGYZ REPUBLIC

*(Welded tubes of stainless steel)*

The following communication, dated 3 April 2019, is being circulated at the request of the Delegation of the Kyrgyz Republic.\*

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**1. Specify the date when the investigation was initiated**

The investigation was initiated on 4 March 2019.

Public notice of the initiation of a safeguard investigation on imports of welded tubes of stainless steel imported into the customs territory of the Eurasian Economic Union was published on 4 March 2019 on the official website of the Eurasian Economic Union ([http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG12\\_notice\\_initiation.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG12_notice_initiation.pdf)) (hereinafter the Notice of initiation).

ID number of investigation: SG-12.

**2. Provide the precise description of the product involved**

The product subject to the investigation is welded tubes of stainless steel (welded pipes and tubes of stainless steel with an outside diameter from 6 mm to 115 mm and a wall thickness from 0,4 mm to 6 mm and welded hollow profiles of stainless steel with an outside diameter not exceeding 140 mm and a wall thickness from 0,4 mm to 6 mm).

Welded tubes of stainless steel are classified under the following codes within the Common Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union: 7306 40 200 9, 7306 40 800 1, 7306 40 800 8, 7306 61 100 9 and 7306 69 100 9.

**3. Provide the reasons for the initiation of investigation**

The investigation was initiated on the basis of results of consideration of the application filed by Eurasian Economic Union (hereinafter Union) producers of welded tubes of stainless steel. The information in the application indicates that total imports of welded tubes of stainless steel increased in absolute terms. Total imports in absolute terms increased by 68,3 % in the period 2015-2017; by 38,1 % in the first 9 months of 2018 compared with the first 9 months of 2015 and by 41,4 % in the period 2015-2018. The increase in imports appears to be the result of unforeseen developments such as the global overcapacity in steel making and trade measures adopted by a series of third countries during the last years in the context of that global overcapacity.

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\* The content of this notification is the same as the content of notifications submitted by the Russian Federation (G/SG/N/6/RUS/7) and by Kazakhstan (G/SG/N/6/KAZ/3).

There is also sufficient evidence in the application showing that imports of welded tubes of stainless steel are threatening to cause serious injury to the Union industry. The volume of imports of welded tubes of stainless steel has already had a negative impact on the Union industry's pricing policy. In particular, the Union industry had to reduce its sales prices in the Union market in an attempt to maintain its market share. After losing its market share in the Union in 2017 compared with 2016 by 5,9 percentage points (while import market share of welded tubes of stainless steel in the Union increased by 5,5 percentage points), in the first 9 months of 2018 the Union industry reduced its sales prices by 1,7%, despite the increase in cost per unit of 2,4%.

In addition, even though the import prices were throughout the period higher than the Union industry's sales prices, the price gap narrowed significantly in the period 2015-2017 (by 31,0%), which was due to a decrease in price difference in 2017 compared with 2016 by 53,3%.

In the first 9 months of 2018 compared with the same period of 2017 the difference between the Union industry's sales prices and the import prices increased, which, *inter alia*, was a consequence of the reduction of the Union industry's sales prices.

As a result, production and financial indicators of the Union industry in the first 9 months of 2018 compared with the first 9 months of 2017 decreased (sales revenue by 1,4%; profit by 10,5 times; production profitability by 4,2 percentage points; profitability of sales by 4,0 percentage points, investments by 72,3%, volume of production by 0,1%).

The state of the Union industry in the period 2015-2017, and specifically in the first 9 months of 2018, indicates that the Union industry is vulnerable to a further increase in imports, which is likely to be imminent given the context of an overall steel overcapacity, the increasing number of trade defence measures taken by third countries on steel products, ongoing safeguard investigations, the recent measures under Section 232 of the Trade Expansion Act of 1962 adopted by the United States of America, and, consequently, trade diversion.

For more details on the reasons for the initiation of the investigation please refer to the Notice of initiation.

**4. Provide a point of contact for the investigation and identify the preferred means for corresponding**

Department for Internal Market Defence (DIMD)  
Eurasian Economic Commission  
3/5, Smolensky boulevard  
Moscow, 119121, Russia  
Tel +7 (495) 669-24-00 # 1309, # 4966, #1272  
E-mail: [tradedefence@eecommission.org](mailto:tradedefence@eecommission.org)

**5. Provide the deadlines and procedures for importers, exporters and other interested parties to present evidence and their views**

In accordance with the Protocol on Application of Safeguard, Anti-Dumping and Countervailing Measures to Third Countries (Annex № 8 to the Treaty on the Eurasian Economic Union of 29.05.2014), interested parties may declare their intention to seek participant status not later than 25 days from the date of initiation of the investigation. Participants to the safeguard investigation have the right to request access to the non-confidential file and participate in public hearings.

The participants to the safeguard investigation may request for public hearings within 45 days from the date of initiation of the investigation.

Interested parties should submit comments within 60 days from the date of the initiation of the investigation in writing in the Russian language to the following address:

Department for Internal Market Defence (DIMD)  
Eurasian Economic Commission  
3/5, Smolensky boulevard  
Moscow, 119121, Russia  
E-mail: [tradedefence@eecommission.org](mailto:tradedefence@eecommission.org)

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