

## United States Launches Anti-Dumping and Countervailing Subsidy Investigation Into Turkish Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes

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On 21 July 2015, a group of petitioners ("**Petitioners**") asked the United States Department of Commerce ("**DoC**") to initiate an anti-dumping investigation into import of "heavy-walled rectangular welded carbon steel pipes and tubes", which originate from Turkey, South Korea or Mexico and are classified under the tariff code numbered 7306.61.1000 ("**Product**"). The Petitioners also requested a subsidy investigation be launched into imports of the Product from Turkey.

The Petitioners were Atlas Tube, a division of JMC Steel Group, Bull Moose Tube Company, EXL TUBE, Hannibal Industries, Inc., Independence Tube Corporation, Maruichi American Corporation, Searing Industries, Southland Tube, and Vest, Inc.

The request against Turkey claimed that producers in the United States were being damaged through establishment of unfair competition conditions. In particular, the Petitioners claimed:

- The Product is sold in the United States at less than fair value, compared to the prices in Turkey, equating to between 96.5% and 108.6% of the Turkish pro-rated value.
- The Turkish Government grants benefits to Turkish producers and exporters which equate to subsidies.

Accordingly, the United States International Trade Commission ("**ITC**") will investigate the Petitioners' allegations regarding injury of local producers, while the DoC will investigate whether dumping or subsidies exist.

The Petitioners identified 14 Turkish producers and exporters which will likely be involved in the investigations. The DoC and the ITC will likely have already sent questionnaires to selected Turkish producers and exporters; most likely the largest ones.

Other Turkish producers can voluntarily respond to the questionnaires, if the ITC or the DoC respectively allow. The ITC and the DoC aim to collect as much detailed data as possible in relation to the amount of dumping, subsidy, or injuries. The information includes sale volumes, as well as production or material cost.

It is crucial to respond to the questionnaires and cooperate with the ITC and the DoC. Failure to do so can result in less favorable investigation outcomes for Turkish producers and exporters.

Non-cooperation will essentially result in the investigation determinations being made based exclusively on data provided by the Petitioners. Accordingly, the Turkish producers and exporters could be forced to pay anti-dumping and/or countervailing duties at higher rates. This will naturally decrease the market share of Turkish Products in the United States.

The estimated investigation dates are (subject to change):

- 4 August 2015 - Last date to reply to the ITC questionnaires
- 10 August 2015 - Initiation of the DoC investigation
- 11 August 2015 - Preliminary hearing to be held by the ITC
- 4 September 2015 - Preliminary injury determination to be made by the ITC
- 14 October 2015 - Preliminary countervailable subsidy determination to be made by the DoC
- 28 December 2015 - Preliminary dumping determination to be made by the DoC

Turkish manufacturers have become more familiar with United States trade remedies as a result of recurring investigations over the last decade. However, the latest investigation confirms that Turkish manufacturers should very cautiously and carefully monitor their prices to ensure they do not lose market share established abroad.

The latest investigation is a good illustration that both developing and developed countries are prepared and willing to adopt trade measures as a shield to protect local industries.

By their nature, investigations may be politically driven, regardless of where they are initiated. Accordingly, it can be difficult to obtain positive results by simply filing responses to the authorities unless price determinations and market monitoring have been carried out and recorded during the course of trade.

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