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Pipe Makers Fear Foreign Rivals

By Olga Razumovskaya

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Unlike their rivals, Russian pipe makers have few ways to protect themselves from cheap imports, Deineko says. **Sergei Porter**

Pipe makers lamented the level of government support against cheap imports at an industry conference Wednesday, and asked for an extension on protective duties for oil and gas pipes from Ukraine.

Anti-dumping duties run an average of 15 to 20 percent. The rates for certain types of piping made in the Ukraine and being sold to Russian oil and gas companies are even higher, but are set to expire in January.

Alexander Deineko, director of the Pipe Industry Development Fund, said industry leaders concur that while the market has not yet recovered to the pre-crisis level, there will be limited but stable growth for the pipe market over the next decade.

Today, domestic pipe makers, in contrast to their industry counterparts in other areas of the world, have very few ways to protect themselves from cheap imports, Deineko said.

The United States has anti-dumping and compensatory duties that have proved effective against countries with cheaper products, especially China.

For example, for specific types of pipe and tube products used in the petroleum industry, U.S. manufacturers are protected by up to a total of 130 percent anti-dumping tariffs and compensatory duties levied by the government, Deineko said.

Russian pipe producers are exposed to unfair competition because of low anti-dumping tariffs, Deineko said.

The piping industry protects itself by investigating cases of price dumping by specific companies, in liaison with the Industry and Trade Ministry. Such investigations, however, can take 18 to 27 months to bring to a conclusion, he said.

Industry leaders are lobbying hard to maintain their existing perks. They have asked the Industry and Trade Ministry to set import duties at 18 to 30 percent on Ukrainian oil and gas pipes through January 2015, Deineko said.

The market dynamic has been consistent with other industries affected by the crisis.

Russian steel makers spoke of July 2008 as "the last month of good life" for pipes produced for the oil and gas industry. The bottom dropped out during the crisis, with the market down 38 percent by summer 2009. From that point it began a steady recovery, gaining 26 percent by August 2010, he said.

"The trend is that of steady recovery, but there is still volatility," Deineko said.

Industry leaders are divided as to whether to raise prices in the first quarter of next year.

United Metallurgical Company president Vladimir Markin told reporters that the company is not planning to be the "initiator of a price increase" in early 2011.

Konstantin Temerikov, managing director of TMK, the country's largest steel pipe manufacturer and exporter, said he did not agree with that approach, and that his company might raise prices.

The automotive industry has already complained to the Industry and Trade Ministry over attempts by metal companies to increase prices of rolled metal, a key material used in piping, by as much as 40 percent starting next year, Kommersant reported Wednesday.

Some pipe makers said that increasing metal prices may force them to raise prices for their products in 2011.

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