

**Arab Republic of Egypt  
Ministry of Industry, Trade,  
And Small and Medium Enterprises  
Anti-Dumping, Subsidy and Safeguard Department**

**Notice No. (13) of 2014**

**On**

**Initiation of Safeguard Investigation against Substantial Increase of Imports**

**Of**

**Electric lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines (Automotive Batteries)**

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Pursuant to the provisions of Law No. 161 of the year 1998 concerning the Protection of the National Economy from the Injurious Effects of Unfair Practices in International Trade and its Executive Regulations issued by virtue of the Ministerial Decree No. 549 of the year 1998 and amendments thereof (hereinafter referred to as "the Executive Regulations")

On 15/12/2014, The Minister of Industry, Trade, and Small and Medium Enterprises approved the initiation of an investigation against the substantial increase of imports of electric lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines (Automotive Batteries), hereinafter referred to as the product concerned, which are exported to Egypt from all countries of the world.

**1. Procedures**

On 22/10/2014, the Anti-dumping, Subsidies and Safeguard Department (hereinafter referred to as "the Investigating Authority") received a properly documented application from Chloride Egypt Company (hereinafter referred to as "the Domestic Industry"). In the application, the domestic industry alleges that there has been a substantial increase of imports in the product concerned from all the countries of the world causing serious injury to the domestic industry.

The Investigating Authority examined the accuracy and adequacy of data in the application. On 10/12/2014, the Investigating Authority submitted a report to the Advisory Committee that, in turn, submitted its recommendation to initiate an investigation to the Minister of Industry, Trade, and Small and Medium Enterprises, who approved the initiation of the investigation against the substantial increase of imports of the product concerned, in accordance with the provisions of Article (10) of the Executive Regulations.

2. **Domestic Industry**

The applicant is Chloride Egypt Company whose production represents 45 percent of the total domestic production of like product. In accordance with the Article (19) of the Executive Regulations, the company represents the domestic industry.

3. **The Product Concerned**

The product concerned is electric lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines (Automotive Batteries), which is classified under H.S code: 85 07100090 within the Egyptian Customs Tariff.

4. **Imports**

The data submitted by the domestic industry shows that the imports have increased substantially in absolute terms and relative to the domestic production.

5. **Serious Injury**

The data submitted by the domestic industry also shows that the substantial increase of the import volume has caused serious injury in some indices of the domestic industry including:

- Decline in sales,
- Decline in production and utilized capacity,
- Decline in productivity,
- Decline in profit per unit, turning to losses, and
- Substantial decline in market share of the domestic industry, which is taken by the increased imports.

6. **Serious Injury Analysis Period**

The investigation period is from the year 2011 until 2014.

7. **Interested Parties**

All interested parties shall make themselves known to the Investigating Authority within 30 days from the date of publication of this notice. Any comments or information submitted by the interested parties shall be properly documented.

8. **Confidentiality**

In case of requesting the confidential treatment for the submitted documents including confidential information, the applicant shall give justification for this request and shall submit a non-confidential summary of this information

to the Investigating Authority, and in case of failure, the applicant shall give justification in this regard.

**9. Public Hearing**

Public hearing will be held during the investigation in order to allow all interested parties to present their views and arguments provided that they make a written justifiable requests including convincing reasons why they should be heard within 30 days from the date of publication of this notice in the Official Gazette. Both confidential and non-confidential versions of these submissions shall be properly documented.

**10. On-the-Spot Verification Visits**

In accordance with the provisions of Article (26) of the Executive Regulations, the Investigating Authority may conduct on- the- spot verification visits to the interested parties at their premises in order to verify information and data provided and to obtain any other additional information that may be required for the investigation.

**11. Correspondence Address**

Ministry of Industry, Trade, and Small and Medium Enterprises  
(Anti-dumping, Subsidy and Safeguard Department)  
Al-Maleya Towers  
Tower (6) – 9<sup>th</sup> Floor  
Ramses Extension St., Nasr City, Cairo, Egypt  
Attn: “Mr. Ibrahim El Seginy”  
Under Secretary - Head of Anti-dumping, Subsidy and Safeguard Department  
Tel: 00 202 - 23422479  
Fax: 00 202 - 23420784  
E-mail: [tas@tas.gov.eg](mailto:tas@tas.gov.eg)

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**ARAB REPUBLIC OF EGYPT  
MINISTRY OF INDUSTRY, TRADE,  
AND SMALL AND MEDIUM ENTERPRISES  
ANTI-DUMPING, SUBSIDY AND SAFEGUARD DEPT.**

## **SAFEGUARD QUESTIONNAIRE**

### **Producers / Exporters**

**Electric lead-acid accumulators of capacity of 36 up to 90  
Amp-hour, whether or not rectangular (including square)  
Of a kind used for starting piston engines  
(Automotive Batteries)**

**PLEASE ENSURE THAT YOUR RESPONSE:**

- **Is signed**
- **Shows your name and title**
- **Is dated**

**And forward to:**

**MINISTRY OF INDUSTRY, TRADE AND SMES**

**ANTI-DUMPING, SUBSIDY AND SAFEGUARD DEPT**

El Malaya Towers - Tower No. 6 - 9th floor

Extension of Ramses St. - Naser City - Cairo

Tel: (202) 23422479

Fax: (202) 23420784

Attention: Mr. Ibrahim El seginy

E-mail: [tas@tas.gov.eg](mailto:tas@tas.gov.eg)

Website: [www.tas.gov.eg](http://www.tas.gov.eg)

**Important**

- **Please ensure that your response to this questionnaire is sent to the International Trade Policies Department no later than the date specified.**

## SECTION A - GENERAL INSTRUCTIONS

1. This questionnaire is **intended for exporters of the product** concerned to Egypt that is subject to this safeguard investigation.
2. This questionnaire should be completed and submitted within the case time frame. In both, its **confidential** and **non-confidential** forms.

Where the Investigating Authority (hereinafter referred to as IA) finds that any interested party has supplied false or misleading information, it may disregard any such information and make use of the facts available

The IA may carry out on-the-spot visits in order to verify the information provided in your reply to this questionnaire. All worksheets and documents used in answering this questionnaire, in particular those linking the information supplied with accounting and management records, should be retained for verification purposes, as during the verification you should be prepared to substantiate all information previously submitted.

3. If you intend to have another party acting on your behalf, e.g. a law, accountancy or consultancy firm, please ensure that the IA receives an original power of attorney.
4. All documents and source material submitted in response to this questionnaire should be available only in English or Arabic.
5. State the financial year for your company (e.g.: January to December)

Attach audited accounts (balance sheet and profit and loss account) for the last three financial years for your company.

## **SECTION B -**

### **1- Information about the interested party**

*Choose the option that best describes your status*

- Foreign producer of the product subject to the investigation
- Exporter of the product subject to the investigation
- Representative of the Foreign producers of the product subject to the investigation in Egypt
- Representative of the foreign exporters or producers of the product subject to the investigation
- Other (Please explain)

### **2- Information about the Company**

Name:

Address:

Telephone Number(s):

Fax Number(s):

E-mail(s) of contact person(s):

Website:

Indicate the names of the persons to contact and their functions within the company

Name:

Job Title:

Tel:

Fax:

E-mail

### **3- Information about the Market**

Please describe the development of the world market, the Egyptian market and your domestic market and the changes that have taken place during the last three years, attached with studies or articles contained in the trade newspapers reflect current situation of the world market for this concerned product.

#### **4- VIEWS REGARDING THE INVESTIGATION**

1. Explain your reasons for your participation as an interested party to the investigation.
2. Explain your views regarding the absolute or relative increase of imports of the product subject to the investigation
3. Explain your views regarding the causal link between the increase in the imports of the product subject to the investigation and the serious injury/threat of serious injury on the domestic industry
4. Please comment on the comparability of the product concerned exported to Egypt with that produced and sold by the companies in Egypt. Identify any differences in the technical and physical characteristics and/or end uses of the product that you have exported to Egypt and that produced and sold in Egypt by the Egyptian producers.
5. Explain your views regarding the safeguard measure
6. Explain any other views.



**Product under Investigation:**

The product concerned is Automotive Batteries.  
It is classified under HS Code: 85 07 10 00 90 90 within the Egyptian Customs Tariff.

**Please provide any information related to current investigations, current duties or measures imposed against your exports of the product concerned and the period of application (if any).**

**Financial Information**

**Sales Volumes**

Please complete the following table for specified years:

(000/ Unit)

	2011	2012	2013	2014
Domestic Market Sales OF THE PRODUCT CONCERNED				
Sales Exported to Egypt OF THE PRODUCT CONCERNED				
Sales Exported to Other Countries OF THE PRODUCT CONCERNED				

**Sales Value**

**Please identify the currency**

	2011	2012	2013	2014
Domestic Market Sales OF THE PRODUCT CONCERNED				
Sales Exported to Egypt OF THE PRODUCT CONCERNED				
Sales Exported to Other Countries OF THE PRODUCT CONCERNED				

**Are there any future contracts for the product under investigation to export to Egypt?**

**If Yes, Please provide the quantities contracted during the coming period?**

**Production and Capacity**

Please take careful note that this section should be completed for **the "product concerned"** only.

(000 / Unit)

<b>Production Capacity</b>				
<b>Actual Production</b>				
<b>Capacity Utilisation (%)</b>				

**Notes:**

Production should cover both products sold by the company and products used internally for further processing (captive use).

Capacity refers to maximum possible production

**World-Wide Capacity and Production**

Please comment on the current situation and the developments for the next three years of the capacity and production of the product concerned on your domestic market, in Egypt and world-wide. Please support the information provided (on the various markets by supplying appropriate documentation)

### **Future Production and Capacity Trends:**

What trends do you expect in your company's production and capacity of the product concerned in the current time plus the next two years in the event that:

- a) Definitive Safeguard Measures are imposed,
- b) Definitive Safeguard Measures are **not** imposed.

### **Stock**

Please take careful note that this section should be completed for **the "product concerned"** only.

( 000 / Unit)

	2011	2012	2013	2014
Closing Stock Quantity				
Closing Stock Value				

### **Prices**

Please take careful note that this section should be completed for **the "product concerned"** only.

	2011	2012	2013	2014
Domestic Market Price per Unit				
Exported Price to Egypt per Unit				
Exported Price to Other Countries per Unit				

Please provide the X- factory prices net of discounts taxes and a copy of price lists in 2011, 2012, 2013, and 2014.

**Investments**

Please take careful note that this section should be completed for the "**product concerned**" only.

	2011	2012	2013	2014
<b>Building</b>				
<b>Factory &amp; Machineries</b>				
<b>Others(identify)</b>				

# Certification

I, the undersigned hereby certify that the information contained in this response is complete and correct to the best of my knowledge and belief and I understand that the information submitted may be subject to audit and verification by the Egyptian Investigating Authority.

[PRINT FULL NAME AND JOB TITLE]

[SIGNATURE]

I am willing/am not willing to accept a visit from the Egyptian Investigating Authority to my company s premises to verify this reply. [CIRCLE YOUR CHOICE].

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of authorized person

\_\_\_\_\_  
Name and title of authorized

person

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**Complaint**

**Chloride Egypt Company**

**S.A.E**

**From the Imports of Electrical lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines (Automotive Batteries)**

Complaint from the Imports of Electrical lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines (Automotive Batteries).

## 5- General Information

### 1.1 Local Producers:

Company Name : Chloride Egypt Company  
Address : Kilometer no.28, Alex Desert Rd., Industrial Zone, Abu Rawwash.  
Tel. : 35391002-35391001-35390070-35390066  
Fax : 35390189-35390067  
Website : [www.chloride-batteries.com](http://www.chloride-batteries.com)

#### Contact Person Information

Name : Emad Mohamed Shams El-Din  
Title : Purchasing Manager  
Tel. : 01273333618  
Email : [em.shams@chloride-batteries.com](mailto:em.shams@chloride-batteries.com)

Attachment no. (1) Delegation for the Company Representative.

### 1.2 Representatives of Unions or Associations that Company belongs to, or their Legal Representative to submit the Substantial Increase in Imports Complaint.

N/A

Attachment no. (2) Lawyer Delegation

N/A

### 1.3 Complaint Presenter

Complaint provider presents 45% in 2013 of the total Local Production as shown in table 1.1 according to clause no. 4/G/ from the Preventive Procedures Agreement that when stating Local Industry, they are Producers of Similar or Competitive Products as a high ratio of the Total Local Industry. And as long as the company represents 45% of the Total local production of the concerned product, they fulfilled the clause parameters for the complaint.

### 1.4 Financial Statements

The Company Fiscal Year starts in January and ends in December.

Attachment (3):

A copy of the Company Financial Statements for year 2011, 2012 and 2013 is attached.

### **1.5 The Complaint Supporters Companies**

Attachment (4) : The Complaint Supporters Companies

N/A

Attachment (5) :The Supporters Companies Letters

N/A

### **1.6 Other Local Producers**

Attachment no. (6) Other Companies List and their contact details.

Table 1.1

Local Production Quantity for year 2013 (Jan-Dec)

Unit: in thousand

	Quantity	Quantity Ratio %
Chloride Egypt Company	***	45
Other Supporters Companies	---	---
Complaint opposed Companies	---	---
Other Companies that did not show any opinion about the complain (Neutral)	***	55
Total	***	100%

Attachment (7) Industry Representing Documents

### **1.7 The Concerned Product / Similar Product**

#### **1.7.1 The Concerned Product (Imported): Automotive Batteries of 36 up to 90 Ampere-hour**

The Detailed Description for the Imported Product: Electrical lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines.

The Name of the Imported Product in English: Automotive Batteries

Technical Specifications: Automotive batteries with a capacity of 1300Amp/hour and less.

Production Process Summary: Batteries Manufacturing Involves Three Stages:-

First Stage: Block manufacturing and it divides into:

- 1- Oxide making
- 2- Lead tape making
- 3- Net making
- 4- Mixing



5- Dough and aging

Second Stage: Assembly:-

- 1- Coating
- 2- Compacting
- 3- Conduction test
- 4- Welding stage
- 5- Air test

Third Stage: Charging:-

Charging after adding the Acid and then washing, air testing and packing.

Material and Components that involves in Batteries Manufacturing Process:

- 1- Ore lead
- 2- Selenium lead
- 3- Antimonies lead
- 4- Calcium lead
- 5- Insulators
- 6- Batteries boxes and accessories
- 7- Acid
- 8- Distilled water

End-Usage:

To Generate the Electric power needed for all means of transport.

Distribution Channels: Same Distribution Channels of the Local Production Companies.

Product Seasons:

Automotive Batteries do not have specific season. However, the demand for them increases to some extent in winter.

Attachment no. (8) The Imported Product Catalogue

HS Code:

The mentioned product falls under HS code# 8507100090 which subjected to Import Custom fees 30% and there are no Import restrictions or any other trade measures currently applied by Egyptian authorities on that product.

Table 1.2

Custom Tariff \ Trade Measures

Product	Country	Custom Tariff	Other Trade Measures
Automotive Batteries	Different Sources	30%	----

1.7.2 Similar Product (Local Product) Electrical lead-acid accumulators of capacity of 36 up to 90 Amp-hour, whether or not rectangular (including square) of a kind used for starting piston engines.

The Name of the Local Product in English: Automotive Batteries.

The Detailed Description for the Imported Product: Automotive Batteries of capacity of 36 up to 90 Amp/hour, whether or not rectangular (including square) of a kind used for starting piston engines.

Technical Specifications: Automotive batteries with a capacity of 36 up to 90 Amp/hour.

Production Process Summary: Batteries Manufacturing Involves Three Stages:-

First Stage: Block manufacturing:

- 6- Oxide making
- 6- Lead tape making
- 6- Net making
- 6- Mixing
- 6- Dough
- 6- Aging

Second Stage: Assembly:-

- 1- Coating
- 2- Compacting
- 3- Conduction test
- 4- Welding stage
- 5- Air test
- 6- Numbering

Third Stage: Charging:

- 1- Filling with acid
- 2- Charging stage with programs according to the battery capacity
- 3- Setting the acid level
- 4- Washing and Drying
- 5- Air Testing
- 6- High voltage test
- 7- Numbering
- 8- Finishing and packing

Material and Components that involve in Batteries manufacturing Process are the same with the Imported Product.

End-Usage:

To Generate the Electric power needed for all means of transport.

Distribution Channels: Direct contact with wholesale traders, Governmental and non-governmental companies' orders, Armed forces and automotive manufacturers in Egypt.

Product Seasons: Automotive Batteries do not have specific season. However, the demand for them increases to some extent in winter.

Attachment no. (11) The local Product Catalogue

**1.7.3 Comparison between the Concerned Product and Similar Product:**

There is no difference between the imported batteries and the one Chloride Egypt Company produces according to technical specifications, used technology and distribution channels. As a result, the batteries that being produced by the company is totally identical in terms of components, manufacturing process, usage and technical specifications for the imported batteries. And they are being locally manufactured in Chloride Egypt Company's Factories and the other Egyptian Companies in conform with standard specifications (ISO Certificate obtained).

**1.8 The Importers in Egypt:**

Attachment no. (9) List with the known automotive batteries Importers.

**1.9 The product exporters from Egypt to all over the World:**

Attachment no. (10) List with the known exporters.

**2- Imports Volume:**

**2.1 The Substantial Increase in Imports**

Table 2.1

The Substantial Increase in Imports

Unit: Battery

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Imports Volume	1,236,088	1,936,642	2,130,541	210,632	1,182,777
Imports Volume %	---	157%	172%	---	562%

Source: Central Agency for Public Mobilization and Statistics

Comments on table 2.1

- As shown in the previous table that imports volume in 2012 increased with approximately 57% compared to 2011.
- Imports percentage in 2013 increased with approximately 72% compared to 2011.
- Imports percentage increased in the period of Jan-Jun 2014 with approximately 462% compared to the same period Jan-Jun2011.

And form the above it is cleared that the percentage Increase in Imports rises every year with high rate that is noticeable and unreasonable which negatively affected all Local Industry Indicators causing serious damage to it.

- Also we would like to point at not to impose temporary preventive arrangements will lead to serious damage to Local Industry that cannot be repaired.

## 2.2 The Relativity Increase in Imports

Table 2.2

### The Relativity Increase in Imports

Unit: Battery

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Imports Volume	1,236,088	1,936,642	2,130,541	210,632	1,182,777
Production Volume	****	****	****	****	****
Imports Volume/Production Volume	****	****	****	****	****
Change Rate	----	65%	79%	----	497%

Source: Central Agency for Public Mobilization and Statistics and company data (Attachment no.13)

#### Comments on table 2.2

- In 2011 the Imports Volume/Production Volume ratio \*\*\*\*%.
- In 2012 the Imports Volume/Production Volume ratio increased to \*\*\*\*%.
- In 2013 the ratio increased to\*\*\*\*% that negatively affected Local Industry.
- In the period of Jan-Jun2014 the ratio had increased to\*\*\*\*%.
- The change rate ratio in 2012 and 2013 compared to 2011 was 65% and 79% respectively but a sudden substantial increase occurred in the period of Jan-Jun 2014 compared to the same period Jan-Jun2011 to reach 497%.
- It shows the Inverse relation between production and imports volume. This means that, reduction in the local production is a result of the sudden and unreasonable substantial increase in imports especially in the last period that negatively affected Economy Indicators for this Industry.

## 2.3 The Unexpected Change That Led to Unreasonable Substantial Increase in Imports of the under Investigation Product:

The Importing of batteries from the Arab Countries has the advantage of the full exemption from the Customs Tariff under GAFTA Agreements well as the Free Trade agreement (FTA) between **Egypt and Turkey** which carries out customs fee reduction for importing the batteries compared to the imports from other different suppliers. Also EU Partnership agreement and others that automotive batteries import has gradually customs reduction. As shown in attachment no.(19) there is a price difference between the local and the imported product as the Imported batteries prices (from different countries as shown in the table) are less with average of 79%.

## 3- The Dangerous Damage

The following data shows the bad effects of the unreasonable substantial imports increase for the concerned product on the local industry.

All below data are regarding the Similar Product.

### 3.1 Total Market and Market Shares

Table 3.1

#### Total Market and Market Shares

Unit: Count

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Complainant Sales Volume	****	****	****	****	****
Change rate of Complainant Sales Volume %	----	4%	10%	----	2%
Other Local Producers Sales Volume	****	****	****	****	****
Imports Volume from All World Countries	1,236,088	1,936,642	2,130,541	210,632	1,182,777
Total Market	****	****	****	****	****
Complainant Market Share %	****	****	****	****	****
Change Rate of Complainant Market Share %	----	27%	31%	----	55%
Other Local Producers Market Share %	****	****	****	****	****
Change Rate of Other Local Producers Market Share %	----	25%	33%	----	55%
Imports Market Share %	****	****	****	****	****
Change Rate of Imports Market Share %	----	22%	30%	----	148%

#### Comments on table 3.1

The previous table shows that:

Complainant Sales Volume decrease in 2012 and 2013 with ratio 4 and 10 respectively compared to 2011, also the sales volume decreased in the period of Jan-Jun2014 compared to the same period in 2011with ration 2. The Change rate of Complainant Sales Volume decreased with 10% in 2013 compared to 2011.

The Complainant Market Share decreased for 2011 and 2012 and 2013 during the compared period and also Other Local Producers Market Share of the concerned product faced a large remarkable decrease.

Table 3.1 also shows a large remarkable increase in Imports Market Share during the compared period from 2011 until 2013 that resulted in the decrease occurred from \*\*\*\* on 2011 to \*\*\*\* on 2012 to reach \*\*\*\* in 2013 for the Complainant Market Share. Also Change Rate decreased with a ratio of 27% and 31% in 2012 and 2013 respectively compared to 2011 at the time that Imports Market Share from the concerned product increased during the compared period from \*\*\*\* on 2011 to \*\*\*\* on 2013 and the change rate increased with 30% in 2013 compared with 2011.

That is one of the results of the serious damage that the Complainant faces due to the large and unreasoned substantial increase in the imports volume during the compared period.

It is cleared from the above mentioned that the Market faced with a huge leap in the period of 2011 to 2013 as the market volume increased but the Complainant and the other local producers market share reduced from \*\*\*\* to \*\*\*\* which means that the beneficiary of this leap was the importers only.

By analyzing the data for Jan-Jun2014 period to clarify the stage that imports market share reached, Imports change rate increased by 148% and the Change Rate of Complainant Share decreased by 55% at the same time. Now that is clear, the imports from different suppliers overtook the majority of the market and reached 2/3 of total market share.

### 3.2 Complainant Production Capacity and Utilized Production Capacity

Table 3.2

Production Capacity and Utilized Production Capacity

Unit: Battery

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Total Production Volume (Battery)	****	****	****	****	****
Change Rate of Production Volume %	----	5%	4%	----	7%
Available Production Capacity	****	****	****	****	****
Utilized Production Capacity	76%	32%	32%	76%	31%

Source: Company Data

#### Comments on table 3.2

As shown in the above table, the Utilized Production Capacity was stable with reasonable level in 2011 to reach 76% but it dropped to 32% in 2012 and 2013 due to the sudden and unreasoned substantial increase in importing the batteries during 2012 and 2013 as mentioned before. And it continued to fall during Jan-Jun2014 to reach 31% compared to the first half of 2011.

Chloride Company expected the large increase in market that started to appear in 2010 and decided to have new factory with production capacity of \*\*\*\* battery to reach a total capacity of \*\*\*\* battery but the unreasoned substantial increase in the imports led to large decrease in the Utilized Production Capacity as explained.

And considering the change rate of production volume decrease in 2012 and 2013 with a ratio of 5% and 4% respectively compared to 2011 despite of establishing a new factory with a million battery production capacity, We notice that change rate of production volume decreased with 7%.

\*The Company does not import the concerned product from anyplace in the world.

\*The Company does not buy the concerned product from any source/supplier in Egypt.

### 3.3 Profits

Table 3.3

#### Profits

Unit: Battery

Amount: EGP

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Unit Net Profit Average	****	****	****	****	****
Change rate %	----	4%	44%	----	340%

#### Comments on table 3.3

In 2012 the increase in profit reached 4% compared to 2011 but it decreased in 2013 with 44% compared to 2011 and that huge decrease in Unit Profit Average was due to sudden and unreasoned substantial increase in imports volume during 2013.

- While comparing unit net profit average in the period of Jan-Jun 2014 and Jan-Jun 2011 we find that a losses in the unit (battery) occurred during this period reached\*\*\*\* after earning profit\*\*\*\* for each battery during the same period in 2011 due to unreasoned substantial increase in imports.

\*Note that: The Acceptable Profit Margin Ratio in this product industry is up to 10%.

### 3.4 Labor, Wages and Productivity

Table 3.4

#### Labor, Wages and Productivity

Count: Employee

Amount: EGP

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Number of Workers	****	****	****	****	****
Change Rate %	----	22%	27%	----	27%
Wages	****	****	****	****	****
Change Rate %	----	27%	38%	----	112%
Productivity	****	****	****	****	****
Change Rate %	----	22%	24%	----	27%

#### Comments on table 3.4

In 2012 and 2013 the Number of Workers had increased with 22% and 27% respectively compared to 2011 due to establishing the new factory and this increase continued in Jan-Jun2014 with 27% compared with the same period in 2011.

In 2012 and 2013 Wages has increased with 27% and 38% respectively compared to 2011 due to number of workers increase because of establishing the new factory and this increase continued in Jan-Jun2014 with 112% compared with the same period in 2011 for the same reason along with the increase/bonuses that had been added to the workers' salaries during that period.

In 2012 and 2013 the Worker Productivity has decreased with 22% and 24% respectively compared to 2011 because of the unreasoned substantial increase in imports during this period and that decrease continued in Jan-Jun2014 with a ratio of 27% compared with the same period in 2011 for the same reason.

### **3.5 The Investment and the Return on Investment**

Table 3.5

#### The Investment and the Return on Investment

Amount: 1000 EGP

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
The Investment	****	****	****	****	****
The Return on Investment	****	****	****	****	****
Change Rate of The Return on Investment %	----	17%	37%	----	2317%

#### Comments on table 3.5

The Return on Investment rate was stable during 2012 and 2013 compared to 2011. However, there was a huge decrease during Jan-Jun2014 compared to the same period in 2011 due to the unit losses in the mentioned period and the obvious decrease in sales volume and the Company disability to compete in the local market due to the sudden substantial increase in imports in 2012, 2013 and the period of Jan-Jun2014 as mentioned before.

### **3.8 The Dangerous Damage Summary**

Referring to the analysis of 2013, 2014 and for the sudden substantial increase in imports during 2013 and Jan-Jun2014 clarifies the following:

- 1- Substantial increase in imports (Unreasoned, Sudden Huge Increase).
- 2- Price difference exists between the Local Product and the imported one.
- 3- Company sales volume decrease and company market share decrease. The imports overtook a huge market share that reached\*\*\*\* from the total market share.
- 4- Production volume decrease.
- 5- Huge decrease in the Utilized Production Capacity.
- 6- Worker productivity decrease due to production volume decrease.



- 7- Return on Investment Rate decreased during the compared period and for Jan-Jun2014 it turned to a negative return on investment rate.
- 8- A losses in the unit profit (battery) occurred and reached its maximum \*\*\*\* for each battery in the first half of 2014.

**4- Other Known Reasons for This Damage**

**4.1 Demand Shrinkage**

There is no shrinkage. The Market Volume increased with rate 140% in 2013 compared to 2011.

**4.2 Restricted Business Practices (if exists)**

N/A

**4.3 Technological Developments**

The Local Industry has the most recent technologies and systems in the batteries manufacturing field.

**4.4 Industry Export Performance**

Table 4.4

The Exports

Unit: Battery

Amount: EGP

	2011	2012	2013	Jan-Jun 2011	Jan-Jun 2014
Quantity	****	****	****	****	****
Change Rate %	----	46%	27%	----	16%

Comments on table 4.4

The Exports rate was stable in 2012 and 2013 compared to 2011. However, It started to decrease with a ratio 16% in the period of Jan-Jun2014 compared to the same period in 2011 due to the fierce competition in the Foreign Markets and the Company's Exports volume retraction. As the Turkish, Korean and Chinese Companies export with low prices to the foreign markets.

Considering that Exports Sales Volume does not exceed 10% of total sales and its not the company's main activity and does not have big effect on the damage that we suffer from.

**4.5 The Competition**

The Local Competition does not have any effect on the damage that the company is suffering from which is caused by the imports.

**4.6 Exchange Rates**

The Exchange Rates do not have big effect on the company's damage.

#### **4.7 Changes in Consumers Taste**

N/A

#### **4.8 Other Factors**

There are no other factors affecting the deterioration of the company's situation in the market except the sudden/unreasoned substantial increase in imports of the concerned product, which led to serious damage to the company.

### **5- The Causal Relationship**

#### **5.1**

According to the previous indicators showing the serious damage, which Chloride Egypt and the other batteries manufacturer companies are suffering from, and there are no other reasons except the sudden, unreasoned and huge substantial increase in imports. Now we reach that a direct causal relationship exists between the imports increase and the serious damage that local industry is suffering from.

#### **5.2**

Regarding the previously mentioned that showed the existence of sudden huge increase in imports volume of the concerned product between 2011,2012,2013 and the first half of 2014 as we explained in details (clause 2.1 of this complain). Also the increase of imports volume with a ratio of 72% during 2013 compared to 2011 as shown in table 2.1 and a huge decrease in the company's market share.

#### **5.3**

The unreasoned substantial increase in imports for 2013 led to deterioration of Local Industry performance indicators during this period and the following period of the first half of 2014 as shown below:

- The Utilized Production Capacity decreased to 32% in 2013.
- A huge increase in imports occurred and reached a 462% during the first half of 2014 and as a ratio compared to production volume that reached 497% for the same period.
- Price difference existence between the local product and the imported one as the imported product price is less with approximately 79%.
- Sales volume decreased in 2013 with almost 10% compared to 2011.
- Production volume decreased due to the unreasoned increase in imports.
- The worker productivity decreased by 27% compared to 2011.
- Return on Investment Rate decreased and turned into a negative return rate during Jan-Jun2014.
- Unit profit decreased and turned into losses in the period of Jan-Jun2014 for the first time in the company history.

#### **5.4 Conclusion**

The huge sudden increase in imports especially in 2011, 2012, 2013 and Jan-Jun2014 led to the negative effects that we previously pointed at (clause 5.3) there are no other reasons for the serious damage that Chloride Egypt and the other batteries manufacturer companies suffered from, except the substantial

increase in automotive batteries imports. Also a direct causal relationship exists between the serious damage that Company is suffering from and the huge sudden increase in imports that cannot be subjected to any other reason.

#### **6- Suggested Industry Plan to adapt the situation (Attachment no. 14)**

Chloride Company has advanced programs to develop production efficiency and product quality with respect to their social and environmental commitments as follows:

- Labor training and make technical skilled labor.
- Use the advanced technology that emulates the one being used globally through directing more investments in that industry.
- Rehabilitation of service centers and avails the modern used devices to check batteries efficiency.
- Providing specialized engineering and technical experiences to the company's quality centers.
- Providing full care to the company's technical labor through granting incentives and providing ultra medical care.
- The continuous development to line up with current environmental requirements.

#### **7- Commonweal**

- 1- In case of imposing preventive measures, this will directly accomplish the commonweal to the country in saving foreign currencies which will lead to increase the Egyptian pound value against other foreign currencies.
- 2- Keeping and expanding the Egyptian Investment and pumping new investments.
- 3- Present new job opportunities in the Egyptian Market and accommodate new labor.
- 4- Rehabilitate the current Egyptian labor and provide training in order to keep pace with modern technologies.
- 5- Compete in the Foreign markets and also the Egyptian markets
- 6- Providing a high quality product for all consumer sectors.
- 7- Encourage the foreign investment to attract more investments to the industry.
- 8- The consumer, Governmental, non-Governmental, automotive companies and the Armed Forces will count on Egyptian National Companies to fulfill their demand from the automotive batteries instead of heading to importing the product from other countries. Also this will save the hard currency.
- 9- All these factors serve the Egyptian Economy and the Industrial Sector and it considered as a support to commonweal principle.

#### **8- The Requested Preventive Arrangements and validity period**

Being late causes serious damage that cannot be repaired according to the critical circumstances. The Company hopes to imposing temporary preventive measures for two hundred days and to be continued for three years to be gradually decreased during this period and to apply these measures on all countries exporting to Egypt excluding all developing countries that their share does not exceed 3% of total imports volume or the total imports from all developing countries do not exceed 9% from total imports as International Agreements carrying out.

And the Company suggests that imposed fees: at least the average of price difference between local and imported product which is around 79% of the imported battery value. (Attachment no.15)