



WORLD TRADE  
ORGANIZATION

G/SG/N/8/ZAF/3

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**Committee on Safeguards**

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**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON  
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT  
THEREOF CAUSED BY INCREASED IMPORTS**

SOUTH AFRICA

*Certain flat-rolled products of iron, non-alloy steel or other  
alloy steel (not including stainless steel)*

The following communication, dated 18 July 2016, is being circulated at the request of the Delegation of South Africa.

Pursuant to Article 12.1(b) of the Agreement on Safeguards, the Government of South Africa hereby gives notification upon making a finding of serious injury caused by increased imports of certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel.

**1 THE PRODUCT SUBJECT TO THE INVESTIGATION**

The subject product is described as certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel, imported under tariff subheading 7208.10, 7208.25, 7208.26, 7208.27, 7208.36, 7208.37, 7208.38, 7208.39, 7208.40, 7208.51, 7208.52, 7208.53, 7208.54, 7208.90, 7211.14, 7211.19, 7225.30, 7225.40, 7225.99, 7226.91 and 7226.99.

**2 PROVIDE THE BASIS FOR:**

Making a preliminary determination, as provided for in Article 6, that increased imports have caused serious injury.

The International Trade Administration Commission of South African initiated an investigation pursuant to an application by South African Iron and Steel Institute (the Applicant), on behalf of the SACU industry in order to determine whether increased imports have caused serious injury to the domestic industry, within the meaning of the Agreement on Safeguards, in connection with certain flat-rolled products of iron, non-alloy steel or other alloy steel (not including stainless steel), whether or not in coils (including products cut-to-length and 'narrow strip'), not further worked than hot-rolled (hot-rolled flat), not clad, plated or coated, excluding grain-oriented silicon electrical steel.

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The Commission made a preliminary determination on the following:

**(a) Unforeseen Developments**

The Commission made a preliminary determination on the following unforeseen developments:

- The unprecedented steep rate of increase in steel production capacity;
- The significant market downturns in emerging (and other) economies resulting in contraction of demand for steel;
- Record export volumes by countries with excess capacity, fuelled by excess steel supply;
- Recent trade measures by other countries worsen the situation of increased imports into the SACU where there are no trade measures in place;
- The oversupply of steel (including the subject products) has led to a deterioration in the financial situation of steelmakers globally and also the SACU; and
- Despite slowing demand growth and the existing excess capacity, there are several new investment projects underway and planned (especially in current net-importing countries) in the steel industry that will result in global steelmaking capacity to continue to expand and causing the SACU to expect further increases of imports of the subject products.

The Commission considered that the SA government committed to bind the ordinary customs duty on the imported products of flat hot rolled steel at 10% *ad valorem*. The effects of these obligations were that the industry went through a restructuring that saw the state owned entity unbundled and privatised and the government facilitated the end or review of an old pricing model to improve the competitiveness of the industry. As such various measures have been taken to encourage competitiveness and sustainability of the industry.

**(b) Increased Imports**

The data evaluation for the purposes of determining increased imports covered the period 1 January 2012 to 31 December 2014 plus additional seven months information for 2012 to 2015 (1 January to 31 July).

The Commission considered that the subject product is being imported into the SACU market in such increasing quantities in absolute terms and relative to SACU production.

The Commission made a preliminary determination that recent, sudden, sharp and significant increase of the imports of the imported products occurred in the period 2012 to 2013 full year and 7 months periods, and the subject product continued to be imported in increased quantities both in absolute terms and relative to production.

The Commission made a preliminary determination that these events cited were unforeseen developments which led to the imported product being imported into the SACU market in such increased quantities and under such conditions to cause serious injury to domestic producers of the SACU like product or directly competitive products.

**(c) Serious Injury**

The data evaluation for the purposes of determining serious injury covered the period 1 January 2012 to 31 December 2014 plus additional seven months information for 2012 to 2015 (1 January to 31 July).

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The injury analysis relates to information submitted by ArcelorMittal South Africa Limited (AMSA's), a member of SAISI with a collective output of the like or directly competitive products constituting a major proportion (approximately more than 70%) of the total domestic production of those products.

There is sufficient evidence that the SACU industry is suffering serious injury in the form of a decline in sales volumes, output, market share, losses, utilisation of capacity and employment for the period 1 January 2012 to 31 December 2014. There is also sufficient evidence that the SACU industry is suffering serious injury in the form of a decline in sales volumes, output, market share, losses, and utilisation of capacity for the seven months period 1 January to 31 July (2012-2015).

The Commission made a preliminary determination that the SACU industry is suffering serious injury.

**(d) Causal Link between Increased Imports and Serious Injury**

The Commission made a preliminary determination that there is sufficient evidence of serious injury to the domestic industry caused by the sudden enough, sharp enough, recent enough, and significant enough increase in the volume of imports. There are no other known factors other than the increased imports that sufficiently detract from this causal link.

**(e) Preliminary determination**

The Commission decided that there:

- are unforeseen developments
- is a surge
- is serious injury caused by increased imports

The Commission decided not to impose provisional measures.

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