



12 May 2021

(21-4057)

Page: 1/5

Committee on Safeguards

Original: English

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

NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2
OF THE AGREEMENT ON SAFEGUARDS**

COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF "GCC"

Certain Steel Products

The following communication, dated 26 April 2021 and received on 10 May 2021, is being circulated at the request of the Kingdom of Bahrain as President of the GCC on behalf of the GCC member States.

Referring to the WTO document G/SG/N/8/ARE/3, G/SG/N/8/BHR/3 G/SG/N/8/KWT/3, G/SG/N/8/OMN/3 G/SG/N/8/QAT/3, G/SG/N/8/SAU/3

1 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

(A) Serious Injury

The investigation period covers 2014 to the first half of 2019.

The final determination of serious injury is based on the evaluation of the overall position of the GCC industry in light of all relevant factors having a bearing on the situation of that industry, which shows a significant overall impairment and thus it is concluded that GCC industry has suffered serious injury and that the increase of GCC imports under investigation has caused serious injury to the GCC industry as follows:

Index 2014=100

	2014	2015	2016	2017	2018	Jul 2018- Jun 2019
Production volume	100	101.80	102.19	93.82	102.54	79.80
Capacity utilization	100	98.34	97.88	88.38	96.43	74.58
Sales volume	100	106.40	106.67	98.21	93.64	76.32

	2014	2015	2016	2017	2018	Jul 2018- Jun 2019
Market share of domestic sales	100	96.72	98.53	97.48	97.08	94.05
Market share of imports	100	115.86	107.13	112.18	114.14	128.78
Inventory volume	100	83.32	67.95	67.72	106.85	109.75
Employment	100	104.26	104.60	99.82	101.10	100.40
Productivity	100	97.64	97.69	93.99	101.42	79.48
Profits/ losses	100	-60.85	-0.10	-30.76	25.97	9.23

Based on the period of investigation referred to above, GCC-TSAIP analyzed the rate and volume of the increase in imports and assessed the impact on GCC industry of Certain Steel Products. According to the injury data above, there is sufficient final evidence that the GCC industry is suffering a serious injury in the form of decline in domestic sales, market share, production, employment, and profits, and increase in inventory, in conjunction with the increase of imports.

The Investigating Authority made a final determination that the GCC industry is suffering serious injury during the period referred to above.

(B) Threat of serious injury

The GCC-TSAIP, in order to determine the threat of serious injury and verify that it is clearly foreseen and imminent, has analysed the rate of increase of imports of products under investigation into GCC market, and the increase in export capacity of exporting countries in the world, and it was found that based on the mentioned below unforeseen developments, the surplus of global production capacity in addition to the trade policies adopted by many countries in the world may lead to the transfer of global exports to the GCC market, which indicates the likelihood of substantially increased imports and exposes the GCC industry to a further deterioration of its financial and economic situation in the future, As the GCC market remains an attractive market for foreign exporters/producers in the absence of availability of other export markets to absorb additional exports in the World, the majority of which remains protected, whether through trade policies or through the application of instruments of anti-injurious practices in international trade unlike the GCC market.

Therefore, GCC-TSAIP concludes that the GCC industry is in a situation of threat of serious injury for the products under investigation.

(C) Unforeseen developments

The GCC-TSAIP examined data on unforeseen developments either provided by the complainant or collected during the investigation and made the following determinations:

- The economic conditions related to the trade policy of the United States of America are considered as unforeseen developments that led to the imbalance of trade movement and the resulting protectionist measures against its imports of a large number of products, which is unusual, which coincided with the significant increase in production capacity in steel sector. These developments have also led to an increase in restrictive trade practices carried out by many countries of the world through the large and unexpected number of investigations to remedy the anti-injurious practices in international trade. Among these countries we mention the European Union, Turkey, Morocco, Egypt and the countries of the European Union (Russia, Armenia, Kazakhstan and Kyrgyzstan), and Canada, Australia and India. These investigations have included a large number of products, which is unprecedented in the nature of the investigations of anti-injurious practices in international trade.
- Where, according to the World Trade Organization statistics, the number of investigations in the steel sector increased to 625 investigations during the period from 2013 to 2018;

while for the first half of 2019, 47 investigations were recorded. Moreover, it is worth mentioning that some of these investigations ended with the imposition of final measures, including 363 anti-dumping during the period 2014-2018, while the measures applied in the first half of a year 2019 has been recorded 44 final measures. The major countries applying these measures are, the United States of America, the European Union, Canada, Russia, Turkey, Australia, Mexico, Brazil, India, South Africa, Egypt and South Korea. Since these countries are considered major importers of steel products in the World and by looking at the trade policies applied by these countries to protect their markets and industries, that leads countries, who faced protective measures against their export markets, to search for other unprotected markets. As a consequence, the GCC States market has been targeted for these imports, which may impact negatively on the GCC States industry.

- The surplus of production capacity in the steel industry worldwide has continually increased, since 2000, as it increased from 1,069.5 million tons in 2000 to 2,233.7 million tons in 2018, which means an increase by 108.85%. Moreover, during the year 2018, the utilized capacity of steel in the world reached 81%, which reduced globally the gap between the maximum production capacity and actual production . Consequently, these increases in both maximum capacity and actual production of the steel industry has led to the disparity between supply and demand worldwide. Additionally, the Worldwide-Steel industry statistics indicate that there almost an additional investment of 110.2 million tons will take a place in production capacity during the period of 2019-2021, which will raise the maximum steel production capacity in the world during the same period to 2,343.9 million tons representing an increase of 5% compared to 2018.

The GCC-TSAIP therefore concluded that the increase in imports of the product under investigation occurred as a result of unforeseen developments.

(D) Causal Link

Based on the final determination, GCC-TSAIP has examined the impact of other factors, other than the massive increase in imports that might cause serious injury to the GCC industry, such as trade restrictive practices, consumption, export performance and technology; however, these factors did not contribute to the serious injury suffered by the GCC industry. Therefore, GCC-TSAIP found that there is sufficient evidence to the existence of the causal link between the serious injury caused to the GCC industry and the increase of imports of the product under investigation.

2 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

The product under investigation is being imported into GCC countries in such increased quantities in absolute terms and relative to GCC production as follows:

Index 2014=100

	2014	2015	2016	2017	2018	Jul 2018- Jun 2019
Imports Volume (ton)	1,973.86	2,515.67	2,289.36	2,230.79	2,173.18	2,062.84
Index	100	127.45	115.98	113.02	110.10	104.51
Imports/production ratio	100	125.19	113.50	120.46	107.37	130.96

The GCC-TSAIP considered as shown in the table above that the products under investigation are being imported into the GCC States market in such increasing quantities in absolute terms and relative to GCC production, where the absolute imports increased continuously during the investigation period, and Related to the production, the imports increased continuously during the period of investigation.

Therefore, the GCC-TSAIP made a final determination that recent, sudden, sharp and significant increase of the imports of the imported products occurred in the investigation period.

3 ADJUSTMENT PLAN

The GCC industry has provided a viable adjustment plan for restructuring and adjusting its position so that it can develop its performance and competitiveness within the GCC and international markets so that it can compete with foreign imports after expiration of the safeguard measure imposition.

4 DESCRIPTION OF THE PRODUCT INVOLVED

The products under investigation are certain steel products which are classified under the GCC-Unified Tariff Code as following:

No.	Products Categories	HS Code
3	Metallic Coated Steel	721030; 721049; 721069; 721220; 721230; 721250; 721260; 722591; 722592; 722599
4	Organic Coated Steel	721240
5	Reinforced Steel Bars and Wire Rod	721310; 721320; 721391; 721399; 721410; 721430; 721510; 721550; 721590; 722710; 722720; 722810; 722820; 722840; 722850; 722860; 721710; 721720; 721730; 721790; 722100; 722300; 722920; 722990
6	Circular, Square, and Rectangular Sticks and Rods	721491; 721499; 722211; 722219
7	Sections	721610; 721631; 721632; 730810; 730110
8	Angles and Shapes	721621; 721650; 730120
9	Welded and Seamless Pipes and Tubes not Including Items for Gas and Oil	730539; 730661; 730690; 730431; 730590; 730840; 730890

5 DESCRIPTION OF THE PROPOSED MEASURE

The Permanent Committee has recommended imposing safeguard duty for three years at the rate of additional duty 16% *ad valorem* of the CIF value on the imports of the products under investigation.

For the purpose of liberalizing the definitive safeguard measure, the proposed safeguard duty will be decreased by around 5% each year as shown in point (10) below.

Exclusions:

The safeguard measures as described above will not apply to Iceland, Liechtenstein, Norway and Switzerland.

6 PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The date of introduction of the measure will be determined in the TSAIP- Official Gazette which will be published once the Ministerial Committee approves the imposition of the measure.

7 EXPECTED DURATION OF THE MEASURE

The safeguard measure, if adopted, will remain in force for three years.

8 OFFER OF CONSULTATIONS UNDER ARTICLE 12.3

Consistent with Article 12.3 of the WTO Agreement on Safeguards, the GCC-TSAIP offers consultations with Members having a substantial interest as the exporters of the products involved. Members with a substantial interest, requesting a consultation should contact the GCC-TSAIP not later than 10 (Ten) days from the date of the circulation of this notification at the following address:

G/SG/N/8/ARE/3/Suppl.1 • G/SG/N/8/BHR/3/Suppl.1 • G/SG/N/8/KWT/3/Suppl.1 •
G/SG/N/8/OMN/3/Suppl.1 • G/SG/N/8/QAT/3/Suppl.1 • G/SG/N/8/SAU/3/Suppl.1 •
G/SG/N/10/ARE/3 • G/SG/N/10/BHR/3 • G/SG/N/10/KWT/3 • G/SG/N/10/OMN/3 •
G/SG/N/10/QAT/3 • G/SG/N/10/SAU/3 • G/SG/N/11/ARE/4 • G/SG/N/11/BHR/4 •
G/SG/N/11/KWT/4 • G/SG/N/11/OMN/4 • G/SG/N/11/QAT/4 • G/SG/N/11/SAU/4

- 5 -

The Cooperation Council for the Arab States of the Gulf
GCC-Bureau of Technical Secretariat for Anti Injurious Practices in International Trade
6725 Jeddah Rd- AL Hada Dist
Unit No 1 Riyadh 12324-3147
Tel: (+966) 11 2551388 Tel: (+966) 11 2551399
Fax: (+966) 11 2810093, Kingdom of Saudi Arabia
Email: TSAD@gccsq.org

9 FOR A MEASURE WITH A DURATION OF MORE THAN THREE YEARS, PROVIDE THE PROPOSED DATE FOR THE REVIEW (UNDER ARTICLE 7.4) TO BE HELD NOT LATER THAN THE MID-TERM OF THE MEASURE, IF SUCH DATE FOR THE REVIEW HAS ALREADY BEEN SCHEDULED

Not applicable.

10 IF THE EXPECTED DURATION IS OVER ONE YEAR, PROVIDE THE EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

Duration	CIF % Ad valorem
First year	16
Second year	15.2
Third year	14.44

11 IF THE MEASURE IS BEING EXTENDED, ALSO PROVIDE: (I) EVIDENCE THAT THE INDUSTRY CONCERNED IS ADJUSTING AND THAT THE SAFEGUARD MEASURE CONTINUES TO BE NECESSARY TO PREVENT OR REMEDY SERIOUS INJURY

Not applicable.

12 SPECIFY THE DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS, AND THE IMPORT SHARES OF THESE COUNTRIES INDIVIDUALLY AND COLLECTIVELY

The following developing countries are excluded from the measure as they export less than 3% individually and less than 9% collectively to GCC countries:

Afghanistan, Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Bangladesh, Barbados, Belize, Benin, Bolivia, Botswana, Brazil, Brunei, Burkina Faso, Burundi, Cambodia, Cameroon, Capo Verde, Central African Republic, Chad, Chile, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hong Kong, Hungary, Indonesia, Jamaica, Jordan, Kenya, Kyrgyzstan, Laos, Lesotho, Macau, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Senegal, Sierra Leone, Solomon Islands, South Africa, Sri Lanka, Suriname, Chinese Taipei, Tajikistan, Tanzania, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Uganda, Ukraine, Uruguay, Vanuatu, Venezuela, Vietnam, Yemen, Zambia, Zimbabwe.