

26 June 2025

(25-4172)

Page: 1/5

Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS
BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE
REFERRED TO IN ARTICLE 6**

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

SOUTH AFRICA

Corrosion resistant steel coil

The following communication, dated and received on 25 June 2025 is being circulated at the request of the delegation of South Africa.

Pursuant to Article 12.4 of the *Agreement on Safeguards*, The Government of South Africa hereby gives notification before taking provisional safeguards measures for imports of corrosion resistant steel coil; and a notification pursuant to Article 9, footnote 2 of the *Agreement on Safeguards*, on taking a decision not to apply those measures to imports from developing countries.

1. The product subject to the investigation

The subject product is described as flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated, with aluminium-zinc alloys, of a thickness of less than 0.45mm, classifiable under tariff subheadings 7210.61.20 and 7210.61.30 and flat-rolled products of other alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc, of a thickness of less than 0.45mm, classifiable under tariff subheadings 7225.92.25 and 7225.92.35.

2. The provisional safeguard measure

The provisional safeguard measure consists of *an ad valorem* safeguard duty of 52.34%.

3. The proposed date of imposition of the safeguard measure

The provisional safeguard measure is proposed to be imposed on 27 June 2025.

4. The expected duration of the provisional safeguard measure, if any decision on the duration of the measure has been made

Two hundred (200) days.

5. Provide the basis for:

- i. making a preliminary determination, as provided for in Article 6, that increased imports have caused serious injury; and,

- ii. determining that there are critical circumstances where delay would cause damage which it would be difficult to repair.

The International Trade Administration Commission of South Africa initiated an investigation pursuant to an application by ArcelorMittal South Africa Limited ("The Applicant" or "AMSA"), the major producer of the subject product, supported by SAFAL Steel (Pty) Ltd ("SAFAL"), a manufacturer of the subject product, representing the Southern African Customs Union ("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 corrosion resistant steel coil.

The preliminary determinations of the investigation are that there is sufficient evidence of serious injury to the domestic industry caused by increased imports.

- a. **Increased Imports:** There is sufficient information to indicate that there is a recent, sudden, sharp, and significant increase in imports.

The surge in absolute terms began in May 2023 – April 2024. The rate and amount of increase from May 2023 – April 2024, can be seen as abrupt, and this abrupt disturbance of the SACU market by imports was maintained throughout the period of investigation both in relative terms and absolute terms.

In conclusion, the recent, sudden, sharp, and significant increase of the imports of the subject product occurred between the period May 2023 – April 2024, as such the subject product continued to be imported in increased quantities both in absolute terms and relative to production.

- b. **Unforeseen Developments:** The unforeseen developments are as follows:

- The decision to split the subject product into two main HS categories, namely non-alloy steel (HS7208) and alloy steel (HS7225) resulting in a tug and pull effect, whereby the increase in duties payable on one tariff sub-heading leads to a direct increase in the import volumes for the other due to their interchangeability in function; and
- The considerable over supply of the subject product in the world today causing a surge in imports into the SACU, which can be broken down into four main issues, namely:
 - i. Studies show that China did not become a fully-fledged market economy as it assured WTO Members it would during negotiations;
 - ii. Chinese economic activity has consistently declined since 1994 and large steel producers follow aggressive export strategies, fueled by an oversupply of steel products;
 - iii. China's extraordinary economic growth is slowing down dramatically and the Chinese domestic market for steel is retracting, as a result of all of the above factors, Chinese producers have to increase their exports further, at reduced prices, to rid themselves of excess stocks; and
 - iv. Worldwide, countries are taking urgent action to raise tariffs and impose trade remedies to protect their domestic steel industries; and it is expected that the surge in imports that the SACU has been experiencing will be augmented by the recent economic slowdown in China and by the fact that China's export markets are contracting rapidly.

- c. **Serious injury:** There is sufficient evidence that the SACU industry is suffering serious injury in the form of:

- i. During the period of surge from May 2023 to April 2024:
 - Sales volumes;

- Net profit
- Output;
- Market share; and
- Employment.

ii. During the period of investigation from 1 May 2021 to April 2024:

- Sales;
- Net profit;
- Output;
- Market share;
- Productivity;
- Utilisation of capacity; and
- Employment.

d. Causal link between increased import and serious injury: There is sufficient information to indicate that the serious injury experienced by the SACU industry is caused by the recent, sudden, sharp, and significant surge in the volume of imports. Although there are factors other than the surge in imports, such as reduced demand in the steel market and lack of infrastructure investment, labour unrest, inputs costs, and energy supply and logistics constraints, these factors did not sufficiently detract from the causal link between the surge in imports and the serious injury suffered by the Applicant.

e. Adjustment plan: The domestic industry has submitted an adjustment plan outlining the measures it put into place for the facilitation of adjustment of the domestic industry to the competitive conditions with the imports.

f. Critical circumstances: The surge of imports took place between the years (May 2022 - April 2023) and (May 2023- April 2024). During that time, imports of the subject product increased by 17%. The analysis also shows that over the period of investigation, imports increased by 7.63%.

Impact on the Applicant

1. The Applicant's sales volume decreased by 2 index points from 88 to 86 during the period of surge. The Applicant experienced a decrease of 14 index points from 100 to 86% during the period of investigation.
2. The Applicant's production, like its sales volumes, decreased by 2 index points from 88 to 86 during the period of surge. The Applicant experienced a decrease of 14 index points from 100 to 86% during the period of investigation.
3. The Applicant's market share decreased by 2 index points for the periods ending April 2022 to April 2023. The Applicant's market share decreased by a further 8 index points between the periods ending April 2023 and April 2024 as a result of the surge in imports.
4. The Applicant's gross profit decreased by 101 index points to a gross loss from 2021 to 2022. The Applicant's gross loss increased by 7 index points between 2022 and 2023, during the surge period. The Applicant's gross profit decreased by 108 index points to a loss over the period of injury. The Applicant's net profit decreased by 113 index points to a net loss from 2021 to 2022. The Applicant's net loss increased by 10 index points between 2022 and 2023, during the surge period. The Applicant's gross profit decreased by 123 index points over the period of injury.
5. Employment total employment decreased by 16 index points during the surge period while it decreased by 8 index points during the period of investigation.
6. The Applicant experienced a decrease in capacity utilisation of 14 index points from 100 index points to 86 index points during the period of injury and a decrease of 2 index points during the surge period from 88 index points to 86 index points.

In view of the above, the Commission found that critical circumstances exist justifying the imposition of provisional safeguard duties.

g. Offer of consultations under Article 12.4: The Government of South Africa offers consultations on provisional measures.

Below is the list of developing countries excluded from measures as they exported less than 3% of total imports to South Africa (Article 9.1 of the Agreement on Safeguards):

**LIST OF DEVELOPING COUNTRIES EXCLUDED
FROM THE MEASURES**

Name	Name	Name	Name
Albania	Ecuador	Kyrgyz Republic	Saint Lucia
Antigua and Barbuda	Egypt	Malaysia	Saint Vincent and the Grenadines
Argentina	El Salvador	Maldives	Samoa
Armenia	Eswatini	Mauritius	Saudi Arabia, Kingdom of
Bahrain, Kingdom of	Fiji	Mexico	Seychelles
Barbados	Gabon	Moldova, Republic of	Singapore
Belize	Georgia	Mongolia	
Bolivia, Plurinational State of	Ghana	Montenegro	Sri Lanka
Botswana	Grenada	Morocco	Suriname
Brazil	Guatemala	Namibia	Tajikistan
Brunei Darussalam	Guyana	Nicaragua	Thailand
Cabo Verde	Honduras	Nigeria	Tonga
Cameroon	Russian Federation	North Macedonia	Trinidad and Tobago
Chile	India	Oman	Tunisia
Chinese Taipei	Indonesia	Pakistan	Türkiye
Colombia	Israel	Panama	Ukraine
Congo	Jamaica	Papua New Guinea	United Arab Emirates
Costa Rica	Jordan	Paraguay	Uruguay
Cote d'Ivoire	Kazakhstan	Peru	Vanuatu
Cuba	Kenya	Philippines	Venezuela, Bolivarian Republic of
Dominica	Korea, Republic of (South Korea)	Qatar	Viet Nam
Dominican Republic	Kuwait, the State of	Saint Kitts and Nevis	Zimbabwe