

**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

*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*

The following communication, dated 30 January 2026 and received on 2 February 2026, is being circulated at the request of the delegation of South Africa.

In reference to WTO Notifications [G/SG/N/6/ZAF/12](#) dated 31 July 2025, we enclose a notification regarding a finding of serious injury as a result of increased imports of corrosion resistant thick steel coil into the SACU.

1. Product classification

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 7210.61.40 and 7210.61.90 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 7210.49.40, 7210.49.50, 7210.49.90, 7225.92.45, 7225.92.55 and 7225.92.90.

2. Safeguard measure imposed

South Africa decided not to impose any provisional safeguard measure at this stage of the investigation.

3. 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 thick 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 01 December 2021 to 30 November 2024. The rate and amount of increase from 01 December 2021 to 30 November 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 01 December 2021 to 30 November 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, fuelled 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 01 December 2021 to 30 November 2023:

- Price depression;
- Price suppression;
- Decrease in net profit;
- Decrease in Market share; and
- Negative cash flow.

(ii) During the period of investigation from 1 December 2021 to 30 November 2024:

- Price depression;
- Price suppression;
- Decrease in net profit;
- Decrease in Market share; and
- Negative cash flow.

(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 (Dec 2021 – Nov 2022) and (Dec 2022 - Nov 2023). During that time, imports of the subject product increased by 15%. The analysis also shows that over the period of investigation, imports increased by 24%.

Impact on the Applicant

1. Sales volumes

The available information indicates that the Applicant's sales volume increased by 17 index points from 101 index points to 118 index points during the period of surge. The Applicant experienced an increase of 18 index points from 100 index points to 118 index points during the period of investigation.

2. Output

There was an increase in total production. The Applicant's production increased by 18 index points from 105 indexed points to 123 indexed points during the period of surge. The Applicant experienced an increase of 23 index points from 100 to 123 index points during the period of investigation.

3. Market share

The Applicant's market share increased from 100 index points to 118 index points and imports' market share increased from 100 index points to 102 index points. This 2 index points shift, though seemingly small, is significant in a competitive market, especially when paired with the volume growth in imports.

4. Profit/Loss

The Applicant reported a significant decline in profits during the investigation period, the Applicant's gross profit per ton decreased from 100 index points in the first year of the

investigation, to a negative -72 index in the second year and recovered to a zero in the last year of the period of investigation. The Applicant's net profit margin decreased from 100 index points in the base year to -120 index points in the second year of the POI and recovered slightly to a -88 index points in the last year of the POI.

5. Capacity utilisation

The Applicant's production increased, resulting in an increase in capacity utilisation of 6 index points from 100 index points to 106 index points during the period of injury and it remained stagnant during the surge period from 106 index points.

6. Employment

Total employment decreased by 6 index points during the surge period while it decreased by 3 index points during the period of investigation.

The Commission considered that although the SACU industry experienced serious injury in the form of price depression, price suppression, a decline in profits, market share and cash flow, the analysis above on the impact on the Applicant indicates that there are no critical circumstances suggesting that a delay would result in a damage which would be difficult to repair that warrants the imposition of provisional measures as the Applicant's sales volumes increased by 18 index points over the POI, and production increased by 18 index points, capacity utilization improved from 100% index points to 106% index point, and employment in manufacturing increased from 100 index points to 110 index points employees.

In view of the above, the Commission found that there are no critical circumstances that justify the imposition of provisional safeguard duties.
