

DEPARTMENT OF TRADE AND INDUSTRY**NOTICE 149 OF 2016****INTERNATIONAL TRADE ADMINISTRATION COMMISSION****NOTICE OF AN INITIATION OF THE INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD AGAINST THE 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**

The International Trade Administration Commission of South Africa (the Commission) decided to proceed with an investigation for remedial action in the form of a safeguard against the 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.

Based on the information submitted, the Commission decided that the applicant submitted prima facie information to indicate:

- Events cited can be regarded as unforeseen developments that led to the increased volumes of imports;
- surge in the volumes of imports; and
- SACU industry is suffering serious injury;
- There is a causal link between the serious injury suffered by the applicant and the surge in volumes of imports.

THE APPLICANT

The application was lodged by South African Iron & Steel Institute (SAISI) an industry body, on behalf of its members producing the subject products.

DESCRIPTION OF THE SUBJECT PRODUCT UNDER 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.

DESCRIPTION OF THE LIKE OR DIRECTLY COMPETITIVE SACU PRODUCT

The SACU 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.

ALLEGATION OF SERIOUS INJURY AND CAUSAL LINK

The period of investigation for data evaluation for the purposes of determining the allegation of serious injury is 01 January 2012 to 31 December 2014 plus additional seven months information for 2012 to 2015 (01 January to 31 July).

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.

The Applicant alleged and submitted *prima facie* information indicating that it is experiencing serious injury in the form of a decline in sales volumes, output, market share, utilisation of capacity and employment for the period 1 January 2012 to 31 December 2014.

The applicant further experienced serious injury in the form of a decline in sales volumes, output, market share, and utilisation of capacity for the seven months period 1 January to 31 July (2012 – 2015).

On this basis the Commission found that *prima facie* information was submitted to indicate that the SACU industry was suffering serious injury which could be causally linked to the surge in the volumes of imports of the subject products.

UNFORESEEN DEVELOPMENTS

The Applicant submitted that a confluence of events forms the basis of the unforeseen development that supports this application. That is, ultimately the considerable oversupply of steel, and specifically the subject products, in the world today causing a surge in the volumes of imports into the SACU.

The Applicant stated that during the Uruguay Round of negotiations, South Africa did not foresee the following events:

- The unprecedented steep rate of increase in steel production capacity (including the subject products) over the ensuing two decades (more than doubled since 1994) to support growing construction and manufacturing activity, as well as to help build infrastructure, particularly in emerging economies;
- The significant market downturns in emerging (and other) economies and the resultant contraction of demand for steel that contribute to the imbalance between capacity and demand, that is, the global oversupply of steel (including the subject products);
- Record export volumes by countries with excess capacity, fuelled by excess steel supply;
- Given the global nature of the steel industry, excess capacity in one region can potentially displace production in other regions, thus harming producers in those markets. This has already led to several trade actions by major steel markets.

Recent trade measures by those countries are a result of all the above named unforeseen developments, and the fact that their markets are now protected, contracts the global demand for steel even further, exasperating the problem of increased imports into the SACU;

- The oversupply of steel (including the subject products) has led to a deterioration in the financial situation of steelmakers globally and also the SACU. The excess capacity is considered as one of the main challenges facing the global steel sector today; 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.

LEGAL FRAMEWORK

This investigation will be conducted in accordance with the International Trade Administration Act, 2002 (ITA Act) and the International Trade Administration Commission Safeguard Regulations (SGR) read with the World Trade Organization Agreement on Safeguards (the Safeguard Agreement).

Please note that if any information is considered to be confidential, a non-confidential version of the information must be submitted for the public file, simultaneously with the confidential version. In submitting a non-confidential version, the following rules are strictly applicable and parties must indicate:

- where confidential information has been omitted and the nature of such information;
- reasons for such confidentiality;
- a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information; and
- in exceptional cases, where information is not susceptible to summary, reasons must be submitted to this effect.

This rule applies to all parties and to all correspondence with and submissions to the Commission, which unless indicated to be confidential and filed together with a non-confidential version, will be placed on the public file and be made available to other interested parties.

If a party considers that any document of another party, on which that party is submitting representations, does not comply with the above rules and that such deficiency affects that party's ability to make meaningful representations, the details of the deficiency and the reasons why that party's rights are so affected must be submitted to the Commission in writing forthwith (and at the latest 14 days prior to the date on which that party's submission is due). Failure to do so timeously will seriously hamper the proper administration of the investigation, and such party will not be able to subsequently claim an inability to make meaningful representations on the basis of the failure of such other party to meet the requirements.

Subsection 33(1) of the ITA Act provides that any person claiming confidentiality of information should identify whether such information is *confidential by nature* or is *otherwise confidential* and any such claims must be supported by a written statement, in each case, setting out how the information satisfies the requirements of the claim to confidentiality. In the alternative, a sworn statement should be made, setting out reasons why it is impossible to comply with these requirements.

PROCEDURES AND TIME LIMITS

All information submitted, including non-confidential copies thereof, should be received by the Senior Manager: Trade Remedies II by no later than 20 days from the date hereof. Late submissions will not be accepted.

Interested parties are invited to submit comments on the initiation of the investigation or any information regarding this matter to the following address:

Physical address

Senior Manager: Trade Remedies II
International Trade Administration Commission
Block E – The DTI Campus
77 Meintjies Street
SUNNYSIDE
PRETORIA
SOUTH AFRICA

Postal address

Senior Manager: Trade Remedies II
Private Bag X753
PRETORIA
0001
SOUTH AFRICA

Any interested party may request an oral hearing provided that reasons are given for not relying on written submissions only. No request for an oral hearing will be considered more than 60 days from the date of this publication. The Commission may refuse an oral hearing if granting such hearing will unduly delay the finalisation of the investigation.

Parties requesting an oral hearing shall provide the Commission with a detailed agenda for, and a detailed version, including a non-confidential version, of the information to be discussed at the oral hearing at the time of the request.

Should you have any queries, please do not hesitate to contact the investigating officers, Mr Edwin Mkwana at +27 12 394 3742 or Ms Mercy Mutheiwana at 012 394 3907, or at fax number 012 394 0518.