



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

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

Certain Steel Products

The following communication, dated 23 July 2020, is being circulated at the request of the United Arab Emirates on behalf of the GCC member States.

This document is the notification of Preliminary finding of serious injury or threat thereof caused by increased imports Certain Steel Products. This is in reference to document [G/SG/N/6/ARE/3](#) - [G/SG/N/6/BHR/4](#) - [G/SG/N/6/KWT/4](#) - [G/SG/N/6/OMN/3](#) - [G/SG/N/6/QAT/3](#) - [G/SG/N/6/SAU/3](#) dated 24 October 2019.

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 preliminary determination of serious injury analysis relates the evaluation of the overall position of the GCC industry, based on the collected data during the investigation, in light of all relevant factors having a bearing on the situation of that industry, which shows a significant overall impairment and thus it illustrates 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	97.12	94.16	85.54	93.92	70.21
Capacity utilization	100	94.48	90.99	81.47	89.33	69.59
Sales volume	100	102.17	100.16	92.60	93.18	75.39
Market share of domestic sales	100	96.15	99.65	93.62	92.99	89.27
Market share of imports	100	111.75	101.06	119.49	121.41	132.80
Inventory volume	100	85.09	89.47	111.06	125.28	122.79
Employment	100	104.84	107.52	101.41	103.67	100.03
Losses	100	-166.56	-97.88	-96.48	19.70	-156.73

Based on the period of investigation referred to above, the GCC-TSAIP analyzed the rate and volume of the increase in imports and assessed the impact on GCC industry of certain steel products in the

period 2014 to the first half of 2019. According to the injury data above, there is a preliminarily sufficient evidence that the GCC industry is suffering a serious injury in the form of decline in domestic sales, market share, production, employment, and increase in inventory & losses, in conjunction with the increase of imports.

Therefore, the GCC-TSAIP made a preliminary 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 collected data on unforeseen developments and made the following determinations:

- 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 actions taken by many countries under the restrictive trade practices, whether through their trade policies or the Anti-Injurious Practices in International Trade for protecting the steel sector in their domestic industries, can be considered as unexpected developments that contributed to increasing imports and even threatening to increase imports to the GCC States market; for example, the United States of America, the European Union, Turkey, Morocco, the Arab Republic of Egypt, the countries of the Eurasian Union (Russia, Armenia, Kazakhstan and Kyrgyzstan), Canada, Australia and India. Furthermore, 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.

Therefore, GCC-TSAIP concludes, preliminarily, that the abovementioned unforeseen developments have led and will further lead to a massive increase of GCC imports of the products under investigation.

(d) Causal Link

Based on the preliminary 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, the GCC-TSAIP found that there is sufficient preliminary evidence to the existence of the causal link between the serious injury and threat of serious injury caused to the GCC industry and the increase of GCC 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)	3,774.47	4,482.14	3,834.14	4,460.59	4,591.83	4,233.26
Index	100	118.75	101.58	118.18	121.65	112.16
Imports/production ratio	100	122.27	107.88	138.15	129.53	159.75

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 reached its peak 21.65% in 2018, then continued to increase during July 2018 - June 2019 by 12.16% compared to 2014. Related to the production, the imports increased continuously and reached its peak 59.75% in last year of the period of investigation.

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

3. 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
1	Flat Hot Rolled Coils and Sheets	720827; 720837; 720838; 720839; 720851; 720853; 720854; 721113; 721114; 721119
2	Cold Rolled Flat Steel Coils and Sheets	720916; 720917; 720918; 720926; 720927; 720928; 720990; 722550
3	Metallic Coated Steel	721030; 721049; 721069; 721220; 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
6	Circular, Square, and Rectangular Sticks and Rods	721491; 721499; 722211; 722219
7	Sections	721610; 721631; 721632; 730810
8	Angles and Shapes	721621; 721650; 730120
9	Welded and Seamless Pipes and Tubes Including Items for Transporting Water, Gas and Oil	730424; 730520; 730531; 730539; 730611; 730619; 730640; 730661; 730690