

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 2916 OF 2024

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

**NOTICE OF AN INITIATION OF THE INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF 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**

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 measure against the increased imports of 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 ("corrosion resistant steel coils" or "the subject product").

Based on the information submitted, the Commission decided that the applicant submitted *prima facie* evidence to indicate that the events cited can be regarded as unforeseen developments and these unforeseen developments and the effect of the obligations incurred under the GATT 1994 led to the increased volume of imports in absolute and relative terms, the surge in the volume of imports is recent, sharp, significant, and sudden enough, the SACU industry is experiencing serious injury; and this is causally linked to the surge in imports.

**THE APPLICANT**

The application is brought by ArcelorMittal South Africa Limited ("AMSA or "the Applicant"), being the major producer of the subject product in the Southern African Customs Union ("SACU"). The application is supported by SAFAL, a manufacturer of the subject product.

A non-confidential version of the application is available for inspection at the Commission's offices.

**DESCRIPTION OF THE SUBJECT PRODUCT**

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.

**UNFORESEEN DEVELOPMENTS**

The Applicant stated that a confluence of events forms the basis of the unforeseen development that supports this application, which is, ultimately the considerable oversupply of steel, and consequently the oversupply of corrosion resistant steel coil products in the world today causing a surge in the volume of imports of the subject product into the SACU.

The Applicant stated that during the Uruguay Round negotiations in 1986-1994, South Africa did not foresee the following events:

- 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 the Applicant broke down into four main issues, namely:
  - Studies show that China did not become a fully-fledged market economy as it assured World Trade Organisation Members it would during negotiations;

- Chinese economic activity has consistently declined since 1994 and large steel producers follow aggressive export strategies, fuelled by an oversupply of steel products;
- 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
- 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.

The Commission decided that the Applicant submitted *prima facie* information indicating that events cited by the Applicant are regarded as unforeseen developments which, with the effects of the obligations incurred under GATT 1994, led to the alleged surge of imports of the subject product, as per the provisions of Article XIX of GATT 1994.

#### **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 from 01 May 2021 to 30 April 2024. Furthermore, this application contains information with regard to increased quantities of imports and the related serious injury for the surge period, being 01 May 2023 to 30 April 2024.

The injury analysis relates to information submitted by AMSA being the major producer of the subject product in the SACU.

The Applicant alleged and submitted *prima facie* evidence indicating that it is experiencing serious injury in the form of a decline in sales, output, net profit, market share and employment, during the period of surge from 01 May 2023 to 30 April 2024.

Furthermore, an analysis for the period of investigation from 01 May 2021 to 30 April 2024, indicates that the Applicant has experienced serious injury in the form of a decline in sales, output, net profit, market share, capacity utilization, productivity and employment.

On this basis, the Commission found that *prima facie* evidence was submitted to indicate that the SACU industry was experiencing serious injury which could be causally linked to the recent, sudden, serious, and significant surge in 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 I 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 I  
International Trade Administration Commission  
**Block E** – The DTI Campus  
77 Meintjies Street  
SUNNYSIDE  
PRETORIA  
SOUTH AFRICA

### Postal address

Senior Manager: Trade Remedies I  
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 a 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 Mr. Busman Makakola at email address [bmakakola@itac.org.za](mailto:bmakakola@itac.org.za) and Ms. Mosa Sebe at email address [msebe@itac.org.za](mailto:msebe@itac.org.za).