

## GENERAL NOTICES • ALGEMENE KENNISGEWINGS

### DEPARTMENT OF TRADE AND INDUSTRY

#### NOTICE 199 OF 2018

#### 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 OTHER SCREWS FULLY THREADED WITH HEXAGON HEADS MADE OF 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 other screws fully threaded with hexagon heads made of steel.

Based on the information submitted, the Commission decided that the Applicant submitted *prima facie* evidence to indicate:

- The events cited can be regarded as unforeseen developments and that 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 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 was lodged by the South African Iron and Steel Institute (SAISI) (the Applicant) on behalf of on behalf South African Fasteners Manufacturers' Association ("SAFMA") and its members CBC Fasteners (Pty) Ltd ("CBC") and Transvaal Pressed Nuts Bolts and Rivets (Pty) Ltd ("TPN"). SAISI is a non-governmental representative organization serving the collective interests of the primary steel industry in South Africa. TPN and CBC are largest producers of other screws fully threaded with hexagon heads made of steel (the subject product). Together, they represent the SACU industry.

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

#### DESCRIPTION OF THE SUBJECT PRODUCT UNDER INVESTIGATION

Other screws fully threaded with hexagon heads made of steel imported under tariff subheading 7318.15.39.

#### DESCRIPTION OF THE LIKE OR DIRECTLY COMPETITIVE SACU PRODUCT

Other screws fully threaded with hexagon heads made of steel.

#### ALLEGATION OF SERIOUS INJURY AND CAUSAL LINK

The period of investigation to determine the recent, sudden, sharp and significant increase in imports and for the evaluation of data for purposes of the determination of serious injury is 01 July 2014 to 30 June 2017.

The injury analysis relates to information submitted by CBC and TPN the largest producers of the subject product in the SACU, representing a major proportion of the SACU industry.

The Applicant alleged and submitted *prima facie* evidence indicating that it is experiencing serious injury in the form of a decline in sales volumes, output, market share, productivity, utilisation of capacity and employment for the period 01 July 2014 to 30 June 2017. The Applicant indicated that CBC and TPN also experienced net losses during the period of investigation.

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 product.

### **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 fastener, and specifically the subject product, in the world today causing a surge in the volume of imports into the SACU.

The Applicant stated that submitting information on these unforeseen developments, when reference is made to fasteners, it invariably also refers to the product concerned in this application. This is because set screws form an integral part of this industry and can be considered as the bread and butter of the fastener industry. The Applicant further stated that during the Uruguay Round negotiations in 1986-1994, South Africa did not foresee the following events:

- The unprecedented steep rate of increase in fastener production capacity after the Uruguay Round of negotiations. This mainly took place to support growing construction and manufacturing activity, as well as to help build infrastructure, particularly in emerging economies. This growth in global capacity was mainly fuelled by the growth of the Chinese and Asian fastener markets;
- The significant downturn of the fastener market as a result of the Asian financial crisis that contributed to the imbalance between capacity and demand, that is, the global oversupply of fasteners. This led to a significant increase in export volumes by countries with excess capacity; and
- This in turn led to an unprecedented increase in trade remedy actions being taken on fastener products, including set screws by a number of countries, notably the Canada and the European Union which are significant export markets for the products concerned. Given the fact that fasteners are basically a commodity product, excess capacity in one region can with relative ease displace production in other regions, thus harming producers in those markets.

The Commission decided that the Applicant submitted *prima facie* information to indicate that there were unforeseen developments and that these unforeseen developments and the effect of the obligations incurred under the GATT 1994, led to the increased volume of imports.

## 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 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 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 Zuko Ntsangani** at telephone number +27 12 394 3662 or **Ms Mosa Sebe** at telephone number + 27 394 1850 or at fax +27 12 394 0518.