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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT  
ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION  
AND THE REASONS FOR IT**

**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT  
ON SAFEGUARDS BEFORE TAKING A PROVISIONAL  
SAFEGUARD MEASURE REFERRED TO IN ARTICLE 6**

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2  
OF THE AGREEMENT ON SAFEGUARDS**

EGYPT

*(Steel Rebar)*

The following communication, dated 14 October 2014, is being circulated at the request of the Delegation of Egypt.

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The Arab Republic of Egypt, hereby wishes to notify the Committee on Safeguards pursuant to Article 12.1(a) of the Agreement on Safeguards concerning the initiation of a safeguard investigation on the imports of Steel Rebar, pursuant to Article 12.4 of the Agreement on Safeguards, before taking a provisional safeguard measure against imports of Steel Rebar; and a notification pursuant to Article 9, footnote 2 of the Agreement on Safeguards, on taking a decision not to apply the measure to products originating in developing countries.

**1 NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT ON SAFEGUARDS ON  
INITIATION OF AN INVESTIGATION AND THE REASONS FOR IT**

**1. The Date When the Investigation Was Initiated**

The investigation was initiated further to an approval of the Minister of Industry, Trade and small & medium enterprises dated 14 October 2014.

**2. The Product subject to the Investigation**

Steel Rebar. The product concerned is classified under HS tariff item numbers: 72 13 and 72 14 within the Egyptian Customs Tariff Schedule.

**3. The Reasons for Initiation of Investigation**

The investigation was initiated following an evaluation of a safeguard petition from the domestic industry and on the basis of the evidence and the information contained therein.

The investigation was initiated after examination of a properly documented safeguard petition filed by Chamber of Metallurgical Industries on behalf of "the Domestic Industry". The Domestic Industry alleged that the significant increase in imports of the product concerned has caused serious injury to the domestic industry producing the like products. There has been recent sharp

increase in imports of the product concerned either in absolute terms or relative to domestic production.

Accordingly, it was established that there was sufficient evidence in the application to justify the initiation of the investigation in order to determine whether or not the increase of imports had caused serious injury to the domestic industry.

#### **4. Further Information**

Interested parties must make themselves known to the Investigating Authority within a period of 30 days after the initiation of the investigation.

Any information, which the interested parties may wish to submit to the Investigating Authority, should be submitted in writing; and any request for a hearing should be submitted within 30 days following the initiation of the investigation.

## **2 NOTIFICATION UNDER ARTICLE 12.4 BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE**

### **1. The Product Subject to the Proposed Provisional Safeguard Measure**

The product subject to the proposed provisional safeguard measure is Steel Rebar. The product is currently classified under the HS tariff item numbers "72.13, 72.14" within the Egyptian Customs Tariff Classification.

### **2. The Proposed Provisional Safeguard Measure**

It is proposed to impose a provisional safeguard measure in the form of additional duty 7.3% of the CIF value and not less than 290 L.E/ton.

### **3. Entry into Force of the Proposed Provisional Safeguard Measure**

The provisional safeguard measure is proposed to enter into force, with the publication of the decree of the Minister of Industry, Trade and small & medium enterprises in the Egyptian Official Gazette.

### **4. The Expected Duration of the Provisional Safeguard Measure**

The provisional safeguard measure shall be applied for 200 days from the date of publication in the Egyptian Official Gazette.

### **5. The Basis for:**

**5.1. Making a preliminary determination, as provided for in Article 6 of the Agreement on Safeguards that increased imports are causing or threatening to cause serious injury as follows:**

#### **Increase in Imports**

Thousand tons					
(Base year)	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
Imports Volume/Ton	260	573	207	174	539
Index %	100	220	80	100	310
Imports volume/Domestic Production %	6	11	4	7	16
Index	100	183	66	100	229

The data currently available indicates that imports of the product concerned increased in absolute terms by 120% in 2012 when compared to 2011. And in 2013, during the application of the preventive provisionals measures 6.8% the volume of imports decreased by 20% when compared to the base year 2011. The volume of imports has increased in the first eight months of 2014 significantly by 210% when compared to the same period of the base year 2011.

The volume of imports increased in relative terms to domestic production in the same way of the increase in imports in absolute terms, by 83% in 2012, then decreased by 34% in 2013, when compared to the base year 2011, and during the first eight months of 2014 increased by large and surprising amount to 129% compared to the similar period of 2011.

### **Serious injury**

In order to make a preliminary determination of serious injury to the domestic industry producing the like or directly competitive product, an evaluation of all relevant factors on an objective and quantifiable basis having a bearing on its situation has been undertaken.

#### **(1) Domestic Sales**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in Sales Volume</b>	100	124	114	100	123

The domestic industry's sales were increased by 14% in 2013 when compared to 2011, the domestic industry sales increased by 23% in the first eight months of 2014 when compared to the same period of 2011.

#### **(2) Market Share**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in Market Share of the Domestic Industry</b>	-	4	(3)	-	(6)
<b>Change in Market Share of Imports</b>	-	4	(1)	-	6

The market share of the domestic industry fell by 3% in 2013 when compared to the year base of 2011. It decreased by 6% in the first eight months of 2014 compared with the same period of 2011. At the same time, the market share of imports increased with the same percent lost by the domestic industry. It increased by 6% in the first eight months of 2014 compared with the same period of 2011.

#### **(3) Production and Capacity Utilization**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in Production</b>	100	126	121	100	132
<b>Change in Capacity Utilization</b>	-	(5)	(8)	-	(1)

The Production increased by 21% in 2013 when compared to 2011, it increased by 32% in the first eight months of 2014 when compared to the same period of 2011.

The Capacity utilization decreased by 8% in 2013 when compared to 2011, it decreased by 1% in the first eight months of 2014 when compared to the same period of 2011.

**(4) Workers and Worker's Productivity**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in Workers</b>	<b>100</b>	<b>118</b>	<b>120</b>	<b>100</b>	<b>125</b>
<b>Change in Productivity</b>	<b>100</b>	<b>106</b>	<b>101</b>	<b>100</b>	<b>106</b>

The number of Workers increased by 20% in 2013 when compared to 2011, it increased by 25% in the first eight months of 2014 when compared to the same period of 2011.

The Worker's productivity increased by 1% in 2013 when compared to 2011, and finally increased by 6% in the first eight months of 2014 when compared to the same period of 2011

**(5) Profit and Loss**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in profit &amp; Losses</b>	<b>100</b>	<b>(151)</b>	<b>(124)</b>	<b>100</b>	<b>(212)</b>

The Domestic industry's profit decreased by 24% in 2013 when compared to 2011, the profit decreased by 112% and turn into losses in the first eight months of 2014 when compared to the same period of 2011.

**(6) Inventory**

Base year	2011	2012	2013	Jan-Aug 2011	Jan-Aug 2014
<b>Change in inventory</b>	<b>100</b>	<b>106</b>	<b>108</b>	<b>100</b>	<b>266</b>

The quantity of inventory increased by 8% in 2013 when compared to the year base 2011. It increased by a large and sharp amount to 166% during the first eight months of 2014 compared to the same period of 2011, coincided with the large, sharp and sudden increase of imports.

**CONCLUSION**

There has been a significant and sudden increase in the volume of imports of the product concerned in both absolute and relative terms during the first eight months of 2014. In spite of the increase in production and sales of the domestic industry during the same period, this was accompanied by a decrease in the industry's capacity utilisation. The increase in employment and productivity does not fit the increase in production and production capacity. Also the increase in sales of the domestic industry in that period did not lead to increase the market share of the domestic industry. The increase in sales was accompanied with a decline in the market share of the domestic industry in spite of the large increase in the size of the overall market.

**Causation**

For the foregoing reasons, the preliminary conclusion is that there is a correlation between the significant increase in imports and the serious injury suffered by the domestic industry.

**5.2 Determining the Existence of Critical Circumstances Where Delay Would Cause Damage, Which Will Be Difficult to repair**

A preliminary determination has been made that critical circumstances exist in which delay would cause damage that would be difficult to repair.

As indicated above, the serious injury suffered by the domestic industry has worsened during the the first eight months of 2014 with the ever continuing increase in the volume of imports. Given the rate of increase of imports and the situation of the domestic industry, it is considered that the delay would cause damage, which will be difficult to repair in the absence of a provisional safeguard measure.

**6. Offer of Consultations under Article 12.4**

Consistent with Article 12.4 of the Agreement on Safeguards, Egypt is prepared to consult on the provisional safeguard measure with those Members having a substantial interest as exporters of the subject products.

**3 NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2 UPON TAKING A DECISION NOT TO APPLY THE PROVISIONAL SAFEGUARD MEASURE TO CERTAIN PRODUCTS ORIGINATING IN DEVELOPING COUNTRIES**

**Developing Countries Exempted from the Safeguard Measure**

Imports from developing country Members shall not be subject to the proposed provisional safeguard measure as long as each Member's imports individually do not exceed 3% of total imports into Egypt. In addition, the share of the Members with less than 3% import share do not collectively account for more than 9% of total imports into Egypt.

**The Address of the Competent Authority for correspondence is:**

Ministry of Industry , Trade and Small & Medium Enterprises  
Trade Agreements and Foreign Trade Sector  
International Trade Policies Department (Antidumping, subsidy and safeguard body)  
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