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Committee on Safeguards

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

*BAHRAIN, KINGDOM OF; KUWAIT, THE STATE OF; OMAN, THE SULTANATE OF; QATAR, THE STATE OF;
SAUDI ARABIA, KINGDOM OF; AND UNITED ARAB EMIRATES
(COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF "GCC")*

(Flat-rolled products of iron or non-alloy steel)

The following communication, dated 9 January 2017, is being circulated at the request of The Kingdom of Saudi Arabia as President of the GCC on behalf of the GCC Member States: Bahrain, Kingdom of; Kuwait, the State of; Oman, the Sultanate of; Qatar, the State of; Saudi Arabia, Kingdom of; and United Arab Emirates.

Pursuant to Article 12.1(b) of the WTO Agreement on Safeguards, the Kingdom of Bahrain notifies the Committee on Safeguards that the GCC- Bureau of Technical Secretariat for Anti-Injurious Practices in International Trade (TSAIP) hereafter referred as "the Investigating Authority" has found a preliminary determinations of serious injury caused by increased imports on behalf of GCC member States.¹

1 THE PRODUCT SUBJECT TO THE INVESTIGATION

The products covered by the investigation include:

- a. Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated. // -Painted, varnished or coated with plastics;
- b. Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated. // -Other

These products are imported, respectively, to GCC member countries under HS Code: 721070 and 721090.

2 PROVIDE THE BASIS FOR:

Making a preliminary determination, as provided for in Article 4, that increased imports have caused serious injury.

The investigation was initiated on 9 June 2016², after receiving of a documented safeguards application filed by Universal Metal Coating Company Ltd (**UNICOIL**) pursuant to the GCC Common Law on Antidumping, Countervailing Measures and Safeguard Measures and its

¹ A copy of the preliminary report issued by GCC-TSAIP has been submitted electronically (in Arabic only). To consult this document please contact Ms. Budd (Hilary.Budd@wto.org) or Ms. Richards (Anne.Richards@wto.org) of the Rules Division.

² G/SG/N/6/BHR/1-G/SG/N/6/KWT/1-G/SG/N/6/OMN/1-G/SG/N/6/QAT/1-G/SG/N/6/SAU/1-G/SG/N/6/ARE/1.

Rules of Implementation (Amended), in which it alleged that increased imports of the subject product had caused serious injury to the domestic industry producing similar products.

The GCC-TSAIP (Investigating Authority) made a preliminary determination on the following:

(a) Unforeseen Developments

The GCC-TSAIP examined data on unforeseen developments either provided by the complainant or collected during the investigation and made the following determinations:

- The increase rate in world steel production capacity mostly driven by increase in Chinese output;
- Global Excess steel supply (including the subject products);
- Steel demand contracts in the world creating a gap between supply and demand resulting in excess steel supply;
- Economic recession occurred in China had a negative impact on the other countries' economies with excessive steel supply to switch their steel exports to GCC states market;
- The depreciation of many currencies to record low against the dollar;
- Trade remedies measures applied by many WTO members forces countries with excess capacities to export the excessive supply to the GCC states market where there are no trade measures in place;

The GCC-TSAIP therefore concluded that the increase in imports of the product under investigation occurred as a result of unforeseen developments.

(b) Increased Imports

The investigation period covers 2012 to 2015 for the purpose of determining increased imports.

(Base year 2012)	2012	2013	2014	2015
Imports Volume (ton)	193,552.27	230,613.33	305,381.85	405,809.82
Index	100	119.15	157.78	209.66
Imports/production ratio	100	110.81	197.92	264.94

The GCC-TSAIP considered as shown in the table above that the subject product is being imported into the GCC States market in such increasing quantities in absolute terms and relative to GCC production.

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.

(c) Serious Injury

The investigation period for the purposes of determining serious injury covered the period 2012 to 2015.

The preliminary determinations of a serious injury analysis relates to the information submitted by UNICOIL–Universal Metal Coating Company Limited and United Metal Coating LLC whose collective production of the GCC like product constitutes the major proportion of the total GCC production of those products and they represent the GCC industry under the requirements of Article 4.1(C) of the Agreement on Safeguards and Article 3 of the GCC Common Law on Antidumping, Countervailing Measures and Safeguard Measures and its Rules of Implementation (Amended).

(Base year 2012)	2012	2013	2014	2015
Production volume	100	107.53	79.72	79.14
Capacity production	100	100	100	100
Sales volume	100	105.84	79.35	72.62
Market share of domestic sales	100	92.95	62.63	46.74
Market share of imports	100	104.63	124.53	134.95
Inventory volume	100	84.29	32.01	231.16
Employment	100	102.21	86.72	81.18
Losses	100	(11.86-)	2.32	30.15

In light of the above, there is 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 losses, in conjunction with the increase of imports.

The GCC-TSAIP made a preliminary determination that the GCC industry is suffering serious injury.

(d) Causal Link between Increased Import and Serious Injury

Based on the preliminary determinations, The 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 caused to the GCC industry and the increase of imports of the product under investigation.

(e) Preliminary determination

The GCC-TSAIP determined the existence of:

- Massive increase of imports of the products under investigation as result of unforeseen developments;
- the serious injury to the GCC industry;
- Causal link between the serious injury and the increase in imports.

Based on the preliminary determination, the Permanent Committee made decision to continue the investigation and not to impose provisional measures.