



3 February 2025

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Page: 1/3

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**

SOUTH AFRICA

Corrosion resistant steel coil

The following communication, dated and received on 3 February 2025, is being circulated at the request of the delegation of South Africa.

Pursuant to Article 12.1(a) of the Agreement on Safeguards, South Africa hereby gives notification of the initiation of a safeguard investigation on the 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 0.45 mm, 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 0,45 mm classifiable under tariff subheadings 7225.92.25 and 7225.92.35.

1. The date when the investigation was initiated

The investigation was initially initiated on 27 December 2024. Due to an error in the domestic initiation notice, the investigation was terminated on 17 January 2025. The notice of termination by the investigating authority was published through notice No 2932 of 2025 in *Government Gazette* No 51903 on 17 January 2025. The investigation was re-initiated by notice of initiation by the investigating authority and published through notice No 2931 of 2025 in *Government Gazette* No 51903 on 17 January 2025.¹

2. The product subject to the investigation

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 0.45 mm, 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 0.45 mm classifiable under tariff subheadings 7225.92.25 and 7225.92.35 ("the subject product" or "corrosion resistant steel coil").

¹ A copy of the notice of initiation has also been submitted electronically. To consult it, please contact Ms Anne Richards of the Rules Division (anne.richards@wto.org).

3. The reasons for the initiation of investigation

(i) The application was lodged by ArcelorMittal South Africa ("AMSA"), the major producer of the subject product. The application is supported by SAFAL, the only other producer of the subject product in the Southern African Customs Union ("SACU").

The claim is that the subject product is being imported into the SACU market in such increasing quantities in absolute terms and relative to SACU production and under such conditions, to be causing serious injury to the SACU industry.

(ii) *Prima facie* information on which the investigation was initiated:

The Commission found that the applicant submitted *prima facie* information to indicate a sharp, sudden, recent and significant increase in 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 0.45 mm 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 0,45 mm imports in the 01 May 2022 to 30 April 2024 period.

Unforeseen developments and the effect of obligations incurred under the GATT 1994

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.

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, the application contains information with regard to increased quantities of imports and the related serious injury for the surge period, being 01 May 2022 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 2022 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.

4. Further information

Interested parties must make themselves known within a period of 20 days after the initiation of the investigation.

Any information that the interested parties may wish to submit in writing and any request for a hearing before the Commission that they may wish to put forward should be submitted within 20 days following the initiation of this investigation to the Directorate: Trade Remedies I at the following address: The DTI Campus, 77 Meintjies Street, Sunnyside Pretoria, Block Uuzaji, Ground Floor, tel: +27 12 394 3600, fax +27 12 394 0518.

If part of the information provided is of a confidential nature, the party concerned should give the grounds justifying confidentiality and furnish public summaries of such information, which should be as detailed as possible. In instances that a public summary cannot be provided a sworn statement must be provided stating the reasons why the information cannot be summarized. This requirement is designed to secure transparency and due access by all parties to the information relating to this investigation. If the summaries are not duly provided and in the absence of just cause, ITAC may disregard the information deemed to be confidential.
