



27 March 2018

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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 REASON FOR IT**

EUROPEAN UNION

(Certain steel products)

The following communication, dated 27 March 2018, is being circulated at the request of the Delegation of the European Union.

Pursuant to Article 12.1(a) of the WTO Agreement on Safeguards (Safeguards Agreement), the European Union notifies that a safeguard investigation has been initiated as follows:

1. Specify the date when the investigation was initiated

The European Commission (the Commission) initiated the investigation on 26 March 2018.

A copy of the Notice of Initiation of the investigation, which also includes the applicable rules of procedure, is attached.* It has been published in the *Official Journal of the European Union*.¹

If the Commission determines that the conditions to impose definitive measures are met, the Commission shall take the necessary decisions no later than nine months from the date of initiation, unless exceptional circumstances exist, in which case that time limit may be extended by a maximum period of two months. If the time limit is extended, the Commission will publish a Notice in the *Official Journal of the European Union* setting forth the duration of the extension and a summary of the reasons. Nevertheless, in case of critical circumstances, where delay would cause damage which it would be difficult to repair, the Commission may also decide to impose provisional measures pursuant to Article 6 of the Safeguards Agreement.

2. Specify the product subject to the investigation

The products subject to this investigation are certain steel products (the 'products concerned'). The products concerned, together with the CN codes within which they are currently classified, are listed in the Annex of the attached Notice Initiation. Those CN codes are given for information purposes only.

3. Provide the reasons for the initiation of the investigation

The information currently available to the Commission indicates that total imports of the products concerned, increased from 17.8 million tonnes to 29.3 million tonnes in the period 2013-2017. Imports of the products concerned increased by around 65% between 2013 and 2016. The main increases took place in 2015 and especially in 2016, when they reached 28.6 million tonnes. Imports of the products concerned have remained at a significant level thereafter. In addition,

* To consult this Notice of Initiation, please contact Ms. Budd (hilary.budd@wto.org) or Ms. Naville (delphine.naville@wto.org) of the Rules Division.

¹ OJ C 111, 26.03.2018, p. 29.

there have been sudden, recent, significant and sharp increases in imports of each of the products concerned in absolute terms. In addition, the Commission also notes that total imports of the products concerned increased in relative terms as well, i.e. from 7.3% to 11.6% in terms of production and from 12.2% to 17.6% in terms of consumption. In both instances, the increases manifested themselves during the period 2014-2016 after which imports remained at a relatively high level. The increase in imports appear to be the result of unforeseen developments such as the global overcapacity in steel making and trade measures adopted by a series of third countries during the last years in the context of that global overcapacity.

There is also sufficient evidence showing that the volume and the prices of these imports have caused or are threatening to cause significant overall impairment of the position of the Union industry. In particular, this evidence shows that imports of the products concerned have had, for some categories of products, among other consequences, a negative impact on the market shares of the Union producers. In addition, the import prices were throughout the period lower than the Union industry's sales prices. This has put significant pressure on the Union industry's sales prices resulting in a negative or a low level of profit.

For some of the products concerned, even though the financial situation appears to have improved in 2017, they are still in a fragile situation and vulnerable to a further increase in imports, which is likely to be imminent given the context of an overall steel overcapacity, the increasing number of trade defence measures taken by third countries on steel products and the recent Section 232 measures adopted by the United States of America.

The investigation will examine the situation of the products concerned, including the situation of each of the product categories individually, also based on the most recent developments, such as any trade diversion resulting from the US measures on steel products.

4. Provide a point of contact for the investigation and identify the preferred means for corresponding.

Commission address for correspondence:

European Commission
Directorate-General for Trade
Directorate H, Unit H5
Office: CHAR 03/66
1049 Bruxelles/Brussel
BELGIQUE/BELGIË

E-mail address: TRADE-SAFEGUARD-STEEL@ec.europa.eu

5. Provide the deadlines and procedures for importers, exporters and other interested parties to present evidence and their views, including (i) deadlines and procedures for Members and exporters to identify themselves as interested parties, if so required, to participate in the investigation, and (ii) the date of an intended public hearing as provided for in Article 3.1.

In order to obtain the information it deems necessary for its investigation, the Commission will send questionnaires to the known producers of the like or directly competing products and to any known associations of producers, in the Union. The completed questionnaires must reach the Commission within 21 days from the date on which they are sent.

All interested parties including exporting producers, importers and users of the products concerned and their associations are invited to make known their views in writing, submit information and to provide supporting evidence. Representations in a free format should be submitted within 21 days of the date of publication of this Notice in the Official Journal of the European Union. Interested parties may make themselves known by contacting the Commission, preferably by e-mail, immediately but no later than 15 days after the publication of this Notice in the Official Journal of the European Union, and request a questionnaire. The completed questionnaire should be submitted within 21 days from the date on which they are sent.

All interested parties may also apply to be heard by the Commission within 21 days of the date of publication of this Notice in the Official Journal of the European Union.

Any submission of views and information after the above deadlines may be disregarded.

All written submissions in the investigation should be filed with the Commission as set out in the Notice of Initiation.
