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**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**

TÜRKİYE

Wire rods products

The following communication, dated and received on 4 January 2024, is being circulated at the request of the delegation of Türkiye.

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

1 PRODUCT SUBJECT TO THE PROPOSED PROVISIONAL SAFEGUARD MEASURE

Products subject to the provisional safeguard measure are wire rods, currently classified in the Turkish Customs Tariff Schedule under the customs tariff codes 72.13 and 72.27 and are listed in Annex-I to this Notice. Those HS codes are given for information purposes only and are hereinafter referred to as "the product concerned".

2 PROPOSED PROVISIONAL SAFEGUARD MEASURE

Provisional safeguard measure is in the form of specific additional financial duty which will be implemented in the amount of "USD 175 per ton".

**3 PROPOSED DATE OF THE INTRODUCTION OF THE PROPOSED PROVISIONAL
SAFEGUARD MEASURE**

Proposed date of introduction of the provisional safeguard measure is 07/01/2024.

4 EXPECTED DURATION OF THE PROVISIONAL SAFEGUARD MEASURE

Provisional safeguard measure will be in force for 200 days.

5 PROVIDE THE BASIS FOR:

- (i) Making a preliminary determination, as provided for in Article 6, that increased imports have caused or are threatening to cause serious injury; and,**

UNFORESEEN DEVELOPMENTS

Turkish investigating authority examined the unforeseen developments those have caused sharp and significant increase in imports.

Global excess capacity of the product concerned in last decades has already been an agenda item on several international platforms. As a matter of fact, in an OECD report¹ on the issue, it is stated that the excessive capacity as one of the main challenges faced by the global steel sector.

Both the recent measures in the form of tariff increase and the trade restrictive practices of a number of countries (the United States, European Union and some developing countries) caused a change in the course of trade flow for the product concerned. These protective policies have been unforeseen developments directly affecting the amount of imports of the product concerned into Türkiye.

On the other hand, many countries, especially the European Union, the United States and Canada; have imposed a prohibition/restriction on imports from Russia due to the Ukraine-Russian war. Relatedly, Türkiye has become a target market of Russian products. Imports from Russia have been 147.5 thousand tons by increasing 78 % in the first six months of 2023 compared to the same period of previous year.

As a result, Türkiye has been an attractive market for the products concerned that are subject to increasing number of protective measures. Therefore, aforementioned unforeseen developments have triggered an increase in import of wire rods into Türkiye.

INCREASE IN IMPORTS

Based on the information from official sources, the course of absolute and relative imports for the product subject to the investigation is given below. 2019-2022 full year and 2022-2023 January-June periodic import data were used.

Total imports of the products concerned are indicated at the table below.

IMPORTS	Quantity (Tons)	Value (Thousand USD)	U.P. (USD/Tons)	Change %		
				Amount (Tons)	(Thousand USD)	U.P. (USD/Tons)
2019	424.948	283.012	666			
2020	382.460	238.763	624	-10	-16	-6
2021	565.367	472.608	836	48	98	34
2022	507.388	508.404	1.002	-10	8	20
2022 (1-6)	281.701	295.535	1.049			
2023 (1-6)	514.204	402.020	782	83	36	-25

The amount of wire rods imports, which was approximately 424.9 thousand tons in 2019, decreased by 10% in 2020 and became 382.4 thousand tons. In 2021, imports increased by 48% and reached to the level of 565.4 thousand tons. In 2022, total wire rods imports decreased to 507 thousand tons, marking a 10% decrease.

The increase in the amount of imports has especially been remarkable in the recent period of investigation. Imports increased by 83% in the first half of 2023 compared to the same period of the previous year and reached 514.2 thousand tons. In addition, the amount of imports increased by 133% in January- June period of 2023 compared to the same period of 2019.

¹ This paper was authored by Masanobu Nakamizu from the OECD Directorate for Science, Technology and Innovation (STI). It was approved and declassified by written procedure by the OECD Steel Committee on 12/04/2023 and prepared for publication by the OECD Secretariat.

On value basis, imports decreased from the level of USD 283 million in 2019 to USD 238.7 million in 2020, marking a 16% decrease. Thereafter, imports increased steadily on annual basis and reached to 508.4 million dollars in 2022, marking a 8% compared to the previous year. In the first half of 2023 imports have increased by 36% compared to the same period of the previous year and reached USD 402 million.

Referring to the ratio of imports to domestic production, the data on relative imports takes place in the table below in the form of indexed values.

Imports/Domestic production	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	91	130	127	100	279

Relative imports index pursued a fluctuating path on annual basis. Index, which was 100 in 2019 decreased to 91 in 2020, increased to 130 in 2021 and diminished to 127 in 2022. Periodical index, on the other hand, showed a sharp increase, and index, which was 100 in the first six months of 2022 increased to 279 in the same period of 2023.

It is concluded that there is a recent, sudden, sharp and significant increase in imports, both in absolute terms and relative to domestic production, on the basis of the analyses of imports of wire rods for the period of 2019-2022 and January-June period of 2023.

SERIOUS INJURY

In order to make a determination of serious injury or threat thereof to the domestic producers of the products concerned, evaluation of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry was undertaken for the investigation period January 2019-December 2022 and January-June period for the years 2022 and 2023. Figures on economic indicators of the domestic producers are based on the data submitted by applicant domestic producers and official import statistics.

General economic indicators related to the products under investigation are presented with indexed values in the tables below.

(i) Consumption

Consumption	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	110	129	115	100	97

Consumption data was calculated by consolidation of the domestic sales data of the applicant companies and import data.

Consumption index, which was 100 in 2019, increased to 129 in 2021, and then decreased to 115 in 2022. Periodic consumption showed a slight decline. Index, which was 100 in the first six months of 2022, decreased to 97 in the same period of 2023.

(ii) Production

Production	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	99	102	94	100	65

Production followed a fluctuating course throughout the period under investigation. Production index, which was 100 in 2019, decreased to 94 in 2022. The decrease in production continued in the first six months of 2023. Index, which was 100 in the first six months of 2022, decreased to 65 in the same period of 2023.

(iii) Domestic Sales

Domestic Sales	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	115	128	114	100	73

Domestic sales increased regularly between 2019 and 2021, and index increased from 100 in 2019 to 128 in 2021. However, domestic sales began to decline as of 2022 and index decreased to 114 points in 2022. Similarly, periodic domestic sales index decreased from 100 in January-June period of 2022 to 73 in the same period of 2023.

(iv) *Capacity and Capacity Utilization Rate*

Capacity and CUR	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Capacity (Index)	100	100	100	100	100	100
CUR (Index)	100	99	102	94	100	65

Production capacity for the product concerned did not change during the investigation period. Similarly, capacity utilization rate (CUR) did not show a remarkable change between 2019 and 2021. CUR index, which was 100 in 2019 decreased to 99 in 2020, and increased to 102 point in 2021. In parallel to the decrease in production in 2022, CUR index dropped to 94. In parallel to the continuing decrease in production, CUR index also showed a significant decrease in the first half of 2023 and index, which was 100 in the first half of 2022 decreased to 65 in the same period of 2023.

(v) *Stocks*

Stocks	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	260	87	90	100	95

Stocks index, which was 100 in 2019, increased significantly in 2020, reaching to 260 points. In 2021, index decreased to 87, and re-increased to 90 in 2022. Downward trend in end of stock index continued periodically, and index decreased from 100 in the first half of 2022 to 95 in the same period of 2023.

(vi) *Employment*

Employment	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	104	113	113	100	96

Employment index showed a continuous increase throughout the investigation period, except for the decline in the first six months of 2023. Employment index, which was 100 in 2019 increased to 113 in 2022. Periodical employment index, which was 100 in the first 6 months of 2022, decreased to 96 in the same period of 2023.

(vii) *Productivity*

Productivity	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	95	91	83	100	68

Productivity index showed a continuous decrease throughout the investigation period. Index, which was 100 in 2019 decreased to 95 in 2020, to 91 in 2021, and to 83 in 2022. Periodical productivity index, which was 100 in the first 6 months of 2022, decreased to 68 in the same period of 2023.

(viii) *Profitability*

Profitability	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Index	100	416	917	311	100	-9

Profitability ratio, which refers to net profit in total sales, was at its highest level in 2021 and a downward trend has prevailed after this year. Profitability index, which was 100 in 2019, increased to 416 in 2020, to 917 in 2021, and to 311 in 2022. Profitability of domestic producers showed a negative trend in the recent period. Index, which was 100 in the first 6 months of 2022, decreased to -9 in the same period of 2023, marking a negative indicator (loss) for the first time in the investigation period.

In conclusion, although certain figures with regard to domestic industry have followed a positive or a horizontal course until 2021, overall picture indicates a situation of serious injury for the domestic

industry after this year. Significant deteriorations occurred in indicators such as production, domestic sales, capacity utilization rate, employment and profitability in 2022 and these deteriorations continued in the first half of 2023. In addition, profitability ratios, which were previously positive, have recently decreased and turned into negative levels in the first 6 months of 2023.

Overall, it has been concluded that there is an absolute and relative increase in imports and that domestic producers have suffered from serious injury due to the increase in imports of the products concerned as a result of the concurrent evaluation of the course of imports for the goods under economic indicators of domestic producers and market conditions for domestic industry.

CAUSATION

Imports of the products subject to investigation followed a fluctuating course until 2022. Recently however, amount of imports increased significantly and reached to 514 thousand tons in the first half of 2023. It's considerable that the amount of imports in the first half of 2023 exceeded the amount of imports for the whole of 2022. Simultaneously with the increase in imports, in absolute terms or relative to the domestic production, significant deteriorations occurred in indicators such as production, domestic sales, employment and profitability. Capacity utilization level has decreased significantly in parallel with the deterioration in other economic indicators of domestic producers.

On the other hand, Türkiye has been an attractive market for products concerned and aforementioned unforeseen developments have triggered an increase in imports of the products concerned with low unit-prices into Türkiye. Domestic wire rods industry is evaluated to particularly be sensitive to price pressure, and it's evaluated that any further increase in imports with low prices will have a significant negative impact on the situation of domestic producers.

(ii) Determining that there are critical circumstances where delay would cause damage which it would be difficult to repair

It is concluded that there is a causal link between increased imports of the products concerned and a serious injury on domestic industry, which took effect simultaneously. Most of the recent figures of the domestic industry indicate that the products concerned are highly sensitive to any further increase of imports.

Recent figures show that domestic industry has no more margin to absorb the effects of increase in imports. In this regard, a delay in taking a measure would cause a number of domestic producers to face further deterioration in their economic activities.

6 OFFER OF CONSULTATIONS

Türkiye offers consultations on the provisional safeguard measures at any time after the measure is taken.

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

1 SPECIFY THE MEASURE

Proposed provisional safeguard measure is in the form of specific additional financial duty which will be implemented in the amount of "USD 175 per ton".

2 SPECIFY THE PRODUCTS SUBJECT TO THE MEASURE

Products subject to the proposed provisional safeguard measure are listed in Annex-I.

**3 SPECIFY THE DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED
UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS**

The developing countries which are excluded from the provisional measure as they export in quantities less than 3% of imports to Türkiye are listed below under Article 9.1 of the Agreement on Safeguards.

Islamic Republic of Afghanistan, Republic of Angola, Argentine Republic, Republic of Albania, Republic of Azerbaijan, Belize, Republic of Benin, Republic of Belarus, Kingdom of Bhutan, Plurinational State of Bolivia, Bosnia And Herzegovina, Republic of Botswana, Burkina Faso, Republic of The Union Of Myanmar, Republic of Burundi, Republic of Cabo Verde, People's Democratic Republic of Algeria, Republic of Djibouti, Cook Islands, Republic of Chad, Democratic Republic of Timor-Leste, Dominican Republic, Commonwealth of Dominica, Republic of Ecuador, Republic of Equatorial Guinea, Republic of El Salvador, State of Eritrea, The Kingdom of Eswatini, Federal Democratic Republic of Ethiopia, Republic of Fiji, Republic of Côte D'ivoire, Republic of the Philippines, State of Palestine, Gabonese Republic, The Republic of the Gambia, The Republic of Ghana, Republic of Guinea, Republic of Guinea-Bissau, Grenada, Republic of Guatemala, Republic of South Sudan, Republic of Haiti, Republic of Honduras, Republic of Iraq, Islamic Republic of Iran, Jamaica, Kingdom of Cambodia, Republic of Cameroon, Republic of Kazakhstan, Republic of Kenya, Kyrgyz Republic, Republic of Kiribati, Republic of Colombia, Union of the Comoros, Republic of the Congo, Democratic Republic of the Congo, Republic of Kosovo, Republic of Costa Rica, Democratic People's Republic of Korea, Republic of Cuba, Lao People's Democratic Republic, Kingdom of Lesotho, Republic of Liberia, State of Libya, Lebanese Republic, Republic of Madagascar, Republic of Malawi, Republic of Maldives, Republic of Mali, Republic of the Marshall Islands, Federated States of Micronesia, Mongolia, Republic of Moldova, Islamic Republic of Mauritania, Republic of Mauritius, Republic of Mozambique, Republic of Namibia, Federal Democratic Republic of Nepal, Republic of Niger, Federal Republic of Nigeria, Republic of Nicaragua, Niue, Central African Republic, Republic of Uzbekistan, Islamic Republic of Pakistan, Republic of Palau, The Independent State of Papua New Guinea, Republic of Paraguay, Republic of Peru, Republic of Rwanda, Independent State of Samoa, Democratic Republic of Sao Tome And Principe, Republic of Senegal, The Republic of Sierra Leone, Solomon Islands, Federal Republic of Somalia, Democratic Socialist Republic of Sri Lanka, Saint Lucia, Saint Vincent and the Grenadines, Republic of The Sudan, Republic of Suriname, Republic of Tajikistan, United Republic of Tanzania, Togolese Republic, Kingdom of Tonga, Tuvalu, Turkmenistan, The Republic of Uganda, Hashemite Kingdom of Jordan, Republic of Vanuatu, Bolivarian Republic of Venezuela, Republic of Yemen, Republic of Zambia, Republic of Zimbabwe.

ANNEX-I**PRODUCTS SUBJECT TO PROVISIONAL SAFEGUARD MEASURE**

Customs Tariff Statistics Position	Product Name
7213.10.00.00.00	Containing indentations, ribs, grooves or other deformations produced during the rolling process
7213.20.00.00.11	Bars and rods for manufacturing of bolts and nuts
7213.20.00.00.12	Bars and rods for manufacturing of electrodes
7213.20.00.00.13	Bars and rods for manufacturing of wire and nails
7213.20.00.00.19	Other
7213.91.10.00.00	Of a type used for concrete reinforcement
7213.91.20.00.00	Of a type used for tyre cord
7213.91.41.00.11	Bars and rods for manufacturing of bolts and nuts
7213.91.41.00.12	Bars and rods for manufacturing of electrodes
7213.91.41.00.13	Bars and rods for manufacturing of wire and nails
7213.91.41.00.19	Other
7213.91.49.00.11	Bars and rods for manufacturing of bolts and nuts
7213.91.49.00.12	Bars and rods for manufacturing of electrodes
7213.91.49.00.13	Bars and rods for manufacturing of wire and nails
7213.91.49.00.19	Other
7213.91.70.10.11	Bars and rods for manufacturing of bolts and nuts
7213.91.70.10.12	Bars and rods for manufacturing of electrodes
7213.91.70.10.13	Bars and rods for manufacturing of wire and nails
7213.91.70.10.19	Other
7213.91.70.90.00	Other
7213.91.90.00.00	Containing by weight more than 0,75 % of carbon
7213.99.10.00.11	Bars and rods for manufacturing of bolts and nuts
7213.99.10.00.13	Bars and rods for manufacturing of wire and nails
7213.99.10.00.19	Other
7213.99.90.10.11	Bars and rods for manufacturing of bolts and nuts
7213.99.90.10.13	Bars and rods for manufacturing of wire and nails
7213.99.90.10.19	Other
7213.99.90.90.00	Other
7227.10.00.00.00	Of highspeed steel
7227.20.00.00.00	Of silicomanganese steel
7227.90.10.00.00	Containing by weight 0,0008% or more of boron with any other element less than the minimum content referred to in note1f) to this chapter
7227.90.50.00.00	Containing by weight 0,9% or more but not more than 1,15% of carbon, 0,5% or more but not more than 2% of chromium and, if present, not more than 0,5% of molybdenum
7227.90.95.00.00	Other

ANNEX-II**ECONOMIC INDICATORS OF DOMESTIC PRODUCTION**

ECONOMIC INDICATORS	Unit	2019	2020	2021	2022	2022 (1-6)	2023 (1-6)
Import	Ton	424.948	382.460	565.367	507.388	281.701	514.204
Consumption	Index	100	110	129	115	100	97
Production	Index	100	99	102	94	100	65
Imports/Domestic production	Index	100	91	130	127	100	279
Market share of imports	Index	100	82	103	103	100	188
Total Import U.P.	USD/Ton	666	624	836	1.002	1.049	782
Domestic sales	Index	100	115	128	114	100	73
Overseas sales	Index	100	84	62	66	100	49
Capacity	Index	100	100	100	100	100	100
C.U.R.	Index	100	99	102	94	100	65
Stocks	Index	100	260	87	90	100	95
Employment	Index	100	104	113	113	100	96
Productivity	Index	100	95	91	83	100	68
Profitability	Index	100	416	917	311	100	-9