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Page: 1/6

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**

**NOTIFICATION OF A PROPOSAL TO  
IMPOSE A MEASURE**

KYRGYZ REPUBLIC

*(Certain flat-rolled steel products)*

The following communication, dated 21 June 2019, is being circulated at the request of the delegation of the Kyrgyz Republic.

On 7 August 2018 the Department for Internal Market Defence of the Eurasian Economic Commission (hereinafter 'the DIMD') initiated a safeguard investigation on imports of certain flat-rolled steel products into the customs territory of the Eurasian Economic Union (hereinafter 'Union') (see WTO document G/SG/N/6/KGY/7).

Pursuant to Article 12.1 (b) of the Agreement on Safeguards the Kyrgyz Republic Federation hereby notifies the Committee on Safeguards that the DIMD has made a finding of the threat of serious injury to the domestic industry caused by increased imports.

Draft report setting forth the findings and reasoned conclusions reached on all pertinent issues of fact and law and the public notice on publication of a draft report were published on 10 June 2019 on the official website of the Eurasian Economic Union:

([http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_report.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_report.pdf),  
[http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_notice\\_publication.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_notice_publication.pdf)).

**1. Provide evidence, citing relevant data and the applicable period of investigation of serious injury or threat thereof caused by increased imports.**

The DIMD has made an injury assessment for three product categories covered by the investigation, namely hot-rolled steel products, cold-rolled steel products and coated steel products named together 'certain flat-rolled steel products'. The investigation covers the period from 1 January 2015 to 30 June 2018 (hereinafter 'period of investigation').

In the case of hot-rolled steel products, the analysis of economic indicators has revealed that the Union industry was losing its market share on the Union market to foreign producers, which had a negative impact on the Union industry's prices. Indeed, the growth in costs per unit outpaced the price increase leading to a decline in the level of profitability.

It has also been found that increased imports of hot-rolled steel products into the Union market are expected to continue in the immediate future. Indeed, in addition to the risk of trade diversion posed, *inter alia*, by the measures under Section 232 of the Trade Expansion Act of 1962 adopted by the United States of America, several countries have steel capacity expansion plans while, first, demand

on certain markets is likely to decrease and, second, the ability of third markets to absorb additional exports of steel is limited due to the trade measures in place. At the same time, the Union market is attractive to suppliers of hot-rolled steel products from third countries, in particular in view of its size and prices.

Increasing volumes of imports of hot-rolled steel products will continue to take market share away from the Union industry and displace sales of the Union industry on the Union market. This will result in a decline in the levels of production by the Union industry, sales of the Union industry in the Union market and profits earned by the Union industry from such sales. In addition, if costs of production continue to increase, the price of the Union industry's hot-rolled steel products on the Union market will be prevented from increasing at a commensurate rate with costs and the level of profitability will further decline.

The DIMD has therefore concluded that the Union industry will imminently become seriously injured if no measures are taken. The DIMD has also concluded that there is a causal link between increased imports of hot-rolled steel products and the threat of serious injury to the Union industry.

The DIMD has found that cold-rolled steel products and coated steel products are not being imported in such increased quantities as to cause or threaten to cause serious injury to the Union industry.

**2. Provide information on whether there is an absolute increase in imports or an increase in imports relative to domestic production (please see also Article 2.1 for the context).**

The DIMD has analyzed import data covering the period of investigation, i.e. the period from 1 January 2015 to 30 June 2018 for each three product categories covered by the investigation, namely hot-rolled steel products, cold-rolled steel products and coated steel products. The DIMD has analyzed data for each year of the period of the investigation, as well as for the period 1 July 2017 – 30 June 2018 compared with the period 1 July 2016 - 30 June 2017.

The DIMD has not found evidence of an absolute increase in imports or an increase in imports relative to domestic production concerning cold-rolled steel products and coated steel products.

In the case of hot-rolled steel products, imports increased in absolute terms by 25.6% from 2015 to 2017 and by 25.9% in the period 1 July 2017 - 30 June 2018 compared with the period 1 July 2016 - 30 June 2017.

In relation to domestic production imports increased by 6.1% between 2015 and 2017 and by 6.5% in the period 1 July 2017 - 30 June 2018 compared with the period 1 July 2016 - 30 June 2017.

The DIMD concludes that there has been a sudden, sharp and recent increase in imports both in absolute and relative terms (to domestic production) for hot-rolled steel products.

**3. Provide the precise description of the product involved. Provide the Harmonized System numbers under which the product enters at least at a 6-digit HS level, and at a sub-national level (e.g. 8-digit HS, 9-digit HS or 10-digit HS) if practicable. (The HS codes will be provided for reference purposes only.)**

The products covered by the finding of threat of serious injury are hot-rolled steel products (hot-rolled carbon steel and other alloy steel in sheets and coils).

Hot-rolled steel products are classified under the following codes within the Common Commodity Nomenclature of Foreign Economic Activity of the Eurasian Economic Union (CN of FEA EAEU): 7208 10 000 0, 7208 25 000 0, 7208 26 000 0, 7208 27 000 0, 7208 36 000 0, 7208 37 000 0, 7208 38 000 0, 7208 39 000 0, 7208 40 000 0, 7208 51 200 1, 7208 51 200 9, 7208 51 910 0, 7208 51 980 0, 7208 52 100 0, 7208 52 910 0, 7208 52 990 0, 7208 53 100 0, 7208 53 900 0, 7208 54 000 0, 7208 90 200 0, 7208 90 800 0, 7211 13 000 0, 7211 14 000 0, 7211 19 000 0, 7225 30 100 0, 7225 30 300 0, 7225 30 900 0, 7225 40 120 1, 7225 40 120 9, 7225 40 150 1, 7225 40 150 9, 7225 40 400 0, 7225 40 600 0, 7225 40 900 0, 7226 91 200 0, 7226 91 910 0, 7226 91 990 0.

The codes of CN of FEA EAEU are given for information purposes only.

**4. If the final measure replaces a provisional measure, or if a final measure is extended, a Member is encouraged to provide a written description of any part of the imported product that will no longer be subject to the measure and the Harmonized System numbers under which it enters at least at a 6-digit level, and at a sub-national level (e.g., 8-digit, 9-digit or 10-digit level) if practicable.<sup>1</sup>**

Not applicable.

**5. Provide precise description of the proposed measure.**

The measure recommended by the DIMD is a quota on imports of hot-rolled steel products with an out-of-quota duty of 20%.

Consistent with the obligations under Article 9.1 of the Agreement on Safeguards, the measure recommended by the DIMD applies to imports from all sources, other than originating in developing and least-developed countries benefitting from the Unified System of Tariff Preferences (USTP) of the Eurasian Economic Union, except for the Republic of Korea (see the list of developing countries in Annex below).

Shares of imports from developing and least-developed countries, except for the Republic of Korea, individually do not exceed 3% and collectively do not account for more than 9%.

In order to comply with bilateral obligations under the Treaty on a Free Trade Area between Members of the Commonwealth of Independent States (CIS), Republic of Moldova, Uzbekistan and Tajikistan should also be excluded from the scope of the measure.

Since hot-rolled steel used in the production of pipes (7208 51 910 0, 7208 51 200 9 and 7225 40 400 0 of CN of FEA EAEU) accounts for 56% of imports of hot-rolled steel products for the period from 2015 to 2017, the DIMD proposes a separate amount of quota for these products.

The quota volume recommended by the DIMD is as follows:

Product concerned (CN of FEA EAEU)	Quota Volume (tones)				
	Armenia	Belarus	Kazakhstan	Kyrgyz Republic	Russian Federation
7208 10 000 0, 7208 25 000 0, 7208 26 000 0, 7208 27 000 0, 7208 36 000 0, 7208 37 000 0, 7208 38 000 0, 7208 39 000 0, 7208 40 000 0, 7208 51 200 1, 7208 51 980 0, 7208 52 100 0, 7208 52 910 0, 7208 52 990 0, 7208 53 100 0, 7208 53 900 0, 7208 54 000 0, 7208 90 200 0, 7208 90 800 0, 7211 13 000 0, 7211 14 000 0, 7211 19 000 0, 7225 30 100 0, 7225 30 300 0, 7225 30 900 0, 7225 40 120 1, 7225 40 120 9, 7225 40 150 1, 7225 40 150 9, 7225 40 600 0, 7225 40 900 0, 7226 91 200 0, 7226 91 910 0, 7226 91 990 0	9 669	89 633	4 913	2 357	334 628
7208 51 200 9, 7208 51 910 0, 7225 40 400 0	329	36 640	5 116	329	512 982

**6. Provide proposed date of introduction of the measure.**

The decision has not been taken yet.

<sup>1</sup> The HS codes will be provided for reference purposes only.

**7. Provide expected duration of the measure.**

The DIMD has recommended that the measure be in force for 1 year.

**8. For a measure with a duration of more than three years, provide the proposed date for the review (under Article 7.4) to be held not later than the mid-term of the measure, if such a date for the review has already been scheduled.**

Not applicable.

**9. If the expected duration is over one year, provide expected timetable for progressive liberalization of the measure.**

Not applicable

**10. If the notification relates only to a finding of serious injury or threat thereof, and does not relate to a decision to apply or extend a safeguard measure:**

- i. provide the deadlines for interested parties to comment or any other procedures relevant to the decision to apply the measures, and**
- ii. provide information regarding procedures for prior consultation with those Members having a substantial interest as exporters of the product concerned.**

Interested parties are invited to comment on findings and reasoned conclusions reached on all pertinent issues of fact and law set forth in a draft report published on 10 June 2019 on the official website of the Eurasian Economic Union:

[http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_report.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_report.pdf)

Comments should be submitted to the DIMD no later than 24 June 2019 as it is provided for in the public notice on publication of a draft report:

[http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_notice\\_publication.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_notice_publication.pdf)

The DIMD offers consultations with Members having a substantial interest as exporters of the product concerned. The time limit for such consultations is 24 June 2019 as it is provided for in the public notice on publication of a draft report:

[http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_notice\\_publication.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_notice_publication.pdf)

**11. If the measure is being extended, also provide:**

- i. evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy serious injury;**
- ii. reference to the WTO document that notified the initial application of the measure;**
- iii. duration of the measure from initial application till the date at which it will be extended; and,**
- iv. precise description of the measure in place prior to the date of extension (in this context, please note that the last sentence of Article 7.4 states that: "A measure extended under paragraph 2 shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized.")**

Not applicable.

**12. If the notification relates to a decision to apply or extend a safeguard measure, Members are encouraged to provide the following information:**

- i. The major exporting Members of imports of the product involved.
- ii. **If there are any exporting Members to which the measure does not apply for any reason other than the application of Article 9.1, the names of such exporting Members and reasons for non-application of the measure.**

Not applicable

**13. Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority.**

**This document may be in the original language of the Member, even when the language is not one of the official languages of the WTO. The document will neither be translated nor circulated to the Committee, but will be made available by the Secretariat to Members requesting it.**

Draft report setting forth the findings and reasoned conclusions reached on all pertinent issues of fact and law was published on 10 June 2019 on the official website of the Eurasian Economic Union ([http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10\\_report.pdf](http://eec.eaeunion.org/ru/act/trade/podm/investigations/PublicDocuments/SG10_report.pdf)).

**ANNEX****List of developing and least-developed countries, Members of WTO**

Afghanistan	Liberia
Albania	Madagascar
Angola	Malawi
Antigua and Barbuda	Malaysia
Argentina	Maldives
Bahrain	Mali
Bangladesh	Mauritania
Barbados	Mauritius
Belize	Mexico
Benin	Mongolia
Bolivarian Republic of Venezuela	Montenegro
Botswana	Morocco
Brazil	Mozambique
Brunei Darussalam	Myanmar
Burkina Faso	Namibia
Burundi	Nepal
Cabo Verde	Nicaragua
Cambodia	Niger
Cameroon	Nigeria
Central African Republic	North Macedonia
Chad	Oman
Chile	Pakistan
China	Panama
Colombia	Papua New Guinea
Congo	Paraguay
Costa Rica	Peru
Côte D'Ivoire	Philippines
Croatia	Plurinational State of Bolivia
Cuba	Qatar
Democratic Republic of the Congo	Rwanda
Djibouti	Saint Kitts and Nevis
Dominica	Saint Lucia
Dominican Republic	Saint Vincent and the Grenadines
Ecuador	Samoa
Egypt	Senegal
El Salvador	Seychelles
Eswatini	Sierra Leone
Fiji	Singapore
Gabon	Solomon Islands
Gambia	South Africa
Ghana	Sri Lanka
Grenada	Suriname
Guatemala	Tanzania
Guinea	Thailand
Guinea-Bissau	The State of Kuwait
Guyana	Togo
Haiti	Tonga
Honduras	Trinidad and Tobago
Hong Kong, China	Tunisia
India	Turkey
Indonesia	Uganda
Jamaica	United Arab Emirates
Jordan	Uruguay
Kenya	Vanuatu
Kingdom of Saudi Arabia	Viet Nam
Lao People's Democratic Republic	Yemen
Lesotho	Zambia
	Zimbabwe