



21 April 2017

(17-2198)

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Committee on Safeguards

Original: English

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

**NOTIFICATION PURSUANT TO ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS**

MALAYSIA

(Steel Concrete Reinforcing Bars)

The following communication, dated 18 April 2017, is being circulated at the request of the delegation of Malaysia.

(In continuation to document G/SG/N/7/MYS/2-G/SG/N/11/MYS/2 dated 29 September 2016)

Pursuant to Articles 12.1(b) and 12.1(c) and Article 9, footnote 2, of the Agreement on Safeguards, Malaysia, hereby notifies the Committee on Safeguards that a decision to apply a definitive safeguard measures on steel concrete reinforcing bars ("the Decision") from various countries has been made.

Consistent with Article 12.2 of the Agreement on Safeguards, this notification contains all pertinent information relating to the Decision.

1 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

During the Period of Investigation (POI) commencing from 1 October 2012 to 30 September 2015, import volume of the Products under Investigation (PUI) into Malaysia has shown an increasing trend both in absolute and relative terms as shown in table below:

a. Increased imports in absolute term

Description	Year 1	Year 2	POID
Total Import Volume (Indexed)	100	231	520
% of increased imports (year-on-year)	-	131%	125%
% of increase imports (Year 1 to POID)		420%	

b. Increased imports relative to domestic production

Description	Year 1	Year 2	POID
Imports relative to production	100	232	515

2 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

An evaluation of the overall position of the Domestic Industry, in the light of relevant factors being considered, shows a significant overall impairment. It was thus concluded in the Decision that the Domestic Industry has suffered serious injury in the following factors:

a. Market Share

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Imports	100	214	400
Domestic Industry	100	93	76
Other Domestic Producers	100	88	80
Total Domestic Consumption	100	110	131

The Domestic Industry's market share decreased by 7 points in Year 2 and continued to shrink by another 17 points in POID. As opposed to the continuously decreasing market share of the Domestic Industry, the imports market share increased by 114 points from Year 1 to Year 2 and by 186 points from Year 2 to POID.

b. Sales

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Domestic Sales Volume	100	103	101
Domestic Sales Revenue	100	99	86

Despite the increase in sales volume, the Domestic Industry's sales revenue continually declines. Overall, domestic sales revenue decreased by 1 point from Year 1 to Year 2 and continues to shrink by another 13 points from Year 2 to POID.

c. Profitability

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Operating Profit/ (Loss) of Domestic Operation	100	136	(121)

Operating profit increased by 36 points from Year 1 to Year 2 but decreased by 257 points from Year 2 to POID. The Domestic Industry was seriously injured in terms of profitability.

d. Cash Flow

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Net cash provided by operating activities	100	195	(120)

There was positive cash flow in Year 1 which further increased in Year 2. However, during POID, the Domestic Industry recorded a negative cash flow by 315 points. The Domestic Industry was seriously injured in terms of cash flow.

e. Employment and Wages

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Total Personnel for PUI	100	92	88
Total Labour Cost	100	90	88

The Domestic Industry's trend of employment and wages showed gradual decrease during the POI. The Domestic Industry was seriously injured in terms of Employment and Wages.

3 PRECISE DESCRIPTION OF THE PRODUCT CONCERNED

The PUI comprises of hot-rolled steel bars containing indentations, ribs, grooves or other deformation classified under the following HS/AHTN codes:

7214.10.11 00, 7214.10.19 00, 7214.10.21 00, 7214.10.29 00, 7214.20.31 00, 7214.20.39 00, 7214.20.41 00, 7214.20.49 00, 7214.20.51 00, 7214.20.59 00, 7214.20.61 00, 7214.20.69 00, 7214.30.10 00, 7214.30.90 00, 7214.99.11 00, 7214.99.19 00, 7214.99.91 00, 7214.99.92 00, 7214.99.93 00, 7214.99.99 00, 7228.10.10 00, 7228.10.90 00, 7228.20.11 00, 7228.20.19 00, 7228.20.91 00, 7228.20.99 00, 7228.30.10 00, 7228.30.90 00, 7228.40.10 00, 7228.40.90 00, 7228.50.10 00, 7228.50.90 00, 7228.60.10 00, 7228.60.90 00, 7228.80.11 00, 7228.80.19 00 and 7228.80.90 00

4 PRECISE DESCRIPTION OF THE PROPOSED MEASURE

The Ministry of International Trade and Industry, Malaysia, being the competent authority, has recommended imposing safeguard duties for a period of three years beginning 14 April 2017 to 13 April 2020. In accordance with the Safeguards Act 2006 [Act 657], Malaysia's obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, the safeguard duties shall be progressively liberalised as follows:

Period	Definitive Safeguard Duties (%)
14 April 2017-13 April 2018	13.42
14 April 2018-13 April 2019	12.27
14 April 2019-13 April 2020	11.10

The imposition of this safeguard duty is applicable to the People's Republic of China which imports exceeded 3% individually.