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

MALAYSIA

(Steel Wire Rods & Deformed Bar in Coils)

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/3-G/SG/N/11/MYS/3 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 wire rods & deformed bar in coils ("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 (MT)	786,608	1,069,630	1,316,350
% of increased imports (year-on-year)	-	35.98%	23.07%
% of increase imports (Year 1 to POID)	67.35%		

b. Increased imports relative to domestic production

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Imports relative to production	100	147	350

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	125	168
Domestic Industry	100	77	39
Total Domestic Consumption	100	109	99

Domestic industry's market share decreased by 23 points from Year 1 to Year 2 and continued to shrink by another 38 points in POID. As opposed to the continuously decreasing market share of the Domestic Industry, the import's market share increased by 25 points and 43 points in Year 2 and POID respectively.

b. Sales

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Domestic Sales Volume	100	84	38
Domestic Sales Revenue	100	84	34

Sales volume decreased by 16 points from Year 1 to Year 2 and continued to shrink by 46 points in POID. The domestic sales revenue also decreased by 16 points from Year 1 to Year 2 and continued to shrink by another 50 points in POID. The decline in sales revenue is consistent with the decline in sales volume.

c. Production and Capacity Utilisation

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Production capacity	100	100	100
Actual production	100	87	39

Production capacity has remained the same during the POI. However actual production decreased by 13 points from Year 1 to Year 2 and continued to shrink by another 48 points in POID.

d. Profitability

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Operating loss of Domestic Operation	(100)	(25)	(68)

Operating losses improved by 75 points from year 1 to Year 2 but detracted by 43 points from Year 2 to POID. The Domestic Industry was seriously injured in terms of profitability.

e. Cash Flow

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Net cash provided by operating activities	(100)	(21)	(68)

Domestic Industry recorded a negative cash flow throughout the POI and was seriously injured in terms of cash flow.

f. Employment and Wages

Description	Year 1 (Indexed)	Year 2 (Indexed)	POID (Indexed)
Total Personnel for PUI	100	87	73
Total Labour Cost	100	95	62

The trend of employment and wages showed gradual decrease over the POI.

3 PRECISE DESCRIPTION OF THE PRODUCT CONCERNED

The PUI comprises of steel wire rods in hot rolled alloy or non-alloy and deformed bar in coils, in regular or irregular wound coils, excluding-

- (a) steel wire rods and deformed bar in coils with carbon content of 0.60% or more or diameter greater than 16.0 millimetres, and
- (b) products imported for the end-usage purposes of automotive, electrical and electronic, oil and gas industries of all grades and specifications and;
- (c) deformed bar in coils, in regular or irregular wound coils products imported for the end-usage purposes of earthquake proof construction industries of all grades and specifications

classified under the Harmonised System Code (H.S. Code) and ASEAN Harmonized Tariff Nomenclature (AHTN):

7213.10 1000, 7213.91 1000, 7213.91 2000, 7213.91 9000, 7213.99 1000, 7213.99 2000, 7213.99 9000 and 7227.90 0000

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 15 April 2017 to 14 April 2020. In accordance with the Safeguard 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 liberalized as follows:

Period	Definitive Safeguard Duties (%)
15 April 2017-14 April 2018	13.90
15 April 2018-14 April 2019	12.90
15 April 2019-14 April 2020	11.90

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