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Committee on Safeguards

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

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

THAILAND

*Supplement*

*(Non Alloy Hot Rolled Steel Flat Products in Coils and Not in Coils)*

The following communication, dated 19 June 2017, is being circulated at the request of the Delegation of Thailand.

With reference to Thailand's notification on the initiation of a review pursuant to Article 7.2 of the Agreement on Safeguards regarding the extension of the safeguard measure (WTO Document G/SG/N/6/THA/4/Suppl.1-G/SG/N/14/THA/3) dated 21 October 2016 and the proposal to extend a measure under Article 12.1(b) of the Agreement on Safeguards (WTO Document G/SG/N/8/THA/3/Suppl.1-G/SG/N/10/THA/3/Suppl.1) dated 19 April 2017, Thailand hereby provides notification to the Committee on Safeguards pursuant to Article 12.1(c) and Article 9, footnote 2 of the Agreement on Safeguards, on its decision to extend a safeguard measure that is being applied against imports of non alloy hot rolled steel flat products in coils and not in coils.

Consistent with Article 12.2 of the Agreement on Safeguards, this notification contains all pertinent information relating to the decision to extend the safeguard measure on product concerned.

**1 THE SAFEGUARD MEASURE CONTINUES TO BE NECESSARY TO PREVENT OR REMEDY  
SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS AND THERE IS  
EVIDENCE THAT THE INDUSTRY CONCERNED IS ADJUSTING**

**a. Basic industry indicators**

Item	2012	2013	2014	2015	2014 (Jan.-Jun.)	2015 (Jan.-Jun.)	2016 (Jan.-Jun.)
Sales (MT)*	100	92.40	86.90	80.40	100	98.30	84.81
Market share (%)	91	74	94	98	92	98	98
Import Share (%)	9	26	6	2	8	2	2
Consumption (MT)*	100	114.00	84.17	75.23	100	92.29	79.85
Production (MT)*	100	98.89	92.89	78.96	100	92.89	92.47
Capacity Utilization (%)	36	36	34	29	33	31	31
Productivity (%)	96	97	98	97	98	97	97
Profit/Loss (million baht)	(7,731)	(3,559)	(2,690)	(6,449)	(941)	(2,747)	185
Employment (number)*	100	96.68	102.42	101.57	100	105.42	105.13

\* Index: Year 2012 = 100, 2014 (Jan.-Jun.) = 100.

In year 2013, Imports of product concerned dramatically increased inflicted serious injury on the domestic industry. Notably the market share of the domestic industry dropped from 91% in year 2012 to 74% in year 2013 while the import share jumped to 26% in year 2013.

In year 2013, the sale volume decreased, on the other hand the consumption increased meaning the import of product concerned replaced to the domestic product. After the imposition of safeguard measure in 2014-2015, the import of product concerned were decreased. Therefore, the domestic industry was able to regain market share in 2014 and 2015 which resulted in a reduction of losses in 2014.

However, from January to June 2016, the import share and the market share of product concerned remained the same as January to June 2015. Although the domestic industry turn to get the profit compared with the same period in 2015, showing the better situation of domestic industry since 2012.

The authorities also considered factors other than increased imports that might be causing serious injury of domestic industry including the decrease of domestic demand caused by the effect of the global economic slowdown, management ability of the domestic industry, productivity of domestic industry, investment in SSI UK of Sahaviriya Steel Industry PCL., etc., by analysing each injurious indicator that may be affected by these factors. The authorities analysed those injurious effect so that any injury caused by these factors was not attributed to the flux of imports.

In fact, the domestic industry currently has 7.9 million tons total production capacity which is more than enough to meet the domestic demand. Moreover, it maintains productivity (output/input) approximately at the 96% - 98% level. Therefore, the lack of capability to supply the domestic demand is not the reason for the need of importation. In addition, the product concerned which had received special exemption i.e. for the production of spiral pipe products; import for export, i.e., imports of products that are intended to be manufactured, further processed or incorporated into a finished product that will be exported from Thailand under the Industrial Estate Authority of Thailand Act; or, the Investment Promotion Act; or, the Customs Act. and as special grade steels granted to certain importers already precluded from this analysis.

In view of the clearly established coincidence in time between, on the one hand, increase of market share, on the other hand, the domestic industry's decreasing profitability, it is concluded that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increased imports.

#### **b. Condition of imports**

As imports maintain at 2% from Jan.-Jun. 2015 to Jan.-Jun. 2016, the domestic industry got the first profit since 2013. However the domestic industry still need more time to adjust with the import product.

	2012	2013	2014	2015	2014 (Jan.-Jun.)	2015 (Jan.-Jun.)	2016 (Jan.-Jun.)
Import Share (%)	9	26	6	2	8	2	2
Profit/Loss (million baht)	(7,731)	(3,559)	(2,690)	(6,449)	(941)	(2,747)	185

#### **c. Evidence that the industry concerned is adjusting**

The Committee on Safeguard Measure of Thailand appointed the working group of steel industry experts to closely monitor the adjustment plan in phase I and evaluated the achievement of the domestic industry. This working group will also monitor the adjustment plan in phase II.

##### 1. Initial Adjustment Plan for 2014 – 2016 (Phase I)

Since June 2014 until December 2016 when the safeguard measure was in force, the domestic industry exercised several programs aiming at the overall cost reduction, product development and production efficiency in order to increase its competitiveness. The programs included:

- a. Increase production efficiency including new machine installation, for expand the market and support the wider customers' expectation;
- b. Cost reduction programs: the domestic industry has planed 3 cost reduction programs i.e. the electricity reduction, the factories' energy reduction, the maintenance and idle time reduction programs;
- c. Product development and product value-added: the domestic industry has developed their product quality e.g. developing high tensile and increased a thickness. At this stage, the domestic industry aim to support the wider customers' expectation.

## 2. Adjustment Plan for 2017 – 2019 (Phase II)

After the huge investment in Phase I and several programs being underway, this second phase involves the continuous implementation of the programs in Phase I by lowering the production cost, increasing production efficiency, development of new product standards and grades to meet wider customers' expectation, improving the competency of human resources especially in production control and improving customer satisfaction.

In sum, Phase II of the adjustment plan, which is the continuation of Phase I plan, involves a lot of investment by the domestic industry which will result in cost reduction of almost the same level but which will improve the overall competency of the domestic industry.

### **d. Public interests**

During the course of the investigation, concern has been expressed that measure was against the public interest in that the safeguard measure will increase cost of production of the down steam productions. As a result, those products would not be able to compete with low price finished products from the exporting countries.

In this respect, the authorities conclude that it is in the long term public interest to extend the temporary protection to allow the industry to complete the adjustment process and regain competitiveness so as to provide the consumer with a variety of quality products at a reasonable price.

## **2 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION**

See points 1.a and 1.b above.

## **3 PRECISE DESCRIPTION OF THE PRODUCTS CONCERNED**

The products concerned are non alloy hot rolled steel flat products in coils and not in coils, of a thickness of 0.9 – 50.0 mm. and a width of 600.0 – 3,048.0 mm. The products concerned are currently classified under the Thai Customs Tariff Code at 26 subheadings: 7208.36.00.031, 7208.36.00.032, 7208.36.00.033, 7208.36.00.090, 7208.37.00.041, 7208.37.00.042, 7208.37.00.043, 7208.37.00.090, 7208.38.00.041, 7208.38.00.042, 7208.38.00.043, 7208.38.00.090, 7208.39.90.041, 7208.39.90.042, 7208.39.90.043, 7208.39.90.090, 7208.51.00.090, 7208.52.00.090, 7208.53.00.011, 7208.53.00.012, 7208.53.00.013, 7208.53.00.090, 7208.54.90.011, 7208.54.90.012, 7208.54.90.013, 7208.54.90.090, originating in or exported from various countries.

## **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**

Not applicable.

## **5 PRECISE DESCRIPTION OF THE EXTENDED MEASURE**

It was concluded that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increase imports while the domestic industry is adjusting.

The extended safeguard measure would be applied in the form of a tariff increase for three years starting from 7 June 2017 until 6 June 2020.

In accordance with the relevant provisions of the Thai Safeguard Measures on Increased Imports Act B.E.2550 (2007), which refer to Thailand's obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, the Committee on Safeguard Measures of Thailand has decided to impose a safeguard duty which continues to be progressively liberalized during the period of its validity as follows:

<b>Extended Duration</b>	<b>Extended Safeguard Duty</b>
7 June 2017 – 6 June 2018	21.00% of C.I.F. price
7 June 2018 – 6 June 2019	20.87% of C.I.F. price
7 June 2019 – 6 June 2020	20.74% of C.I.F. price

The measure will not be applied against the products concerned originating in or exported from any developing country as long as its share of imports of the products concerned into Thailand does not exceed 3%. In this regard, as the list of developing countries whose share of imports of the products concerned into Thailand does not exceed 3% has remained unchanged since the last WTO notification under Article 9 footnote 2 (WTO Document G/SG/N/8/THA/3-G/SG/N/10/THA/3-G/SG/N/11/THA/4 dated 15 January 2015), the list of developing countries excluded from the measure remains the same and is attached in the Annex below.

In addition, the exemption from the imposition of the extended safeguard measures will be granted to certain importers importing the products concerned into Thailand for special grade steels; for the production of spiral pipe products; and import for export, i.e., imports of products that are intended to be manufactured, further processed or incorporated into a finished product that will be exported from Thailand under the Industrial Estate Authority of Thailand Act; or, the Investment Promotion Act; or, the Customs Act.

## **6 PROPOSED DATE OF INTRODUCTION OF THE MEASURE**

The measure is expected to come into effect on 7 June 2017.

## **7 EXPECTED DURATION OF THE MEASURE**

The measure would be effective from 7 June 2017 until 6 June 2020.

## **8 PROPOSED DATE FOR THE REVIEW**

Not applicable.

## **9 INFORMATION RELATED TO THE EXTENSION OF A SAFEGUARD MEASURE**

(i) Evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy serious injury is provided under 1 a) and c) as mentioned above.

(ii) Reference to the WTO document that notified the initial application of the measure

- Initiation of the original investigation, G/SG/N/6/THA/4 (3 February 2014)
- Imposition of provisional measures, G/SG/N/7/THA/3/Suppl.1-G/SG/N/11/THA/3/Suppl.1 (25 September 2014)
- Imposition of definitive measure, G/SG/N/8/THA/3-G/SG/N/10/THA/3-G/SG/N/11/THA/4 (15 January 2015)

- Notifications under Article 9 footnote 2, G/SG/N/7/THA/3-G/SG/N/11/THA/3 (28 May 2014), G/SG/N/7/THA/3/Suppl.1-G/SG/N/11/THA/3/Suppl.1 (25 September 2014) and G/SG/N/8/THA/3-G/SG/N/10/THA/3-G/SG/N/11/THA/4 (15 January 2015)

(iii) Duration of the measure from initial application till the date at which it will be extended;

7 June 2014 (provisional measure) - 6 June 2020.

(iv) Precise description of the measure in place prior to the date of extension

Duty of 21.13% of C.I.F. price during 7 June 2016 - 6 June 2017.

## **10 INFORMATION RELATING TO EXPORTING MEMBERS**

- a) The main exporting countries to Thailand are the Republic of India, the Russian Federation and the Republic of Korea.
- b) There are no exporting Members to which the measure does not apply for any reason other than the application of Article 9.1.

## **11 PUBLIC HEARING AND PRIOR CONSULTATION WITH THOSE MEMBERS HAVING A SUBSTANTIAL INTEREST AS EXPORTERS OF THE PRODUCT CONCERNED.**

The public hearing was held on 24 April 2017 at the Department of Foreign Trade (DFT), Ministry of Commerce of Thailand and the prior consultations were held on 21 April 2017 at the DFT. However, only the Ministry of Economy of Republic of Turkey requested a time slot for prior consultation with DFT.

## **12 FURTHER INFORMATION**

The Committee on Safeguard Measure of Thailand's notification on the extension of safeguard measure was published in the Royal Thai Government Gazette on 6 June 2017.

**ANNEX**

**LIST OF DEVELOPING COUNTRIES AND SEPARATE CUSTOMS TERRITORIES EXCLUDED FROM THE IMPOSITION OF EXTENDED SAFEGUARD MEASURE ON NON ALLOY HOT ROLLED STEEL FLAT PRODUCTS IN COILS AND NOT IN COILS**

<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>	<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>
1	The Republic of Burundi	31	The Kingdom of Morocco
2	The Union of the Comoros	32	The Republic of Sudan
3	The Republic of Djibouti	33	The Republic of Tunisia
4	The State of Eritrea	34	Western Sahara
5	The Federal Democratic Republic of Ethiopia	35	The Republic of Botswana
6	The Republic of Kenya	36	Kingdom of Lesotho
7	The Republic of Madagascar	37	The Republic of Namibia
8	The Republic of Malawi	38	The Republic of South Africa
9	The Republic of Mauritius	39	Kingdom of Swaziland
10	The Republic of Mozambique	40	The Republic of Benin
11	The Republic of Rwanda	41	Burkina Faso
12	The Republic of Seychelles	42	The Republic of Cape Verde
13	Somalia	43	The Republic of Cote d'Ivoire
14	Republic of South Sudan	44	The Republic of Gambia
15	The Republic of Uganda	45	The Republic of Ghana
16	The United Republic of Tanzania	46	The Republic of Guinea
17	The Republic of Zambia	47	The Republic of Guinea-Bissau
18	The Republic of Zimbabwe	48	The Republic of Liberia
19	The Republic of Angola	49	The Republic of Mali
20	The Republic of Cameroon	50	Islamic Republic of Mauritania
21	Central African Republic	51	The Republic of Niger
22	The Republic of Chad	52	Federal Republic of Nigeria
23	The Republic of the Congo	53	Saint Helena
24	The Democratic Republic of the Congo	54	The Republic of Senegal
25	Republic of Equatorial Guinea	55	The Republic of Sierra Leone
26	The Republic of Gabon	56	The Republic of Togo
27	The Democratic Republic of Sao Tome & Principe	57	The Republic of Cuba
28	The People's Democratic Republic of Algeria	58	Dominican Republic
29	The Arab Republic of Egypt	59	The Republic of Haiti
30	The Great Socialist Peoples Libyan Arab Jamahiriya	60	Jamaica

<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>	<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>
61	Anguilla	91	The Republic of Ecuador
62	Antigua & Barbuda	92	Falkland Islands(Malvinas)
63	Aruba	93	The Cooperative Republic of Guyana
64	Bahamas	94	The Republic of Paraguay
65	Barbados	95	The Republic of Peru
66	Bonaire, Sint Eustatius and Saba	96	The Republic of Suriname
67	British Virgin Islands	97	The Republic of Uruguay
68	Cayman Islands	98	The Bolivarian Republic of Venezuela
69	Curacao	99	The People's Republic of China
70	The Commonwealth of Dominica	100	The Democratic People's Republic of Korea
71	Grenada	101	China, Hong Kong SAR
72	Montserrat	102	Macao
73	The Federation of Saint Kitts & Nevis	103	Mongolia
74	Saint Lucia	104	The Islamic Republic of Afghanistan
75	Saint Vincent & the Grenadines	105	The People's Republic of Bangladesh
76	Sint Maarten	106	The Kingdom of Bhutan
77	Trinidad and Tobago	107	The Islamic Republic of Iran
78	Turks and Caicos Islands	108	The Republic of Maldives
79	Belize	109	The Democratic Republic of Nepal
80	The Republic of Costa Rica	110	The Islamic Republic of Pakistan
81	The Republic of El Salvador	111	The Democratic Socialist Republic of Sri Lanka
82	The Republic of Guatemala	112	Negara Brunei Darussalam
83	The Republic of Honduras	113	The Kingdom of Cambodia
84	The United Mexican States	114	The Republic of Indonesia
85	The Republic of Nicaragua	115	The Lao People's Democratic Republic
86	The Republic of Panama	116	Malaysia
87	The Republic of Argentina	117	The Republic of the Union of Myanmar
88	The Plurinational State of Bolivia	118	The Republic of the Philippines
89	The Republic of Chile	119	Republic of Singapore
90	The Republic of Colombia	120	The Democratic Republic of Timor-Leste

<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>	<b>No.</b>	<b>Developing Countries exempted from the Imposition of Safeguard Measure</b>
121	The Socialist Republic of Vietnam	151	The Kingdom of Tonga
122	The Kingdom of Bahrain	152	Tuvalu
123	The Republic of Iraq	153	The Republic of Vanuatu
124	Hashemite Kingdom of Jordan	154	Wallis & Futuna Island
125	The State of Kuwait	155	The Republic of Albania
126	The Republic of Lebanon	156	The Republic of Armenia
127	The Sultanate of Oman	157	The Republic of Azerbaijan
128	The State of Qatar	158	The Republic of Belarus
129	The Kingdom of Saudi Arabia	159	Bosnia & Herzegovina
130	State of Palestine	160	Republic of Croatia
131	The Syrian Arab Republic	161	Georgia
132	The United Arab Emirates	162	The Republic of Kazakhstan
133	The Republic of Yemen	163	The Kyrgyz Republic
134	American Samoa	164	Montenegro
135	Cook Islands	165	The Republic of Moldova
136	The Republic of Fiji	166	The Republic of Serbia
137	French Polynesia	167	The Republic of Tajikistan
138	Guam	168	Socialist Federal Republic of Yugoslavia
139	Republic of Kiribati	169	Turkmenistan
140	The Republic of the Marshall Islands	170	Ukraine
141	The Federated States of Micronesia	171	The Republic of Uzbekistan
142	The Republic of Nauru		
143	New Caledonia		
144	Niue		
145	Northern Mariana Islands		
146	The Republic of Palau		
147	Papua New Guinea		
148	Independent State of Samoa		
149	Solomon Islands		
150	Tokelau		