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Committee on Safeguards

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

**NOTIFICATION, UNDER ARTICLE 12.1(C) OF THE AGREEMENT ON SAFEGUARDS,  
OF THE DECISION TO APPLY A SAFEGUARD MEASURE**

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

TUNISIA

*Wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs*

The following communication, dated and received on 21 December 2023, is being circulated at the request of the delegation of Tunisia.

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Pursuant to the safeguard investigation on imports of wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs, and in accordance with Article 12.1(b) and 12.1(c) of the Agreement on Safeguards, Tunisia hereby notifies a finding of serious injury to the domestic industry producing the product concerned, and the definitive safeguard measure proposed. This notification contains all pertinent information in respect of the proposed safeguard measure, in accordance with Article 12.2 of the Agreement on Safeguards, and an offer to hold consultations with Members having a substantial interest as exporters of the product concerned, in accordance with Article 12.3 of the Agreement.

The investigation was initiated on 9 July 2022 pursuant to the cited article (date of publication of the notice of initiation in Official Journal of the Tunisian Republic (JORT) No. 80 of 19 July 2022). [G/SG/N/6/TUN/7](#).

Based on the data gathered over the course of the investigation period and taking into account the observations of the parties participating in the investigation, a final report of the investigation has been prepared in order to determine whether the necessary conditions exist for the introduction of safeguard measures in favour of the sector producing wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs.

## **1 DETERMINATION OF THE DOMESTIC INDUSTRY**

In the context of this investigation, the domestic industry producing wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs is represented by Maklada SA as the only domestic producer of this product. The company filed a petition in accordance with the provisions of Law No. 98-106 of 18 December 1998 on safeguard measures in respect of imports, which requires the Minister responsible for trade to initiate an investigation in the area of safeguard measures in respect of imports.

## **2 PRODUCT CONCERNED BY THE INVESTIGATION AND LIKE PRODUCTS MANUFACTURED LOCALLY**

The product concerned is wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs falling under the following tariff codes:

- 72171050002: Wire of iron or non-alloy steel, not coated, for use in the manufacture of furniture screws, with an average carbon content of between 0.25% and 0.6%.
- 72171090100: Wire of iron or non-alloy steel, not coated, for use in the manufacture of furniture screws, with an average carbon content of more than 0.6%.

## **3 MASSIVE IMPORTS OF THE PRODUCT CONCERNED**

On the basis of the statistical data on imports of the product concerned, the investigation team found that:

- The volume of imports of the product concerned rose from 1,274 tonnes in 2017 to around 4,728 tonnes in 2021, an increase of 271% during the period of investigation.
- The market share of the imported product grew from 27.5% in 2017 to 64% in 2022.

## **4 UNFORESEEN DEVELOPMENTS IN IMPORTS**

The Investigating Authority concluded that the increase in the volume of imports of wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs was the result of unforeseen developments caused by a combination of factors.

The most significant of these factors is the unprecedented growth in iron and steel production capacity worldwide, a trend that has intensified despite the many protectionist measures adopted by most countries. The rise in global production of these materials is mainly due to government support measures that have helped to reduce production costs and encourage investment in the sector, thereby increasing surplus production capacity around the world. This finding is supported by numerous pertinent reports.

The increase in global production of steel products and the unexpected growth in excess production capacity have prompted producers of these materials to look for other markets for their products after meeting the needs of the domestic market. This has led to an increase in the volume of imports on export markets and intensified competition in the sector.

## **5 EVIDENCE OF INJURY TO THE DOMESTIC INDUSTRY REPRESENTED BY THE APPLICANT COMPANY**

Having studied the various indicators of the domestic industry of the product concerned, the investigation team reached the following conclusions:

- The applicant company's production of the product in question increased by 26.3% between 2017 and 2021, mainly as a result of the company's improved export performance.
- The applicant company's sales volume on the local market decreased by some 760 tonnes between 2017 and 2021.
- The company's losses in recent years peaked in 2020 at TND 1.1 million.
- The share of locally-produced product on the local market fell in recent years by around 37% between 2017 and 2021.
- The applicant company was unable to increase its productivity, as of its theoretical production capacity, no more than 58% was utilized in 2021.
- The applicant's inventory of wire of iron and non-alloy steel increased by more than 200% between 2020 and 2021.
- The workforce employed directly and indirectly by the applicant shrank by 47.74% between 2018 and 2021.

## 6 CAUSAL LINK BETWEEN MASSIVE IMPORTS AND INJURY TO THE DOMESTIC INDUSTRY

The investigation team has confirmed that no reasons or factors other than the massive imports contributed to the injury to the domestic industry. The domestic industry manufactures products that are of better quality than most imported like products. This explains the improvement in the applicant company's export performance in recent years, in contrast to the fall in local market sales as a result of massive imports of like products.

## 7 DESCRIPTION OF THE MEASURE TO BE APPLIED

The safeguard measure was implemented by the Order of the Minister responsible for trade of 28 November 2023 and published in Official Journal of the Tunisian Republic No. 138-2023.

The measure imposes quantitative restrictions on imports of wire of iron or non-alloy steel used in the manufacture of upholstery and mattress springs under the tariff codes 72171050002 and 72171090100 for a period of three years from the date of publication of the Order.

These restrictions will be phased out in accordance with the following schedule:

Period	Authorized import quantity
From the date of publication to 30/11/2024	764 tonnes
From 01/12/2024 to 30/11/2025	1,020 tonnes
From 01/12/2025 to 30/11/2026	1,274 tonnes

## 8 DEVELOPING COUNTRIES EXEMPT FROM THE SAFEGUARD MEASURE

Imports from developing country WTO Members shall not be subject to the proposed definitive safeguard measures as long as each individual Member's exports do not exceed 3% of total imports into Tunisia, and provided that these countries collectively account for not more than 9% of total imports into Tunisia.

### The address of the competent authority for correspondence is:

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