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Committee on Safeguards

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

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

VIET NAM

Certain semi-finished and finished products of alloy and non-alloy steel

Supplement

The following communication, dated and received on 24 March 2023, is being circulated at the request of the delegation of Viet Nam.

The Ministry of Industry and Trade of the Socialist Republic of Viet Nam hereinafter referred to as "MOIT" encloses a notification pursuant to Article 12.1(c) and Article 9, footnote 2 of the WTO Agreement on Safeguards, on deciding to extend the safeguard measure that is being applied against imports of certain semi-finished and finished products of alloy and non-alloy steel under HS code of 7207.11.00; 7207.19.00; 7207.20.29; 7207.20.99; 7224.90.00; 7213.10.00; 7213.91.20; 7214.20.31; 7214.20.41; 7229.90.00; 7228.30.10; 9811.00.10.

Consistent with Article 12.3 of the Agreement on Safeguards, MOIT is ready to hold consultations with those Members having a substantial interest as exporters of the product concerned.

**A. NOTIFICATION UNDER ARTICLE 7.2 AND 12.1(C) OF THE AGREEMENT ON SAFEGUARDS
UPON TAKING A DECISION TO EXTEND A SAFEGUARD MEASURE**

1. Evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increased imports and that the industry concerned is adjusting

The investigation has been conducted by the Viet Nam Investigating Authority. In order to review the situation of the domestic industry after imposition of the safeguard measure, an evaluation of all relevant factors of an objective and quantifiable nature was undertaken for the period under consideration (PUC), 2019 - 2022. The data, which were submitted by the applicant companies and used in this analysis, represent major proportion of the total domestic production of the product involved according to the 2022 figures.

a. For certain semi-finished products of alloy and non-alloy steel

The impact of the imported products on the domestic industry has been absent since 2020.

The domestic manufacturing industry has accounted for 100% of the market share and did not suffer from the impact of imported goods since 2020. The domestic industry has been well-invested in

production and is self-sufficient with the source of raw materials production, so the need to import the semi-finished product to serve production is no more. Not only meeting the domestic demand, but the domestic industry is also exporting to several markets around the world with the export volume tending to increase.

The production and business indicators show that the production and business situation has improved remarkably. Although there are still a few indicators showing the element of serious injury, according to the assessment of the competent authority, these difficulties come mainly from the business of selling finished goods such as rebars, wire rod, etc.

b. For finished products of alloy and non-alloy steel

Description	Unit	Year			
		2019	2020	2021	2022
Production	Index	100	111	130	129
Capacity Utilization	Index	100	93	95	89
Domestic Sales	Index	100	111	122	121
Market Shares of the	Index	100	114	116	112
Revenue	Index	100	100	142	147
Profit	Index	100	119	348	49
Inventory	Index	100	62	149	125
Employment	Index	100	107	138	134

As shown in the Table above, the performance of the domestic industry can be seen as follows:

- The production output also began to decline in 2022, with a decrease of 1.5% compared to 2021.
- In 2022, the capacity utilization rate hit the bottom at 65.6% during the period 2019-2022.
- The domestic sales volume of domestic industry in 2022 also decreased by 0.9% compared to 2021.
- The domestic sales profit of the domestic industry sharply decreased in 2022, with a decrease of 86% compared to 2021.
- The profit margin has also sharply decreased, reaching only 2.1% in 2022, the lowest since 2019.
- Confronted with challenge in 2022, the domestic industry has also had to reduce its workforce, with the number of employees decreasing by 6.8% compared to 2021.
- Furthermore, the latter half of 2022 witnessed a state of serious difficulty and losses for many companies of the domestic industry. Some of the largest companies had to suspend operations or shut down blast furnaces in the latter months of the year, such as Hoa Phat Dung Quat, Hoa Phat Hung Yen, Pomina, Formosa, and Thai Nguyen Steel or had not achieved their production plans, such as Southern Steel and Maruichi Sunco. Consequently, many companies of the domestic industry had to lay off workers and halt production, thus unable to participate in answering questionnaires related to this investigation. If there were full data from all manufacturing companies in the domestic industry, it would further demonstrate the difficult situation faced by the domestic industry.

c. Adjustment of the domestic industry

The domestic industry has conducted adjustment plans aiming at increasing its productivity, and product quality such as an adjustment in production, production line, technology, employment, management, and marketing.

2. Information on whether there is an absolute increase in imports or an increase in imports relative to domestic production

Imports figures of the PUC are presented in the table below. In addition to the figures covered by the PUC, imports statistics of the last 3 – month periods of 2021 and 2022 are provided as supplementary information.

Year	2019	2020	2021	2022	Last 3 months of 2021	Last 3 months of 2022
Semi-finished products of alloy and non-alloy steel						
Imports (Ton)	98,545	0	0	0	0	0
Trend (%)	-	-	-	-	-	-
Finished products of alloy and non-alloy steel						
Imports (Ton)	343,458	324,669	316,989	183,482	36,910	42,810
Trend (%)	-	-5.5	-2.4	-42.1	-	16.0

After seven years of applying the safeguard measure, the import volume of the semi-finished product under review has decreased remarkably, showing the positive effect of the measure. Since 2020, Viet Nam has not imported semi-finished products.

On the other hand, the import volume of the finished product is still maintained at an accountable level. On the contrary, the most recent import data of finished products shows an absolute increase, in the last 3-month period of 2022, quantity of imports increased by 16%, compared to the same period of the previous year.

3. Precise description of the product involved

Certain semi-finished and finished products of alloy and non-alloy steel under HS code 7207.11.00; 7207.19.00; 7207.20.29; 7207.20.99; 7224.90.00; 7213.10.00; 7213.91.20; 7214.20.31; 7214.20.41; 7229.90.00; 7228.30.10; 9811.00.10

4. Description of any part of the imported product that will no longer be subject to the measure in the extension

Certain semi-finished products of alloy and non-alloy steel under HS code 7207.11.00; 7207.19.00; 7207.20.29; 7207.20.99; 7224.90.00.

5. Precise description of proposed measure

The safeguard measure is proposed to be extended for 3 years from March 22, 2023, until March 21, 2026 (March 21, 2026, is included) in the form of ad valorem duties which are shown in the relevant columns of the table below.

Timetable	Finished products of alloy and non-alloy steel
From March 22, 2023, to March 21, 2024	6.3%
From March 22, 2024, to March 21, 2025	6.2%
From March 22, 2025, to March 21, 2026	6.1%
From March 22, 2026, onwards	0%

6. Proposed date of introduction of the measure

See the response to item 5 above.

7. Expected duration of the measure

See the response to item 5 above.

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. Expected timetable for progressive liberalization of the measure

See the response to item 5 above.

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

Not applicable.

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: provided in item 1;
 - (ii) reference to the WTO document that notified the initial application of the measure:
G/SG/N/8/VNM/3, G/SG/N/10/VNM/2, G/SG/N/11/VNM/4;
 - (iii) duration of the measure from initial application till the date at which it will be extended:
The initial safeguard measure was applied from 22, March 2016 to 21, March 2020. Viet Nam now extends the safeguard measure until 21, March 2026 (21, March 2026 is included);
- and,
- (iv) precise description of the measure in place before 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.").

Timetable	Finished products of alloy and non-alloy steel
From March 22, 2016 (the date which the provisional safeguard measure takes into effect) to August 01, 2016 (one day before the definitive safeguard measure takes into effect)	14.2% (provisional safeguard measure)
From August 02, 2016 (the date on which the definitive safeguard measure takes into effect) to March 21, 2017	15.4%
From March 22, 2023, to March 21, 2024	6,3%
From March 22, 2024, to March 21, 2025	6,2%
From March 22, 2025, to March 21, 2026	6,1%
From March 22, 2026, onwards	0%

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.

The official documents regarding the investigation and the final decision can be reached from the link below:

<http://www.trav.gov.vn/>

B. NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2 OF THE AGREEMENT ON SAFEGUARDS

1. The measure

It is proposed to impose safeguard measures in the form of ad valorem duties which will be progressively liberalized as described in item A.5 above.

2. The product subject to the measure

The measure is applied to the products described in item A.3 above.

3. Developing countries to which the measure is not applied under article 9.1 of the Agreement on Safeguards

Developing countries which are excluded from the measure under Article 9.1 of the Agreement on Safeguards are listed below:

3.1. Sub - Saharan Africa

Angola	Madagascar	Nigeria
Benin	Malawi	Rwanda
Botswana	Mali	Sao Tome and Principe
Burkina Faso	Mauritania	Senegal
Burundi	Mauritius	Sierra Leone
Cabo Verde	Mozambique	Somalia
Cameroon	Namibia	South Africa
Central African Republic	Niger	South Sudan
Chad	Gabon	Sudan
Comoros	Gambia, The	Swaziland
Congo, Dem. Rep.	Ghana	Tanzania
Congo, Rep.	Guinea	Togo
Cote d'Ivoire	Guinea-Bissau	Uganda
Eritrea	Kenya	Zambia
Ethiopia	Lesotho	Zimbabwe
	Liberia	

3.2. Asia Pacific

American Samoa	Myanmar
Cambodia	Palau
Fiji	Papua New Guinea
Kiribati	Philippines
Korea, Dem. Rep.	Samoa
Lao PDR	Solomon Islands
Marshall Islands	Timor-Leste
Micronesia, Fed. Sts.	Tonga

Mongolia	Tuvalu
Malaysia	Vanuatu
Thailand	Indonesia

3.3. Europe and Central Asia

Albania	Macedonia, FYR
Armenia	Moldova
Azerbaijan	Montenegro
Belarus	Romania
Bosnia and Herzegovina	Serbia
Bulgaria	Tajikistan
Georgia	Turkey
Kazakhstan	Turkmenistan
Kosovo	Ukraine
Kyrgyz Republic	Uzbekistan

3.4. Latin America and the Caribbean

Belize	Guyana
Bolivia	Haiti
Brazil	Honduras
Colombia	Jamaica
Costa Rica	Mexico
Cuba	Nicaragua
Dominica	Panama
Dominican Republic	Paraguay
Ecuador	Peru
El Salvador	St. Lucia
Grenada	St. Vincent and the Grenadines
Guatemala	Suriname

3.5. Middle East and North Africa

Algeria	Libya
Djibouti	Morocco
Egypt, Arab Rep.	Syrian Arab Republic
Iran, Islamic Rep.	Tunisia
Iraq	West Bank and Gaza
Jordan	Yemen, Rep.
Lebanon	

3.6. South Asia

Afghanistan	Maldives
Bangladesh	Nepal
Bhutan	Pakistan
India	Sri Lanka

Information regarding the procedures and relevant deadlines with regard to the investigation is contained in the notice of initiation (G/SG/N/6/VNM/5/Suppl.2).

Further information and comments should be sent to:

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