



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

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

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

SOUTH AFRICA

Threaded fasteners of iron or steel

The following communication, dated 10 February 2020, is being circulated at the request of the delegation of South Africa.

1 THE PRODUCT SUBJECT TO THE INVESTIGATION

The subject product is described as bolt ends & screw studs (classifiable under tariff subheading 7318.15.41), screw studding (classifiable under tariff subheading 7318.15.42) and other hexagon nuts (classifiable under tariff subheading 7318.16.30) of iron and steel (excluding those of stainless steel and those identifiable for aircraft).

2 NOTIFICATION UNDER ARTICLE 12.1(B) AND (C)

Pursuant to Article 12.1(b) of the Agreement on Safeguards, the Government of South Africa hereby gives notification upon making a finding of serious injury caused by increased imports of threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft).

Pursuant to Article 12.1(c) of the Agreement on Safeguards, the Government of South Africa hereby gives notification upon taking a decision to apply a safeguard measure on imports of threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft).

3 PROVIDE THE BASIS FOR:

- i. Making a finding of serious injury caused by increased imports, as provided for in Article 12.1(a);
- ii. Taking a decision to apply a safeguard measure, as provided for in Article 12.1(b); and
- iii. Specifying the developing countries to which the measure is not applied under Article 9.1 of the Agreement of Safeguards.

The International Trade Administration Commission of South African initiated an investigation pursuant to an application by South African Iron and Steel Institute (SAISI) on behalf of the South African Fasteners Manufacturers' Association (SAFMA) and its members in order to determine whether increased imports have caused serious injury to the domestic industry, within the meaning of the Agreement on Safeguards, in connection with threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft).

3.1 The Commission made a final determination on the following:

a. Unforeseen Developments

The Commission made a final determination that the South Africa government committed to bind the ordinary customs duty on the imported products of bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft) at 30% *ad valorem*.

The Commission made a final determination on the following unforeseen developments:

- The unprecedented steep rate of increase in global fastener production capacity which was mainly fuelled by the growth of the Chinese and Asian fastener market;
- The growth of the Chinese fastener market which was driven by such steep increase in production of fasteners and such steep increase in fastener export volumes;
- The slowdown of the Chinese economy and the global contraction in demand. The slowdown of Chinese economy and the financial crisis of 2008 to 2010 had an impact on the demand for fasteners and with increased production created an imbalance between supply and demand which added to increased export volumes;
- The significant unused production capacity of carbon steel fasteners in China; and
- An increase in trade remedy actions taken against fastener products (including the subject product) by countries such as Canada and the United States of America.

b. Increased Imports

The data evaluation for the purposes of determining increased imports covered the period from 01 July 2014 to 30 June 2018.

The Commission considered that imports of bolt ends & screw studs, screw studding increased during the period considered. A surge in imports was experienced in 2016/17. Even though imports decreased in 2017/18 they remained at higher levels than 2014/15 and 2015/16 and therefore continued to increase at such high levels. Imports relative to production decreased in 2017/18 as domestic industry's production increased following the steep increase in imports relative to production in 2016/17.

With regard to other hexagon nuts, imports slightly decreased during the period considered with a surge noted in 2016/17. The hexagon nuts imports decreased in 2017/18 but the decrease is slightly lower than 2014/15 and still at higher level than 2015/16. The Commission considered that imports slightly decreased during the period of investigation, but trends do not signify a permanent downward trend. Imports relative to production increased during the period of investigation.

The Commission made a final determination that these events cited were unforeseen developments which led to the imported product being imported into the SACU market in such increased quantities and under such conditions to cause serious injury to domestic producers of the SACU like product or directly competitive products.

c. Serious Injury

The data evaluation for the purposes of determining serious injury covered the period from 01 July 2014 to 30 June 2018.

The injury analysis of bolt ends & screw studs, screw studding relates to information submitted by T&I Chalmers Engineering (Pty) Ltd a member of South African Fasteners Manufacturers' Association (SAFMA) with a collective output of the like or directly competitive products constituting a major proportion (approximately around 50%) of the total domestic production. There is sufficient evidence that the SACU industry on bolt ends & screw studs, screw studding experienced a decline in sales volumes, market share, gross profits and negative net profits during the period 01 July 2014 to 30 June 2018 as a result of increased imports.

The injury analysis of other hexagon nuts relates to information submitted by CBC Fasteners (Pty) Ltd; SA Bolt Manufacturers (Pty) Ltd; Transvaal Pressed Nuts, Bolts & Rivets (Pty) Ltd; members of South African Fasteners Manufacturers' Association (SAFMA) with a collective output of the like or directly competitive products constituting a major proportion (approximately more than 90%) of the total domestic production. There is sufficient evidence that the SACU industry on other hexagon nuts suffered a constant market share, a decline in output, productivity, gross profits; negative net profits and low capacity utilisation.

The Commission made a final determination that SACU industry is suffering serious injury.

d. Causal Link between Increased Import and Serious Injury

A surge in imports of threaded rods occurred in 2016/17 which caused serious injury to SACU industry. The applicant lost market share during the period considered while the share of imports in the market increased. The loss of market share by the applicant was highest in 2016/17 which coincided with the biggest in the market share by the imports. With hexagon nuts, the applicant's market remain constant during the period of investigation while the market share of imports increased.

The other factors that were considered to have caused injury included cost structures, lack of export opportunities, domestic industry own imports of the subject product, restructuring of the domestic industry, labour unrest, raw material supply difficulties and exchange rate fluctuations. It was found that these factors did not sufficiently detract from the causal link between increased imports and serious injury.

The Commission made a final determination that there were unforeseen developments which led to the imported product being imported into the SACU market in such increased quantities and under such conditions to cause serious injury to domestic producers of the SACU like product or directly competitive products. There are no other known factors that sufficiently detract from the causal link.

e. Adjustment Plan

The domestic industry has submitted an adjustment plan, outlining the measures it has taken and those it plans to take for facilitation of adjustment of the domestic industry to the competitive conditions with the imports.

f. Offer of consultations under Article 12.3

The Government of South Africa offers consultations on the definitive safeguard measures.

3.2 Provide a precise description of the proposed measure

A definitive measure of 54.04% on the imports of bolt ends & screw studs (classifiable under tariff subheading 7318.15.41), screw studding (classifiable under tariff subheading 7318.15.42) and other

hexagon nuts (classifiable under tariff subheading 7318.16.30) of iron and steel (excluding those of stainless steel and those identifiable for aircraft).

3.3 Provide the proposed date of introduction of the measure

It is expected that the definitive measure, if adopted, will come into effect between March 2020 and April 2020.

3.4 Provide the expected duration of the measure

The safeguard measure, if adopted, will remain in force for 3 years.

3.5 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 date for the review has already been scheduled

Not applicable.

3.6 If the expected duration is over one year, provide the expected timetable for progressive liberalization of the measure

Period	Rate of safeguard measure
27 March 2020 - 26 March 2021	54.04%
27 March 2021 - 26 March 2022	52.04%
27 March 2022 - 26 March 2023	50.04%

3.7 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

Not applicable.

4 NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2

4.1 Specify the measure

The measure consists of 54.04% described in the notification under Article 12.1(c), above.

4.2 Specify the products subject to the measure

The measure shall be applied to the products described above, in paragraph 1 of this notification.

4.3 Specify the developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards

Afghanistan	Madagascar
Albania	Malawi
Algeria	Latvia
American Samoa	Lebanon
Angola	Maldives
Antigua and Barbuda	Mali
Argentina	Marshall Islands
Armenia	Mauritania
Azerbaijan	Mauritius
Bangladesh	Mexico
Bahrain, Kingdom of	Micronesia, Fed. States of
Belarus	Moldova, Republic of
Belize	Mongolia
Benin	Montenegro
Bhutan	Morocco
Brunei Darussalam	Mozambique

Bolivia, Plur State of	Myanmar
Bosnia and Herzegovina	Namibia
Botswana	Nepal
Brazil	Nicaragua
Bulgaria	Niger
Burkina Faso	Nigeria
Burundi	North Macedonia
Cabo Verde	Oman
Cambodia	Pakistan
Cameroon	Palestine
Central African Republic	Palau
Chad	Panama
Chile	Papua New Guinea
Colombia	Paraguay
Comoros	Peru
Costa Rica	Philippines
Côte d'Ivoire	Qatar
Cuba	Romania
Democratic Republic of the Congo	Russian Federation
Congo Republic	Rwanda
Djibouti	Saudi Arabia, Kingdom of
Dominica	St. Kitts and Nevis
Dominican Republic	St. Lucia
Ecuador	Saint Vincent and the Grenadines
Egypt, Arab Rep.	Sao Tome and Principe
El Salvador	Samoa
Eritrea	Senegal
Eswatini	Seychelles
Equatorial Guinea	Sierra Leone
Ethiopia	Singapore
Fiji	Solomon Islands
Gabon	Serbia
The Gambia	Somalia
Georgia	South Sudan
Ghana	Sri Lanka
Grenada	Sudan
Guatemala	Suriname
Guinea	Syrian Arab Republic
Guinea-Bissau	Tajikistan
Guyana	Tanzania
Haiti	Timor-Leste
Honduras	Togo
Indonesia	Thailand
Iran, Islamic Rep. of	Tonga
Iraq	Trinidad and Tobago
Jamaica	Tunisia
Jordan	Turkey
Kazakhstan	Turkmenistan
Kenya	Tuvalu
Kiribati	Uganda
Korea, Democ. P. Republic of	Ukraine
Kyrgyz Republic	United Arab Emirates
Kosovo	Uruguay
Kuwait, the State of	Uzbekistan
Lao People's Dem. Republic	Vietnam
Lebanon	Vanuatu
Lesotho	Venezuela, Bolivarian Republic of
Liberia	West Bank and Gaza
Libya	Yemen
Lithuania	Zambia
	Zimbabwe