

DEPARTMENT OF TRADE AND INDUSTRY
NOTICE 109 OF 2019

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

NOTICE OF AN INITIATION OF THE INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD AGAINST THE 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)

The International Trade Administration Commission of South Africa (the Commission) decided to proceed with an investigation for remedial action in the form of a safeguard against the 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).

Based on the information submitted, the Commission decided that the applicant submitted *prima facie* information to indicate that:

- there were unforeseen developments that led to the surge in volumes of imports;
- there is a surge in volumes of imports and the surge is recent, sudden, sharp and significant enough;
- the SACU industry is suffering serious injury; and
- there is a causal link between the serious injury and the surge in volumes of imports.

THE APPLICANT

The application was lodged by South African Iron and Steel Institute on behalf of the South African Fasteners Manufacturers' Association and its members producing the subject product.

DESCRIPTION OF THE SUBJECT PRODUCT UNDER INVESTIGATION

The subject product is described as threaded fasteners of iron or steel: bolt ends & screw studs, screw studding, and other hexagon nuts of iron or steel (excluding those of stainless steel and those identifiable for aircraft), imported under tariff subheadings 7318.15.41; 7318.15.42; and 7318.16.30.

DESCRIPTION OF THE LIKE OR DIRECTLY COMPETITIVE SACU PRODUCT

The SACU product is described as threaded fasteners of iron or steel: bolt ends & screw studs, screw studding, and other hexagon nuts of iron or steel (excluding those of stainless steel and those identifiable for aircraft).

ALLEGATION OF SERIOUS INJURY AND CAUSAL LINK

The period of investigation for data evaluation for the purposes of determining the allegation of serious injury is 01 July 2014 to 30 June 2018.

The injury analysis information for bolt ends & screw studs, screw studding is submitted by T&I Chalmers Engineering (Pty) Ltd, which constitutes approximately more than 70% of the total SACU industry by production volumes. Injury analysis for other hexagon nuts is submitted by Transvaal Pressed Nuts, Bolts & Rivets (Pty) Ltd; CBC Fasteners (Pty) Ltd; and SA Bolt Manufacturers (Pty) Ltd, together representing approximately more than 90% of the total SACU industry by production volumes.

The applicant alleged and submitted *prima facie* information to indicate that it is experiencing serious injury in the form of a decline in sales volumes, market share, gross profit, net profit and low capacity utilisation for the period from 01 July 2014 to 30 June 2018.

On this basis, the Commission found that *prima facie* information was submitted to indicate that the SACU industry was suffering serious injury which can be causally linked to the surge in the volumes of imports of the subject product.

UNFORESEEN DEVELOPMENTS

The Commission considered the following information:

The applicant stated that in submitting information on unforeseen developments when reference is made to fasteners it invariably refers to the products concerned in its application.

The applicant indicated China is the world major producer of fasteners. Therefore information on unforeseen developments focuses on the developments in China. According to the applicant, the Chinese significant influence and developments with regard to fasteners will have an impact on the world developments.

The applicant submitted that a confluence of events (listed below) forms the basis of the unforeseen development that supports the applicant's application. That is, ultimately the considerable oversupply of fasteners, specifically the subject product in the world today causing a surge in the volume of imports into the SACU market. The applicant further stated that during the Uruguay Round of negotiations, South Africa did not foresee the following events:

- 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 economic slowdown of the Chinese economy and the global contraction in demand. The economic 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 this demonstrates the growth of Chinese fastener market; and
- This in turn led to 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.

LEGAL FRAMEWORK

This investigation will be conducted in accordance with the International Trade Administration Act, 2002 (ITA Act) and the International Trade Administration Commission Safeguard Regulations (SGR) read with the World Trade Organization Agreement on Safeguards (the Safeguard Agreement).

Please note that if any information is considered to be confidential, a non-confidential version of the information must be submitted for the public file, simultaneously with the confidential version. In submitting a non-confidential version, the following rules are strictly applicable and parties must indicate:

- where confidential information has been omitted and the nature of such information;
- reasons for such confidentiality;
- a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information; and
- in exceptional cases, where information is not susceptible to summary, reasons must be submitted to this effect.

This rule applies to all parties and to all correspondence with and submissions to the Commission, which unless indicated to be confidential and filed together with a non-confidential version, will be placed on the public file and be made available to other interested parties.

If a party considers that any document of another party, on which that party is submitting representations, does not comply with the above rules and that such deficiency affects that party's ability to make meaningful representations, the details of the deficiency and the reasons why that party's rights are so affected must be submitted to the Commission in writing forthwith (and at the latest 14 days prior to the date on which that party's submission is due). Failure to do so timeously will seriously hamper the proper administration of the investigation, and such party will not be able to subsequently claim an inability to make meaningful representations on the basis of the failure of such other party to meet the requirements.

Subsection 33(1) of the ITA Act provides that any person claiming confidentiality of information should identify whether such information is *confidential by nature* or is *otherwise confidential* and any such claims must be supported by a written statement, in each case, setting out how the information satisfies the requirements of the claim to confidentiality. In the alternative, a sworn statement should be made, setting out reasons why it is impossible to comply with these requirements.

PROCEDURES AND TIME LIMITS

All information submitted, including non-confidential copies thereof, should be received by the Senior Manager: Trade Remedies II by no later than 20 days from the date hereof. Late submissions will not be accepted.

Interested parties are invited to submit comments on the initiation of the investigation or any information regarding this matter to the following address:

Physical address

Senior Manager: Trade Remedies II
International Trade Administration Commission

Block E – The DTI Campus

77 Meintjies Street

SUNNYSIDE

PRETORIA

SOUTH AFRICA

Postal address

Senior Manager: Trade Remedies II

Private Bag X753

PRETORIA

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SOUTH AFRICA

Any interested party may request an oral hearing provided that reasons are given for not relying on written submissions only. No request for an oral hearing will be considered more than 60 days from the date of this publication. The Commission may refuse an oral hearing if granting such hearing will unduly delay the finalisation of the investigation.

Parties requesting an oral hearing shall provide the Commission with a detailed agenda for, and a detailed version, including a non-confidential version, of the information to be discussed at the oral hearing at the time of the request.

Should you have any queries, please do not hesitate to contact the investigating officers, Ms Thuli Nkomo at +27 12 394 1190, email:tnkomo@itac.org.za and Ms Mercy Mutheiwana at +27 12 394 3907, email:mmukwevho@itac.org.za or at fax number 012 394 0518.