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Committee on Safeguards

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

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

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

EGYPT

Raw Aluminium (Ingots, Billets & Wire Rod)

The following communication, dated and received on 12 April 2021, is being circulated at the request of the delegation of Egypt.

The Arab Republic of Egypt hereby wishes to notify the Committee on Safeguards pursuant to Articles 12.1(b), and 12.1(c) of the Agreement on Safeguards, upon making findings of serious injury or threat thereof caused by the increased imports of Raw Aluminium (Ingots, Billets & Wire Rod).

The investigation was initiated on 16 April 2020 pursuant to Article 20 of the Egyptian Regulation G/SG/N/6/EGY/15.

1) EVIDENCE, CITING RELEVANT DATA AND THE APPLICABLE PERIOD OF INVESTIGATION OF INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

The period of investigation was established from 1 July 2016 until 31 December 2019 and divided into Fiscal Years to allow for analysis of the intervening trends.

2) EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

- The injury assessment has been conducted on Raw Aluminium (Ingots, Billets & Wire Rod) (the products concerned); the products are classified under the following H.S. tariff item numbers within the Egyptian Customs Tariff Schedule. (760110, 760120, and 760511). The H.S. tariff item numbers are given for reference purposes only where there is an increase in imports.
- The analysis was made with an assessment of the products. This injury analysis below is based on the questionnaire replies submitted by the domestic industry.
- The analysis showed that the domestic industry for the concerned products is suffering from serious injury and it is in an extremely vulnerable position.
- The domestic industry is still in an insecure situation and under the threat of serious injury if the increasing trend in imports continued.

a) Unforeseen developments

In the second half of FY (2017/2018), the United States applied additional measures to its imports of aluminium products from all countries, which caused a decline in the imports of these products into the huge US market in 2018 and 2019 when compared to 2017 (the period preceding these US applications of additional custom measures). Such measures also forced these countries to search for other markets where they would not be subject to these unprecedented duties and therefore, Egypt has become an easy target for significant volumes of aluminium imports.

The production capacity of some producing countries has significantly increased which has encouraged these countries to search for other big markets, which can absorb these surplus production capacities. For example, some countries have operated new production lines and smelters. Consequently, Egypt has become one of these target markets, which can absorb huge quantities of aluminium imports (products under investigation) which has posed a serious threat to the continued presence of the applicant in the domestic market.

b) Information on whether there is an absolute increase in imports or an increase in imports relative to domestic production**Table 1: Imports Volume (Tons)**

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Imports Volume/Ton	14521	31378	75753	6333	39335
Index %	100%	216%	522%	100%	621%
Index imports volume (%) domestic production	100%	229%	557%	100%	717%

- The above table shows a significant increase in the volume of imports of 116 and 422% in absolute terms during the fiscal years 2017/2018 and 2018/2019 respectively compared to the year 2016/2017. This sharp increase in imports continued during the first half of the fiscal year 2019/2020 and reached 521% compared to the same period of the fiscal year 2016/2017.
- The above table also shows a sharp increase of 129 and 457% in the volume of imports relative to the domestic production during the fiscal years 2017/2018 and 2018/2019 respectively compared to the year 2016/2017. In the first half of the fiscal year 2019/2020, the relative, significant and sharp increase in imports continued as it reached 617% compared to the same period of the year 2016/2017.

c) Evidence of serious injury or threat thereof caused by increased imports

To make a determination of serious injury which faced by the domestic industry producing the like or directly competitive product, an evaluation of relevant factors on an objective and quantifiable basis is being conducted as follows.

Table 2: Domestic Sales

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Change in Sales Volume (%)	100%	88%	54%	100%	16%

- The above table shows a significant and sharp decline in the sales of the domestic industry of 12 and 46% during the fiscal years 2017/2018 and 2018/2019 respectively compared to the year 2016/2017. Such a sharp decline continued during the first half of 2019/2020 compared to the first half of 2016/2017 reaching 84%.

Table 3: Market Share

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Index of Share of Domestic Industry (%)	100%	88%	53%	100%	27%
Index of Imports Share (%)	100%	210%	520%	100%	1071%

- The above table shows that the market share of domestic industry sales declined by 12 and 47% in favor of the market share of imports, which increased by 110 and 420% during the same period.
- During the first half of the year 2019/2020, the market share of the domestic industry sales declined sharply by 73% compared by the same period of the year 2016/2017, while the market share of imports increased sharply by 971% despite the decline in the volume of the domestic market in the same period, which indicates that imports acquired a significant part of the share of the domestic sales in the market.

Table 4: Production and Capacity Utilization

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Index of production volume (%)	100%	97%	96%	100%	91%
Index Capacity Utilization (%)	100%	97%	96%	100%	91%

- The above table shows a decline in the volume of production of 3 and 4% in the fiscal years 2017/2018 and 2018/2019 respectively compared to the year 2016/2017. The decline continued by 9% during the first half of the fiscal year 2019/2020 compared to the same comparable period of the year 2016/2017.
- The above table shows a decline in capacity utilization of the same rate of the decline in production during the period of injury analysis with stability in the available capacity.

Table 5: Workers and Worker's Productivity

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Labour Index (%)	100%	94%	89%	100%	86%
Productivity (ton/worker) (%)	100%	103%	110%	100%	107%

- The above table shows a decline in labor during the period of investigation of 6 and 11% during 2017/2018 and 2018/2019 respectively compared to the year 2016/2017. The decline continued by 14% during the first half of 2019/2020 compared to the first half of 2016/2017.
- The above table also shows that productivity per laborer increased during the period of investigation by 3 and 10% during 2017/2018 and 2018/2019 compared to the year 2016/2017 because the decline in the number of laborers was more than the decline in production. Moreover, in the first half of 2019/2020, productivity increased by 7% compared to the same comparable period in the year 2016/2017.

Table 6: Profit and Loss

Description	2016/2017	2017/2018	2018/2019	First Half of (2016/2017)	First Half of (2019/2020)
Change in profit & Losses (%)	100%	124%	51%	100%	-189%

- The above table shows that the profits of the domestic industry increased by 24% in 2017/2018 compared to the previous year, while declined by 49% in 2018/2019 compared to 2016/2017. In the first half of 2019/2020, profits turned into losses because of the continued

flow of imports in substantial volumes, which indicates the serious injury suffered by the domestic industry.

- The Investigating authority has concluded that the profits of the domestic industry in 2018/2019 turned into losses during the first half of 2019/2020 coinciding with the substantial increase in imports, which indicates the serious injury suffered by the domestic industry.

d) Precise description of the product involved

The product under investigation is raw aluminium (Ingots, Billets & Wire Rod), which is classified under H.S. Tariff Codes: 760110, 760120, and 760511.

e) Description of the proposed measure

The Investigating Authority proposed imposing definitive safeguard measures for three years.

f) Proposed date of introduction of the measure

The definitive safeguard measures will come into force in 15 April 2021.

g) Expected duration of the measure

The expected duration of proposed measure is three years.

h) 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.

i) Offer of consultation

Consistent with article 12.3 of the safeguard agreement. Egypt is prepared to consult on the proposed safeguard measure with those members having a substantial interest in the subject product.

j) Expected timetable for progressive liberalization of the measure

The measures should be liberalized gradually by 3 % over the three years as follows:

DURATION	FIRST YEAR	SECOND YEAR	THIRD YEAR
VALUE	16.5% of CIF value Minimum limit 333 USD/ ton	13.5% of CIF value Minimum limit 271 USD/ ton	10.5% of CIF value Minimum limit 211 USD/ ton

k) Developing countries exempted from the safeguard measure

Imports from developing country Members shall not be subject to the proposed definitive safeguard measures as long as each Member's exports individually do not exceed 3% of total imports into Egypt. In addition, the share of the members with less than 3% import share does not collectively account for more than 9% of total imports into Egypt.

The address of the competent authority for correspondence is:

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