

**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**

TÜRKİYE

(Grinding balls and similar articles for mills)

Concerning imports of grinding balls and similar articles for mills, Türkiye had notified the initiation of a safeguard investigation with the WTO Document G/SG/N/6/TUR/28, dated 13 October 2021.

Türkiye hereby provides notification to the Committee on Safeguards of findings of serious injury or threat thereof caused by increased imports and notification of a proposed definitive safeguard measure. The public version of the investigation report (in Turkish) together with references and sources can be found at the following internet addresses below.

<https://www.resmigazete.gov.tr/eskiler/2022/07/20220727-20.htm>

Consistent with Article 12.3 of the *Agreement on Safeguards*, Türkiye is prepared to consult with those Members having a substantial interest as exporters of the product concerned.

I. EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

A. EVIDENCE OF SERIOUS INJURY

In order to make a determination of serious injury or threat thereof to the domestic producers of the like product, an evaluation of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry was undertaken. The data, which were submitted by the applicant companies and utilized in this analysis, represent major proportion of the total domestic production of the product subject to investigation.

1. Consumption

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Consumption (Indexed)	100	105	125	137	100	103

Consumption index rose during the period under consideration (PUC). In 2020, consumption reached its peak which is 37% higher than its level in 2017.

2. Production

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Production (Indexed)	100	151	181	216	100	69

Production index increased continuously during the PUC. Production level increased by 116% from 2017 to 2020. The index decreased by 31% in the first 9 months of 2021, compared to the same period of 2020.

3. Domestic Sales

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Domestic Sales (Indexed)	100	107	127	139	100	89

Domestic sales index continuously increased during the PUC. It rose to 139 as its highest point in 2020. The index decreased by 11% in the first 9 months of 2021, compared to the same period of 2020.

4. Capacity and Capacity Utilization Ratio (CUR)

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Capacity (Indexed)	100	194	194	194	100	100
CUR (%) (Indexed)	100	78	93	111	100	69

Production capacity increased throughout the PUC and the index reached 194 in 2018. Capacity utilization ratio (CUR) index declined in 2018 and increased in 2019 and 2020. The index decreased by 31% in the first 9 months of 2021, compared to the same period of 2020.

5. Inventories

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Stocks (Indexed)	100	483	521	1006	100	46

During the PUC, inventory index continuously increased and reached 1006 in 2020. In particular, the inventory indicator marked a rapid increase in 2018. The rise in inventories continued in 2020.

6. Employment

Workers	2017	2018	2019	2020	2020 (9)	2021 (9)
Employment (Indexed)	100	99	102	109	100	109

Employment index showed an ascending pattern throughout the PUC (with the exception of 2018).

7. Labor Productivity

Unit (Tons) per Worker	2017	2018	2019	2020	2020 (9)	2021 (9)
Productivity (Indexed)	100	152	177	198	100	63

Labor productivity index displayed an ascending pattern between 2017 and 2020. The index decreased by 37% in the first 9 months of 2021, compared to the same period of 2020.

8. Profitability

Net Profit/Total Sales	2017	2018	2019	2020	2020 (9)	2021 (9)
Profitability (Indexed) (%)	100	-37	-41	52	100	-350

Profitability was negative throughout the PUC exception of year 2020. Domestic industry incurred loss from the sales of the product concerned in the first 9 months of 2021.

9. Exports

Unit (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
Exports (Indexed) (%)	100	297	472	559	100	73

Exports of domestic industry increased considerably throughout the PUC. Exports index reached 559 in 2020. The index decreased by 27% in the first 9 months of 2021, compared to the same period of 2020.

10. Conclusion

When the economic indicators of the domestic industry are examined, it is seen that the grinding balls consumption in Türkiye has increased continuously throughout the PUC. Under these market conditions, the domestic industry recorded an increase in its production capacity in 2017, in line with the growth in consumption. In this regard, the market share of the domestic industry increased to X% in 2020, the highest level of the PUC. The import of grinding balls, which is the subject of the investigation, increased significantly during the investigation period. Imports, which increased by 29% on quantity basis from 2017 to 2020, increased significantly by 59% in the 9-month period of 2021 compared to the same period of the previous year. Despite the problems experienced in international supply conditions due to the impact of the Covid-19 epidemic, imports did not decrease in 2020, and as the epidemic conditions began to change, an increase was observed in general imports in the January-September period of 2021 with low unit prices and imports from nearby countries, and this increase is expected to continue with economic normalization.

In addition, the domestic producers increased its production capacity in 2017 in parallel with the expansion in domestic consumption. However, the domestic producers could not increase its domestic market share during the investigation period, due to the increase in imports from sources with low unit prices, on the contrary, the market share of the domestic producers decreased significantly in the 9-month period of 2021. However, in order to maintain its position in the market, it had to reduce sales prices and work with -X% profitability. Again, this year, the capacity utilization rate remained far from the sustainable level.

In this context, significant deteriorations are observed on the domestic producers' indicators especially at the end of the PUC when there is a sharp surge in imports. Taking into account all these factors, it is concluded that the domestic industry as a whole is exposed to serious injury for the product concerned.

B. CAUSATION ANALYSIS

In order to examine the existence of a causal link between increased imports and the serious injury or threat thereof and in order to ensure that injury caused by other factors is not attributed to increased imports, the investigating authority analyzed the effects of the following factors:

1. Analysis of Causation Factors

(a) Effect of Increased Imports

Imports of the product concerned increased constantly during the PUC. From 2018 to 2020 period increase rate in imports was 18%, 12% respectively. In 2021 9 months this rate of increase was 60% with respect to the previous year's same 9 months period.

Likewise, the market share of imports increased by 7% between 2017 and 2021 and domestic industry lost significant market share. Therefore, it is concluded that the increase in imports and the deterioration in the economic indicators of the domestic industry followed a similar pattern throughout the period analyzed.

In conclusion, it is inferred that there is a correlation between the increase in imports and threat of serious injury that the domestic industry is exposed to.

(b) Conditions of Competition

Although there are some differences in production methods, cast and forged balls are substitute products. When one product increases its performance and the other lowers its price, they can get market share from each other and can be directly substituted.

Imported and local grinding ball products can be used interchangeably and show similarities in terms of physical-chemical properties and production technologies. According to the information obtained during the investigation, the investigation authority concluded that price of the product was the most significant factor for user preference in the domestic market. In this respect, it is evident that price level directly determines the sales volumes of domestic and imported goods. When these factors are taken into consideration, the domestically produced product and the imported product are considered as like or directly competitive products.

Unit Price Comparison (USD/Kilograms)	2017	2018	2019	2020	2020 (9)	2021 (9)
Unit Domestic Ex-Works Sales Price of the Domestic Product	X	X	X	X	X	X
Constructed Unit Price of the Domestic Product (Unit Commercial Cost + 5% Profit Margin)	X	X	X	X	X	X
Weighted Average Cost of the Imported Product	1,05	1,16	1,1	1,03	1,05	1,07
Price Undercutting	-X	-X	-X	-X	-X	X
Price Suppression	-X	-X	-X	-X	-X	X

When the imported unit costs of the products under investigation are compared with the unit domestic sales prices of the domestic product, it is seen that the unit costs of imported products are below the domestic sales prices of domestic products in 2021. In this framework, despite there is no price undercutting in 2017-2020 period, within the line of import increase, the price undercutting ratios

calculated X % for 2021 9 months period. On the other hand, it has been observed that imports from Iran and Egypt, which are among the most important suppliers whose carry an logistic advantages , have recently undercut the prices of domestic producers.

(c) Coinciding Trends

It is understood that there is parallelism between all the relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry such as the decline in profitability, decrease in the capacity utilization ratio and the increase in the imports of the product concerned in absolute and relative terms together with the rise in the market share of the imports.

(d) Other Factors

(i) *Production capacity of domestic producers*

The grinding ball production capacity of the domestic industry was X thousand tons in 2017 and increased to X thousand tons in 2018. First of all, it is seen that the domestic consumption of the product under investigation has been following a constantly increasing trend in the period under review, and the capacity increase made in this context is in line with the domestic market conditions. In addition, despite the capacity increase, the market share of the domestic production branch did not change significantly between 2017 and 2020, and domestic producers experienced a significant loss of market share against imports in the 9-month period of 2021. In this respect, it has been evaluated that the deterioration in economic indicators has not been caused by the losses due to capacity increase, and that the increase in capacity does not have an effect on the serious injury.

(ii) *Production Technology of the Domestic Producers*

During the investigation, some interested parties claimed that the domestic producers could not compete with imported products in terms of quality. However, not only the findings from on the spot investigations but also other documents submitted by the interested parties throughout the investigation reveal that the production technologies of the domestic producers are broadly identical with that of the exporter companies. In this respect, the domestic producers manufacture the products in a large variety. As a result, it appears that technology did not play a role in the threat of serious injury that the domestic industry has been facing.

2. Conclusion on Causation

From 2017 to 2020, the quantities of imports increased significantly at the rate of 34%. In this framework, having concluded that there is a correlation between the increase in imports and the serious injury that the domestic industry has been facing; having examined the effects of other known factors and having determined that no injurious effects resulted from these; the investigating authority reached to the conclusion that there is a causal link between increased imports and the serious injury that the domestic industry has been exposed to.

II. INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

1. Unforeseen Developments

Global Exports of the Main Supplier Countries						
	2017	2018	2019	2020	2021	2017-2021
Country	Tons	Tons	Tons	Tons	Tons	% Δ
P.R.C.	741.578	821.833	847.744	828.139	826.826	11%
India	154.750	189.250	180.965	198.770	181.364	17%
Chile	169.614	127.562	128.982	98.743	111.777	-34%
Thailand	79.249	87.875	88.792	85.305	97.694	23%
U.S.A	95.483	88.451	101.112	59.714	84.288	-12%
Russia	38.645	46.305	47.485	52.391	66.273	71%
Spain	77.033	75.670	56.386	57.080	64.562	-16%
South Africa	44.226	40.503	32.656	33.917	44.003	-1%
Australia	39.365	29.235	25.452	20.196	17.601	-55%
Poland	14.184	14.256	17.415	15.508	17.364	22%

When the export data of the main supplier countries are evaluated, it is seen that China was the largest exporter country in the world in terms of quantity between 2017 and 2021. In addition, it is understood that India maintained its position as the second largest supplier in the 2017-2021 period. Furthermore, it is noted that Thailand has increased its exports significantly in this 5-year period.

It is noteworthy that Thailand recorded an aggressive increase in the export of the product under investigation, increasing its exports to the world by more than 20% between 2017 and 2021, and came to the fore among the top 5 exporters at the rate of increase. The period in question corresponds to the period in which Thailand's exports to Türkiye increased nearly four times. The global total exports of the aforementioned goods decreased in the 2019-2020 period due to the problems arising in the international supply channels and the logistics sector due to the impact of Covid-19, and the increases in raw material and freight prices. On the other hand, Türkiye's imports of the products under investigation increased in the same period, and Thailand is the country with the highest supplier country, but there has also been a change in the country composition.

In this period, the increase in imports from Egypt and Iran, which are located in close geographical locations, is remarkable. Iran has recently increased its capacity in steel ball production, and it is seen that the total production in the country is much higher than the demand in the country. Additionally, the low natural gas costs in Iran put them in an advantageous position in the world market in terms of steel product exports.

In this context, the increase in the world exports of the product covered by the investigation, the increase in the production capacities and exports of the supplier countries with relatively low unit prices, accordingly the export from the said countries to Türkiye are evaluated as unforeseen developments that led to an increase in imports of the product under investigation.

In the light of the above evaluations, the investigating authority concluded that the recent unforeseen developments in the world market led to a surge in imports of the product concerned during the investigation period.

2. Increase in Imports

An analysis of the increase in imports into Türkiye of the product concerned in absolute terms was carried out over the period from 2017 to January-September of 2021. Imports of the product concerned increased considerably, in absolute terms during the period of investigation.

a) General View of Imports

IMPORTS Period	Quantity	Value	Unit Price	Change		
	Kg	\$	(\$/Kg)	Kg	\$	(\$/Kg)
2017	4.962.872	5.068.275	1,02	-	-	-
2018	4.884.137	5.514.585	1,13	-%2	%9	%11
2019	5.743.519	6.124.285	1,07	%18	%11	-%6
2020	6.438.673	6.474.473	1,01	%12	%6	-%6
2020 (9)	4.180.353	4.264.233	1,02	-	-	-
2021 (9)	6.676.893	6.956.513	1,04	%60	%63	%2

It is observed that the import amount of the product under investigation has followed an increasing course between 2018 and 2020 on the basis of quantity and value. Especially in the first 9 months of 2021, there is a significant increase in imports compared to the same period of 2020. In this context, when evaluated as a whole, it is observed that imports generally increased during the investigation period, and there was a sudden and sharp increase in the 9-month period of 2021. However, the average unit price of imported products followed a fluctuating course throughout the investigation period and fell to the lowest level in 2020.

b) Absolute Imports

Imports (Tons)	2017	2018	2019	2020	2020 (9)	2021 (9)
		4.963	4.884	5.774	6.439	4.180

Imports of the product concerned increased considerably during the period analyzed. Additionally, imports grew by 60% in the first 9-month period of 2021 compared with the same period of 2020.

c) Relative Imports

Imports/Production (% – Index)	2017	2018	2019	2020	2020 (9)	2021 (9)
		100	65	64	60	100

The ratio of imports to domestic production rose in 2021 to the highest level of 231.

d) Market Share of Imports

Market Share of Imports (% – Index)	2017	2018	2019	2020	2020 (9)	2021 (9)
	100	94	93	95	100	155

The market share of the imported products decreased from 2017 to 2019 and then increased in the next period. In the first 9 months of 2021, it increased to the level of 155.

III. PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

The subject product is classified under Turkish Customs Codes 7325.91.00.00.00 and 7326.11.00.00.00 in Turkish Customs Tariff Schedule of 2022.

IV. DESCRIPTION OF THE PROPOSED MEASURE

The imposition of a definitive safeguard measure is proposed in the form of specific duty per tons, which will be implemented as shown in the table below.

Customs Tariff Statistics Code	Definiton	Proposed Measure		
		1 st Year	2 nd Year	3 rd Year
7325.91.00.00.00	Grinding balls and similar articles for grinding	200 USD/Tons	195 USD/Tons	190 USD/Tons
7326.11.00.00.00	Grinding balls and other articles for grinding			

Below is the list of developing countries excluded from the measure, according to Article 9.1 of the *Agreement on Safeguards*, as they constitute less than 3% individually and 9% collectively of imports of Türkiye. The exemption will be applied in the form of tariff quotas. To that end, each country will be granted, for each period, a tariff quota of 347 tons, the amount that represents 3% of imports of Türkiye of the product concerned in the year 2020. Overall, total amount of tariff quota shall not exceed 1.040 tons, 9% of total imports of Türkiye in 2021.

Afghanistan, Angola, Antigua and Barbuda, Argentina, Albania, Azerbaijan, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia (Plurinational State Of), Bosnia and Herzegovina, Botswana, Brazil, Burkina Faso, Burundi, Bhutan, Algeria, Djibouti, Cook Islands, Chad, Democratic Republic of Congo, Dominican Republic, Dominica, Equator, Equatorial Guinea, El Salvador, Indonesia, Eritrea, Ethiopia, Morocco, Fiji, Co'Te D'ivoire, Philippines, Palestine, French Polynesia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Grenada , Guatemala, Guyana, Republic of South Africa, South Sudan, Georgia, Haiti, Honduras, India, Iraq, Jamaica, Cambodia, Cameroon, Cape Verde, Montenegro, Kazakhstan, Kenya, Kyrgyzstan, Kiribati, Colombia, Comoros, Congo, Kosovo, Costa Rica, Democratic People's Republic Of Korea, Cuba, Lao People's Democratic Republic, Lesotho, Liberia, Libya, Lebanon, Madagascar, Republic Of North Macedonia, Malawi, Maldives, Mali, Marshall Islands,

Mozambique, Mexico, Micronesia (Federated States Of), Mongolia, Republic of Moldova, Montserrat, Mauritania, Mauritius, Myanmar, Namibia, Nauru, Nepal, Niger, Nigeria, Nicaragua, Niue, Central African Republic, Uzbekistan, Pakistan, Palau, Panama, Papua New Guinea, Paraguay, Peru, Rwanda, Russian Federation, Samoa, Sao Tome and Principe, Senegal , Seychelles, Serbia, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sudan, Suriname, Swaziland, Chile, Tajikistan, United Republic of Tanzania, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Tuvalu, Turkmenistan, Uganda, Ukraine, Oman, Uruguay, Jordan, Vanuatu, Venezuela(Bolivarian Republic Of), Yemen, Zambia, Zimbabwe.

V. PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The measure will enter into force on 26/08/2022. The related Presidential Decree was published in the Official Gazette on 27/07/2022.

VI. EXPECTED DURATION OF THE MEASURE

The expected duration of the proposed measure is three years.

VII. PROPOSED DATE FOR THE REVIEW

Not applicable.

VIII. EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

In order to induce adjustment, the proposed measure will be subject to liberalization on a regular basis following its imposition, thereby ensuring that there is a strong incentive for domestic producers to undertake progressively the necessary restructuring and adjustment programs. The proposed measure is to be progressively liberalized as indicated in item IV above.

IX. INFORMATION RELATING TO THE EXTENSION OF A SAFEGUARD MEASURE

Not applicable.