



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

COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF "GCC"

*(Chemical Plasticizers)*

The following communication, 9 May 2018, is being circulated at the request of the State of Kuwait as President of the GCC on behalf of the GCC member States.

Pursuant to Article 12.1(b) of the WTO Agreement on Safeguards, the State of Kuwait notifies the Committee on Safeguards that the GCC- Bureau of Technical Secretariat for Anti-Injurious Practices in International Trade (TSAIP) hereafter referred as "the Investigating Authority" has found a preliminary determinations of serious injury caused by increased imports on behalf of GCC member States.<sup>1</sup>

**1 THE PRODUCT SUBJECT TO THE INVESTIGATION**

The products covered by the investigation include:

Prepared Additives for cements, mortars or concretes (chemical plasticizers) known as superplasticizers or hyperplasticizers in liquid or powder form and take different commercial names like SNF/NSF/PNS, SMF or PCE. These products are used for all types of concrete like ready-mix concrete, precast and pre-stressed concrete, in areas of congested reinforcement, where higher workability is of benefit, in reducing water concrete for the sake of improving impermeability and durability; marine concrete, gunite concrete, architectural concrete, special concrete, pumpable concrete.

The product under investigation is classified under the following GCC-Unified Tariff Codes from items: (38244000).

**2 PROVIDE THE BASIS FOR:**

Making a preliminary determination, as provided for in Article 4, that increased imports have caused serious injury.

The investigation was initiated on 20 September 2017<sup>2</sup>, after receiving of a documented safeguards application filed by "Methanol Chemicals Company (CHEMANOL)" pursuant to the GCC Common Law on Antidumping, Countervailing Measures and Safeguard Measures and its Rules of Implementation, in which it alleged that increased imports of the subject product had caused serious injury to the domestic industry producing similar products.

<sup>1</sup> A copy of the preliminary report issued by GCC-TSAIP has been submitted electronically (in Arabic only). To consult this document, please contact Ms Budd ([hilary.budd@wto.org](mailto:hilary.budd@wto.org)) or Ms Naville ([delphine.naville@wto.org](mailto:delphine.naville@wto.org)) of the Rules Division.

<sup>2</sup> G/SG/N/6/BHR/3.

The GCC-TSAIP (Investigating Authority) made a preliminary determination on the following:

**(a) Unforeseen Developments**

The GCC-TSAIP examined data on unforeseen developments either provided by the complainant or collected during the investigation and made the following determinations:

- The increase in imports is mainly due to developments in the steel industry worldwide in terms of excess production, especially in China.
- The availability of huge quantities of raw naphthalene at competitive prices is an opportunity to be used as a valuable product to produce the product under investigation.
- Global steel production declined by 17 million tons in the five years preceding the entry into force of the WTO Agreement in 1995, and increased by 769 million tons during the 15 years following China's accession to the WTO between 2000 and 2015, resulting in increased production and exports of the product under investigation.
- The significant increase in naphthalene supply produced by the increase in steel production has led to a significant increase in the amount of exports of the product under investigation to the GCC States, which have caused serious damage to the domestic industry.
- Waiting for the updating of the imports data to include the first half of 2017, GCC-TSAIP is still examining the unforeseen developments and the definitive determination will be reflected in the next phase of the ongoing investigation.

**(b) Increased Imports**

The investigation period covers temporarily 2012 to 2016 for the purpose of determining increased imports. This period will be updated after updating the imports data to include the first half of 2017 as stated in the Notice of Initiation published in the Official Gazette Volume (14).

(Base year 2012)	2012	2013	2014	2015	2016
Imports Volume (ton)	339,565.49	356,979.65	336,453.76	568,955.79	769,459.90
Index	100	105.13	99.08	167.55	226.60
<b>Imports/production ratio</b>	100	118.65	110.47	213.00	347.65

The GCC-TSAIP considered as shown in the table above that the subject product is being imported into the GCC States market in such increasing quantities in absolute terms and relative to GCC production.

The GCC-TSAIP made a preliminary determination that sharp and significant increase of the imports of the imported products occurred in the investigation period, and it will be determined definitively whether the conditions of the recent, sudden, sharp and significant increase in imports will be met, either in absolute or relative terms, after updating the imports data as indicated above.

**(c) Serious Injury**

The investigation period for the purposes of determining serious injury covered temporarily the period 2012 to 2016.

The preliminary determinations of a serious injury analysis relates to the information submitted by Chemanol whose production of the GCC like product constitutes the major proportion of the total GCC production of those products and it represents the GCC industry under the requirements of Article 3 of the GCC Common Law on Antidumping, Countervailing Measures and Safeguard Measures and its Rules of Implementation.

(Base year 2012)	2012	2013	2014	2015	2016
<b>Production volume</b>	100	88.60	89.69	78.66	65.18
<b>Capacity utilization</b>	100	88.60	89.69	78.66	65.18
<b>Sales volume</b>	100	86.50	87.93	72.60	64.58
<b>Market share of domestic sales</b>	100	87.23	92.07	52.93	36.96
<b>Market share of imports</b>	100	106.02	103.74	122.18	129.70
<b>Inventory volume</b>	100	538.34	256.50	1079.56	596.69
<b>Employment</b>	100	90.91	118.18	118.18	104.55
<b>Losses</b>	100	96.49	57.66	-18.23	-48.18

Based on the period of investigation referred to above, GCC-TSAIP analyzed the rate and volume of the increase in imports and assessed the impact on GCC industry of chemical plasticizers, knowing that the GCC industry provided data injury until the first half of 2017, which will be studied and reflected in the next phase of the investigation after updating the imports data as indicated above.

According to the injury data above, there is preliminarily sufficient evidence that the GCC industry is suffering a serious injury in the form of decline in domestic sales, market share, production, employment, and increase in losses, in conjunction with the increase of imports.

The Investigating Authority made a preliminary determination that the GCC industry is suffering serious injury during the period referred to above, and the determination of the existence of serious injury will be determined definitively after updating the imports data as indicated above.

**(d) Causal Link between Increased Import and Serious Injury**

Based on the preliminary determinations, The GCC-TSAIP has examined the impact of other factors, other than the massive increase in imports that might cause serious injury to the GCC industry, such as trade restrictive practices, consumption, export performance and technology; However these factors did not contribute to the serious injury suffered by the GCC industry. Therefore, The GCC-TSAIP found that there is sufficient preliminary evidence to the existence of the causal link between the serious injury caused to the GCC industry and the increase of imports of the product under investigation, and the determination of the existence of causal link will be determined definitively after updating the imports data as indicated above.

**(e) Preliminary determination**

The GCC-TSAIP determined the existence of:

- Massive increase of imports of the products under investigation as result of unforeseen developments; and the determination of the existence of the increase in imports will be determined definitively after updating the imports data as indicated above;
- Serious injury to the GCC industry; and the determination of the existence of serious injury will be determined definitively after updating the imports data as indicated above;
- Causal link between the serious injury and the increase in imports, and the determination of the existence of causal link will be determined definitively after updating the imports data as indicated above.

Based on the preliminary determination, the Permanent Committee made decision to continue the investigation and not to impose provisional measures.