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Committee on Safeguards

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NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE REFERRED TO IN ARTICLE 6

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

(Certain steel products)

EUROPEAN UNION

The following communication, dated 16 July 2018, is being circulated at the request of the Delegation of the European Union.

NOTIFICATION UNDER ARTICLE 12.4 BEFORE TAKING PROVISIONAL SAFEGUARD MEASURES

1. Specify the product subject to the proposed provisional safeguard measure

The 28 product categories ("the product concerned" or the "product categories concerned"), together with the CN codes under which these products are currently classified, are listed in Annex I.

2. Specify the proposed provisional safeguard measure

The proposed provisional safeguard measure consists in the establishment of temporary tariff quotas in respect of the product concerned, in excess of which an additional duty of 25% will be required to be paid. The proposed tariff quotas are listed in Annex II.

3. Specify the proposed date of introduction of the proposed provisional safeguard measure

The proposed date of introduction of the provisional safeguard measure is 19 July 2018.

4. Specify the expected duration of the provisional safeguard measure

The proposed provisional safeguard measure will apply for a period of 200 days.

5. Provide the basis for:

i. Making a preliminary determination, as provided for in Article 6, that increased imports have caused or are threatening to cause serious injury; and

UNFORESEEN DEVELOPMENTS

The Commission has preliminarily determined that the above-mentioned increase in imports of steel products in the Union has been the result of unforeseen developments that finds its source in a number of factors establishing and aggravating imbalances in the international trade of the products concerned.

First of all, the nominal global steelmaking capacity has more than doubled since 2000, from a level of 1.05 billion tonnes in 2000 to 2.29 billion tonnes in 2016 and has remained at a very high level in 2017 (2.27 billion tonnes) . In addition, actual global steel production in 2016 (1.6 billion tonnes) was still 100 million tonnes higher than global steel demand (1.5 billion tonnes). Consequently, there has been over the last years a major gap between nominal global capacity and production and between production and demand, generating an unprecedented overcapacity in the global steel market which has persisted despite the measures adopted to narrow it. Moreover, looking forward, whereas global production in 2017 increased by more than 5% due to an economic recovery, global steel demand in 2018 will show only moderate growth with further deceleration predicted for 2019. There was a sign of recovery in 2017, but important risks remain.

The steel firms continue to be financially vulnerable since, as mentioned above, there are persisting structural imbalances in the steel sector. These imbalances are accentuated by distortive subsidies and government support measures . Given the important fixed costs in the steel sector, many steel producers, notably in countries where the State distorts the normal play of market forces, kept capacity utilisation at high rates and flooded third country markets with their products at low prices when they could not be absorbed by domestic consumption. This has resulted in increasing imports in the EU and overall price depression. Import prices have in general undercut Union industry prices in 2017, based on an average price comparison for each product category. Such an average price comparison does not necessarily reflect all the specificities which may have an impact on comparability, but nevertheless gives a good indication of the general price level of imports as compared to Union prices. Undercutting was established for 17 product categories, with ranges between 1.2% and 23%.

Secondly, the above effect has been exacerbated by trade-restrictive practices in third country markets. Indeed, since 2014/2015, in reaction to the above mentioned oversupply of steel and the market-distorting practices, several countries have begun to make greater use of trade policy and trade defence instruments in the steel sector with a view to protecting their domestic producers. Mexico, South Africa, India and Turkey have applied import tariffs' increases ranging from 2.5% to 40% for a series of steel products including inter alia: hot rolled and cold rolled steel, flat steel products like strips, and also rebars. These products were typically imported in increasing quantities over the period of investigation. Furthermore, third countries continued throughout 2017 to impose trade restrictive measures: some countries introduced minimum import prices (India), some imposed mandatory national standards for steel (Indonesia) and others imposed local content requirements, including through government procurement (U.S.).

In addition, recourse to trade defence instruments has steadily increased. Based on WTO statistics, whereas during 2011-2013 on average around 77 steel-related investigations had been initiated per year, during 2015-2016 this average increased to 117. In February 2018, the U.S. had 169 anti-dumping and countervailing duty orders in place on steel, as well as 25 ongoing investigations that could lead to an even more restrictive picture for imports of steel into the U.S. As the U.S. is one of the world's largest steel importing countries – representing around 13.1% of the world steel imports (in 2016) – the impact of such a large number of trade remedies has been strongly felt globally.

Third, in the context of the prevailing persistent worldwide overcapacity, the illegal and restrictive U.S. Section 232 measures, given their level and scope, are likely to cause substantial trade diversion of steel products into the Union. The U.S. have calculated that the imposition of a single across-product tariff under the Section 232 measures with almost no country exclusion should decrease imports by approximately 13 million tonnes – corresponding to 7% of Union consumption. The Union market is generally a very attractive market for steel products both in terms of demand and prices. Some of the main exporters to the US are also traditional steel suppliers to the Union and there is no doubt that these countries, as well as others whose exports and production will be affected by the U.S. measures and the foreseeable trade diversion cascade, will redirect their exports to the Union. Even a partial diversion of the abovementioned trade flows into the Union will unavoidably result in a new price depression and undercutting on the EU market, bringing price down to levels comparable to those of 2016, with significant negative consequences on the profitability of the Union steel industry. It should finally be noted that the additional import increase which is liable to further deteriorate the economic situation of the Union steel industry might especially originate from countries currently not subject to anti-dumping/countervailing duty measures.

Consequently, the abovementioned unforeseen developments have lead and will further lead to a clear increase of steel imports into the Union.

INCREASE IN IMPORTS

Based on the information from Eurostat, the prior steel surveillance mechanism, as well as information submitted by the Union industry, the Commission has carried out a preliminary analysis of the increase in imports of the products concerned over the period 2013-2017. The Commission has also examined the evolution of imports during the first quarter of 2018 in order to confirm the recent increase in imports.

The total imports of the products concerned have developed as follows:

	2013	**2014**	**2015**	**2016**	**2017**
Imports (000 tonnes)	18 861	22 437	27 164	29 778	30 573
Index 2013=100	100	119	144	158	162
Market shares	12.7%	14.4%	16.9%	17.9%	18.0%

Source: Eurostat

In overall terms, imports of the 28 product categories concerned, taken altogether, increased in absolute terms by 62% over the period 2013-2017. The increase of imports was especially marked until 2016. Subsequently, imports continued to increase and remained at a very high level.

Imports for the vast majority of the individual product categories covered by the investigation also showed an increase in absolute terms over the last five years. For example, the imports of the largest categories in terms of imports (product categories 1, 4, and 7) have increased by 45%, 168%, and 78% respectively.

There was however not an increase for 5 product categories, namely products 10, 11, 19, 24, and 27. The Commission therefore considers that these product categories should at this stage be excluded from the scope of the provisional measures. The Commission, nevertheless, reserves the right to include these 5 product categories in the scope of the definitive measures and to this effect will continue monitoring the imports within these categories. The evolution of imports for each product category is presented in Annex II.

In addition to the exclusion, at this stage, of the abovementioned product categories, the Commission has also considered the exclusion of certain countries from the scope of the measures in line with the conclusions in recital (121). Accordingly, the Commission has excluded the imports of these product categories from these aforementioned countries from the rest of its preliminary analysis and reviewed the imports' evolution.

On this basis, the imports of the products concerned by this preliminary determination have developed as follows:

	2013	**2014**	**2015**	**2016**	**2017**
Imports (000 tonnes)	17 367	20 764	25 556	28 174	29 122
Index 2013=100	100	120	147	162	168
Market shares	12.1%	13.8%	16.5%	17.5%	17.8%

Source: Eurostat

Imports increased in absolute terms by 68% during the period 2013-2017, with market shares increasing from 12.1% to 17.80%. The most significant increase took place in the period 2013-2016, but imports continued to increase and remained at a high level in 2017.

The trend of increasing imports continues in 2018. When comparing the first quarter of 2018 with the first quarter of 2017, the overall import increase amounts to 10%. For 9 product categories, the increase is more than 20% and for one of those categories (category 13) the increase is more than 100%. Moreover, this increase took place even before the Section 232 measures entered into force.

The Commission therefore concludes that there has been a sudden, steep, and significant increase of imports in absolute terms for 23 product categories. In addition, the increase of imports continues in the first quarter of 2018 and it is expected to be even more significant in view of the expected trade diversion from the Section 232 measures.

THREAT OF SERIOUS INJURY

Global situation of the Union steel industry

In order to formulate its preliminary determination as to whether there is evidence of serious injury or threat of serious injury to the Union industry for the product concerned under assessment, the Commission, in line with Article 9 of Regulation 2015/478 and Article 6 of Regulation 2015/755, has examined the trends of consumption, production, capacity utilisation, sales, market share, prices, profitability, stocks, Return On Capital Employed (ROCE), cash flow and employment for the product concerned for the years 2013 to 2017 (pending the collection of 2018 data).

This analysis has been carried out globally and also individually for the 23 product categories showing an increase of import volumes ("the products/product categories under assessment"). As explained in Section II above, the Commission considers such a global and comprehensive analysis adequate in this investigation, given the interrelation, interconnection, and the level of competition between the different products from a demand and supply point of view.

When looking at the overall situation, the Union consumption, sales of Union producers and the corresponding market share developed as follows:

(000 tonnes)	**2013**	**2014**	**2015**	**2016**	**2017**
Consumption	144,908	152,146	157,236	163,100	166,244
Index 2013=100	***100***	***105***	***109***	***113***	***115***
Domestic sales	125,808	129,261	129,542	132,717	134,542
Index 2013=100	***100***	***103***	***103***	***105***	***107***
Market shares (%)	86.8%	85.0%	82.4%	81.4%	80.9%

Source: Eurostat and industry data

The consumption of the products under assessment increased consistently every year during the period 2013-2017, and by 15% overall. The sales of Union producers also increased, but to a much lesser extent than Union consumption, i.e. by 7% only. Consequently, the Union producers could not benefit from the increasing Union demand and lost market shares, going from 86.8% to 80.9%. It should be recalled that during the same period imports increased by 68%.

On the basis of the questionnaire replies received from the Union producers, production and production capacity developed as follows:

000 tonnes	**2013**	**2014**	**2015**	**2016**	**2017**
EU production	184,912	190,687	192,493	194,369	200,650
Index 2013=100	***100***	***103***	***104***	***105***	***109***
Production capacity	257,331	257,138	258,056	260,171	265,353
Index 2013=100	***100***	***100***	***100***	***101***	***103***
Capacity utilisation (%)	71.9%	74.2%	74.6%	74.7%	75.6%

Source: Industry data

Production capacity increased by 3% during the period 2013-2017, but less than the production level which increased by 9%. As a result, the capacity utilisation rate increased from 72% to 76%.

The stocks held by the cooperating companies increased overall by 20% in the period 2013-2017.

000 tonnes	2013	2014	2015	2016	2017
Stocks	11,006	11,896	12,391	12,117	13,222
Index 2013=100	***100***	***108***	***113***	***110***	***120***

Source: questionnaire replies

Unit sales prices, profitability and cash flow of the Union producers developed as follows:

000 tonnes	2013	2014	2015	2016	2017
Unit sales prices (€/tonne)	673.5	652.8	616.9	572.9	681.5
Index 2013=100	***100***	***97***	***92***	***85***	***101***
Profitability	-1.0%	0.9%	0.9%	2.2%	6.2%
Cash flow (mio€)	3,133	4,975	6,519	5,386	6,141
Index 2013=100	***100***	***159***	***208***	***172***	***196***

Source: questionnaire replies

In the period 2013-2016 there was a significant price depression on the Union market: Unit sales prices decreased by 15%. It should be recalled that imports also increased significantly during this period. The average unit sales price recovered however in 2017 and reached a level comparable to 2013. Profitability overall remained at a very low level during the period 2013-2016. Despite a significant decrease in prices, the Union industry could nevertheless reduce its cost of production in 2016 to such an extent that it managed to make a small level of profit of 2.2%. The situation temporarily recovered in 2017. Sales prices increased by almost 20% between 2016 and 2017 and reached their 2013 level. The Union industry achieved a level of profit of 6.2% since cost of production (raw material), even if increasing, remained lower than in 2013. The overall cash flow position of the Union industry increased by approximately 60%.

In terms of employment, over the 5 year period, the Union producers of the product categories under assessment lost almost 10.000 jobs.

000 tonnes	2013	2014	2015	2016	2017
Employment (FTE)	189,265	183,470	182,136	182,162	181,303
Index 2013=100	***100***	***97***	***96***	***96***	***96***

Source: questionnaire replies

<u>Situation at the level of individual product categories</u>

In addition to the global analysis of the situation for the product concerned overall, which the Commission considers to be the appropriate standpoint for the appraisal of the necessity of safeguard measures in this investigation, the Commission has also assessed the situation at the level of the individual product categories in order to confirm the above trends at a disaggregated level.

When looking at individual product categories, the situation is more contrasted but generally shows the same trends. The economic indicators are provided individually and by product categories in Annex III.

The Union consumption for all but two product categories increased in the last five years. While this increase remained modest for some individual products, with a minimum increase of 2%, it was much more marked for others, with a maximum increase of 169%.

Sales volumes were generally stable in the period 2013-2017 or, in some cases, slightly increased but, except for three product categories, they did not increase as much as EU consumption. As a result, there was a decrease of market shares over the five year period for all but 3 products.

Production levels generally increased for 18 out of 23 of the individual products, as well as capacity utilisation rates.

In terms of prices, there was a significant price decrease for each product (except for one product that was subject to anti-dumping duties in the form of a minimum import price) in the period 2013-2016. Prices recovered in 2017, given a general recovery of the steel market but also as a consequence of the various trade defence measures taken against unfair pricing behaviour and subsidised imports. For 16 products the price level remained lower in 2017 than in 2013. It should be noted that average import price levels were almost systematically lower than Union prices for all years, and for all product categories.

As far as profit is concerned, all product categories were sold at a loss or at a much reduced profit until 2016. Only 7 products could recover to a level of profit above 6% in 2017. These products are significant in terms of EU production volume and six of them are currently subject to (recent) anti-dumping or countervailing duty measures. Note that these measures concern only some countries of origin. All other products remained either loss making (3 products) or only close to break-even (13 products). It is considered that the level profit below 6% is insufficient to cover the investments needed to sustain the activity, as, in the majority of the recent investigations, the Commission has used a level of around 8% profit as a sufficient profit level in this sector in order to cover investments. As for cash flow, for half of the products the cash flow deteriorated in 2013-2017 and for 6 products the cash flow was even negative in 2017. The return on capital employed (ROCE) remained low in the period 2013-2016, but subsequently improved for a large majority of the product categories, even though for 5 products the ROCE was still negative in 2017.

In terms of stocks, the stocks increased for 17 product categories. Only the stocks of 5 product categories decreased and for one product category it remained at the same level during the period.

The above analysis corroborates that the situation of the Union steel industry deteriorated significantly in the period 2013-2016. This materialised by a decrease in market shares, and by a significant price depression which prevented the industry from benefiting from lower raw material costs. These trends existed both at a global and individual product level. The situation partially recovered in 2017. While many product categories are still below a level of sustainable profit, some have improved, most likely as a result of the recent imposition of anti-dumping and anti-subsidy measures. Globally, and for individual product categories, it is therefore considered that the Union industry is still in a fragile situation and vulnerable to further increase in imports, in particular if imports from countries subject to trade defence measures are replaced by other imports diverted from the U.S. market as a result of the Section 232 action.

This is, for example, typically the case for product categories 1, 2 and 4, which are important in terms of Union demand but also because these product categories (in particular categories 1 and 2) are used as raw material to produce other steel products. For product categories 1, 2 and 4, the financial situation was negative in 2016, but became positive in 2017 following the imposition of anti-dumping and anti-subsidy measures against a number of countries like, amongst others, China and Russia. Imports from these countries have however been recently and partially replaced by imports from India, Korea and Turkey, the two latter being also significant supplier to the U.S. In the first quarter of 2018, i.e. before the imposition of the measures in the U.S., Union imports have already increased for product category 1 as compared to the first quarter 2017, and this increase is mainly due to imports from Turkey.

It is likely that a further increase in steel imports in the Union would prevent the Union industry, which has not yet fully recovered, to benefit from the positive effect of the recent trade defence measures.

<u>Threat of serious injury</u>

In its Steel Communication of March 2016[1], the Commission concluded that the Union steel industry was facing a number of serious challenges, fuelled by global overcapacity, a dramatic increase of global exports, and an unprecedented wave of unfair trading practices.

[1] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions, and the European Investment Bank: Steel: Preserving sustainable jobs and growth in Europe, COM(2016) 155 final, 16.3.2016.

In parallel, in order to remedy the injury caused by unfair trade imports, the Union has imposed a number of anti-dumping and anti-subsidy measures against imports of steel products. In total, there are currently no less than 19 anti-dumping or anti-subsidy measures against the unfairly traded imports of 14 product categories under investigation from various countries. During the period under investigation, i.e. 2013-2017, 13 new investigations determined that the EU steel industry suffered (or in one case was threatened to suffer) from material injury caused by unfair trade practices.

As noted in recital (55), the Union industry is still in a fragile situation and vulnerable to a further increase in imports. The recent U.S. decision not to exclude EU exports from the scope of Section 232 measures will likely reduce the Union producers' ability to export their products to the U.S. and make their situation even more vulnerable.

Steel imports have increased significantly, remaining at high levels in 2017. The further increase of imports in 2018 – in particular from those countries or exporters not subject to trade defence measures – is likely to prevent the industry from a full recovery and from benefiting from these measures. The Union steel industry is indeed considered to be still vulnerable to further increases of imports.

In the absence of provisional safeguard measures, it is likely that the situation will develop into actual serious injury in the foreseeable future.

In this context, pursuant to Article 9(2) of Regulation 2015/478 and Article 6(3) of Regulation 2015/755, the Commission has examined the rate of increase of the exports to the Union and the likelihood that available capacity is used to export into the Union.

First, as concluded above, imports into the Union increased substantially in the period 2013-2017, i.e. by 68% globally. While the increase was especially marked until 2016, imports continued to increase in the subsequent period, albeit at a slower pace. As highlighted in recitals 0 and 0 regarding critical circumstances – imports increased again significantly, by almost 10%, in the first quarter of 2018. The rate of increase of imports is therefore significant.

Second, in a situation of global overcapacity in various countries, it is expected that the restrictive U.S. Section 232 measures, given their level and scope, are likely to cause trade diversion of steel products in the Union.

The U.S. have announced their intention to decrease imports by approximately 13 million tonnes and, as a result, have imposed in March 2018 an additional import duty of 25% against imports of a very large number of steel products. The volume of steel that will no longer be exported to the U.S. will unavoidably be diverted to other third countries.

Some of the main exporters to the US are also traditional steel suppliers to the Union. It is more than likely that these countries, as well as others, will to a large extent be willing to redirect their exports to the Union. The Union market is indeed generally an attractive market for steel products both in terms of demand and prices. In fact, the EU is, after China, but before the U.S., one of the main markets for steel, where demand has increased in the last years and prices have also now recovered.

In this context, a significant increase of supply on the Union market caused by an influx of imports will result in a general downward price pressure, resulting in price levels comparable to 2016 with significant negative consequences on the profitability of the Union steel industry.

<u>Conclusions</u>

Under these circumstances, and based on the above, it is preliminary concluded that, although the Union steel industry has partially recovered for some product categories in 2017, notably due to trade defence measures, for the bulk of product categories under assessment the financial situation is still well below sustainable levels, which makes the Union industry still vulnerable to another surge of imports. Accordingly, the Commission concludes that the Union steel industry is in a situation of threat of serious injury for the 23 product categories under assessment.

CAUSATION

The Commission has made a preliminary determination that there is a causal link between increased imports of the product under assessment on the one hand and a threat of serious injury on the other hand, on the following basis.

It is first recalled that the products produced by the Union producers are like or directly competing with the products concerned. They have the same basic characteristics, the same uses and are sold via similar or identical sales channels and strongly compete on price.

As explained in Sections IV and VI, the Union producers have suffered in terms of loss of market share and significant price pressure resulting in a negative or unsustainable level of profit. For some products, even if the producers have recovered, serious injury appears to be imminent.

In the period 2013-2017, imports of the product concerned increased significantly and took away Union market shares based on lower than EU producers' price levels. Indeed, the market share of imports, overall, grew from 12.2% to 17.6% and import prices remained almost systematically lower than the Union sales prices for each individual product.

The causal link between the increased imports and the situation of the Union producers was especially marked in the period 2013-2016, when low priced imports peaked (+62%) and EU producers' prices fell by 15%. For category 13, the decrease in prices amounted even to 20% whereas for categories 1 and 3 they were 19% and 18% respectively. As a result, Union producers of the like products were either in a loss making situation or just close to break even. In the year 2017, imports remained at a high level and continued to undercut prices, despite a general price increase. EU prices recovered, but not sufficiently for a number of products which were still sold at a loss or reduced profit.

Even if profit recovered for some product categories, their situation is still vulnerable. Indeed, based on previous years' developments, these product categories are particularly sensitive to price pressure, and any further increase of imports at low prices would have a significant negative impact on their situation.

In this context, it is considered that the restrictive measures taken by the U.S. pursuant to Section 232 of the Trade Expansion Act, given their level and scope, are likely to cause imminent serious injury to Union producers.

The Commission therefore provisionally concludes that, in relation to the 23 product categories under assessment, there is a causal link between the increase in imports, the pressure on the Union steel market price and the threat of serious injury suffered by Union producers.

OTHER KNOWN FACTORS

To ensure that the serious injury is not attributable to factors other than the increase in imports, the Commission has carried out a preliminary analysis to determine whether the other factors may have contributed to the serious injury suffered by the Union producers.

The global overcapacity was found to have played a role in the sense that it boosted cheap imports into the Union. Consumption for the steel products concerned increased and could therefore not weaken the causal link.

The Commission also considered the attribution of serious injury due to imports of the products concerned from members of the European Economic Area (EEA). As a result of the EEA Agreement between the Union and its Member States, on the one hand, and members of the EEA (Norway, Iceland, and Liechtenstein), on the other hand, the Union has established a close economic integration with the markets of EEA countries, as well as the industries of the products concerned. The industry in those markets is mature and saturated, due to which it is considered that the exclusion of products originating in the members of the EEA from the safeguard measures will have little (if no) impact on the import levels of the products. Indeed, and while the imports from these countries have indeed contributed for some product categories to an increase in imports (overall imports from these countries show an increase of approximately 9%), the share of those imports in the total imports is limited (EEA share in imports is about 1.5%, with a corresponding market share of 0.3% in total). In addition, EEA members are traditionally minor suppliers of the product concerned to the U.S., which means that the risk of trade diversion has preliminarily been determined to also be limited. Having, therefore, regard to the traditionally minor supplies to the U.S., the maturity of the industry in EEA markets, and the related limited risk of trade diversion stemming therefrom, the Commission considers that imports of the products concerned from EEA members may only have very marginally, if at all contributed to the threat of serious injury.

Consequently, the Commission has not identified other factors that would weaken the causal link between the increase in imports and the serious injury to the Union producers. Nevertheless, a more detailed examination of all other factors that have or may have contributed to the injury will be undertaken in the remainder of the investigation.

ii. Determining that there are critical circumstances where delay would cause damage which it would be difficult to repair

As indicated above, Union steel producers are globally in a situation of threat of injury and serious injury is clearly imminent. For some individual product categories, there are already indications pointing towards serious injury. A further increase of imports will likely have significant adverse effects on the economic situation of the industry overall.

The Commission has examined whether critical circumstances exist in which delay would cause damage which it would be difficult to repair. In particular it was examined whether imports have continued to increase in the most recent period.

Based on a comparison between imports of steel products in the first quarter 2018 and the first quarter 2017, it appears that for 18 of the 23 product categories imports increased by 26%. This increase of imports is significantly more important than that experienced in the period 2016-2017, which was around 2%.

The 25% tariffs under Section 232 on steel products were introduced on 23 March 2018. It is at this stage not possible to assess the full effect of the U.S. measures in terms of trade diversion. The increase of imports into the Union in the first quarter 2018 could however be seen as an anticipation of their effects and, therefore, give a good indication of what could be the potential future development of Union imports after the US measures have been imposed.

On 30 May 2018, the U.S. also decided that Section 232 measures should be enforced against the Union, Mexico and Canada. The Commission considers that this is a further critical element since it would not only restrict Union exports but also increase the risk of trade diversion from the other two important steel producing countries.

Given the vulnerable situation of the industry, and in view of the most recent increase of imports, a further oversupply of steel products on the Union market, and the resulting pressure on prices, will undoubtedly have serious consequences on the situation of the Union producers.

Therefore, the Commission considers that, on account of the real risk of trade diversion and the further restriction of imports to the U.S. of important steel producing countries, there are critical circumstances by which any delay in the adoption of provisional safeguard measures would cause damage which would be difficult to repair. The Commission therefore concludes that provisional safeguard measures should be adopted without delay.

6. Offer of consultations

The European Union offers consultations on the provisional safeguard measures at any time after the measure is taken.

7. Other information

A copy of the Commission Regulation which will be published in the Official Journal of the European Union will be submitted to the Committee.[*]

NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2 UPON TAKING A DECISION NOT TO APPLY THOSE PROVISIONAL SAFEGUARD MEASURES TO CERTAIN PRODUCTS ORIGINATING IN DEVELOPING COUNTRIES

1. Specify the measure

The measures consist of temporary tariff quotas in excess of which additional duty requires to be paid, described in the notification under Article 12.4 above.

2. Specify the product subject to the measure

The measures apply to the products described in paragraph 1 of the notification under Article 12.4 above.

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

The list of products originating in developing countries members of the WTO to which the provisional measures do not apply are laid down in Annex 3. Where the measures do apply because the import share of the developing countries is above 3%, they are marked with an "x".

[*] A copy of the Implementing Regulation (EU) 2018/1013 of 17 July 2018 was submitted in electronic form. To consult this document, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) of the Rules Division.

Annex I

Product categories

Product Number	Product category	CN Codes
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 10, 7208 52 99, 7208 53 10, 7208 53 90, 7208 54 00, 7211 13 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7225 99 00, 7226 20 00, 7226 92 00
3	Electrical Sheets (other than GOES)	7209 16 10, 7209 17 10, 7209 18 10, 7209 26 10, 7209 27 10, 7209 28 10, 7225 19 90, 7226 19 80
4	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7226 99 10, 7226 99 30, 7226 99 70
5	Organic Coated Sheets	7210 70 80, 7212 40 80
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20
7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60
8	Stainless Hot Rolled Sheets and Strips	7219 11 00, 7219 12 10, 7219 12 90, 7219 13 10, 7219 13 90, 7219 14 10, 7219 14 90, 7219 22 10, 7219 22 90, 7219 23 00, 7219 24 00, 7220 11 00, 7220 12 00
9	Stainless Cold Rolled Sheets and Strips	7219 31 00, 7219 32 10, 7219 32 90, 7219 33 10, 7219 33 90, 7219 34 10, 7219 34 90, 7219 35 10, 7219 35 90, 7219 90 20, 7219 90 80, 7220 20 21, 7220 20 29, 7220 20 41, 7220 20 49, 7220 20 81, 7220 20 89, 7220 90 20, 7220 90 80
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00
13	Rebars	7214 20 00, 7214 99 10

Product Number	Product category	CN Codes
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90
15	Stainless Wire Rod	7221 00 10, 7221 00 90
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90
18	Sheet Piling	7301 10 00
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99
22	Seamless Stainless Tubes and Pipes	7304 11 00, 7304 22 00, 7304 24 00, 7304 41 00, 7304 49 10, 7304 49 93, 7304 49 95, 7304 49 99
23	Bearing Tubes and Pipes	7304 51 12, 7304 51 18, 7304 59 32, 7304 59 38
25	Large welded tubes	7305 11 00, 7305 12 00, 7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00
28	Non Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50 , 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90

Annex II

Proposed tariff quotas

Product Number	Product category	CN Codes	Volume of tariff quota (net tonnes)	Additional duty rate
1	Non Alloy and Other Alloy Hot Rolled Sheets and Strips	7208 10 00, 7208 25 00, 7208 26 00, 7208 27 00, 7208 36 00, 7208 37 00, 7208 38 00, 7208 39 00, 7208 40 00, 7208 52 99, 7208 53 90, 7208 54 00, 7211 14 00, 7211 19 00, 7212 60 00, 7225 19 10, 7225 30 10, 7225 30 30, 7225 30 90, 7225 40 15, 7225 40 90, 7226 19 10, 7226 91 20, 7226 91 91, 7226 91 99	4,269,009	25%
2	Non Alloy and Other Alloy Cold Rolled Sheets	7209 15 00, 7209 16 90, 7209 17 90, 7209 18 91, 7209 25 00, 7209 26 90, 7209 27 90, 7209 28 90, 7209 90 20, 7209 90 80, 7211 23 20, 7211 23 30, 7211 23 80, 7211 29 00, 7211 90 20, 7211 90 80, 7225 50 20, 7225 50 80, 7226 20 00, 7226 92 00	1,318,865	25%
3	Electrical Sheets (other than GOES)	7209 16 10, 7209 17 10, 7209 18 10, 7209 26 10, 7209 27 10, 7209 28 10, 7225 19 90, 7226 19 80	178,704	25%
4	Metallic Coated Sheets	7210 20 00, 7210 30 00, 7210 41 00, 7210 49 00, 7210 61 00, 7210 69 00, 7210 90 80, 7212 20 00, 7212 30 00, 7212 50 20, 7212 50 30, 7212 50 40, 7212 50 61, 7212 50 69, 7212 50 90, 7225 91 00, 7225 92 00, 7226 99 10, 7226 99 30, 7226 99 70	2,115,054	25%
5	Organic Coated Sheets	7210 70 80, 7212 40 80	414,324	25%
6	Tin Mill products	7209 18 99, 7210 11 00, 7210 12 20, 7210 12 80, 7210 50 00, 7210 70 10, 7210 90 40, 7212 10 10, 7212 10 90, 7212 40 20	367,470	25%
7	Non Alloy and Other Alloy Quarto Plates	7208 51 20, 7208 51 91, 7208 51 98, 7208 52 91, 7208 90 20, 7208 90 80, 7210 90 30, 7225 40 12, 7225 40 40, 7225 40 60, 7225 99 00	1,442,988	25%
8	Stainless Hot Rolled Sheets and Strips	7219 11 00, 7219 12 10, 7219 12 90, 7219 13 10, 7219 13 90, 7219 14 10, 7219 14 90, 7219 22 10, 7219 22 90, 7219 23 00, 7219 24 00, 7220 11 00, 7220 12 00	193,049	25%
9	Stainless Cold Rolled Sheets and Strips	7219 31 00, 7219 32 10, 7219 32 90, 7219 33 10, 7219 33 90, 7219 34 10, 7219 34 90, 7219 35 10, 7219 35 90, 7219 90 20, 7219 90 80, 7220 20 21, 7220 20 29, 7220 20 41, 7220 20 49, 7220 20 81, 7220 20 89, 7220 90 20, 7220 90 80	476,161	25%
12	Non Alloy and Other Alloy Merchant Bars and Light Sections	7214 30 00, 7214 91 10, 7214 91 90, 7214 99 31, 7214 99 39, 7214 99 50, 7214 99 71, 7214 99 79, 7214 99 95, 7215 90 00, 7216 10 00, 7216 21 00, 7216 22 00, 7216 40 10, 7216 40 90, 7216 50 10, 7216 50 91, 7216 50 99, 7216 99 00, 7228 10 20, 7228 20 10, 7228 20 91, 7228 30 20, 7228 30 41, 7228 30 49, 7228 30 61, 7228 30 69, 7228 30 70, 7228 30 89, 7228 60 20, 7228 60 80, 7228 70 10, 7228 70 90, 7228 80 00	728,270	25%
13	Rebars	7214 20 00, 7214 99 10	714,964	25%

Product Number	Product category	CN Codes	Volume of tariff quota (net tonnes)	Additional duty rate
14	Stainless Bars and Light Sections	7222 11 11, 7222 11 19, 7222 11 81, 7222 11 89, 7222 19 10, 7222 19 90, 7222 20 11, 7222 20 19, 7222 20 21, 7222 20 29, 7222 20 31, 7222 20 39, 7222 20 81, 7222 20 89, 7222 30 51, 7222 30 91, 7222 30 97, 7222 40 10, 7222 40 50, 7222 40 90	82,156	25%
15	Stainless Wire Rod	7221 00 10, 7221 00 90	32,744	25%
16	Non Alloy and Other Alloy Wire Rod	7213 10 00, 7213 20 00, 7213 91 10, 7213 91 20, 7213 91 41, 7213 91 49, 7213 91 70, 7213 91 90, 7213 99 10, 7213 99 90, 7227 10 00, 7227 20 00, 7227 90 10, 7227 90 50, 7227 90 95	1,058,110	25%
17	Angles, Shapes and Sections of Iron or Non Alloy Steel	7216 31 10, 7216 31 90, 7216 32 11, 7216 32 19, 7216 32 91, 7216 32 99, 7216 33 10, 7216 33 90	167,817	25%
18	Sheet Piling	7301 10 00	24,854	25%
20	Gas pipes	7306 30 41, 7306 30 49, 7306 30 72, 7306 30 77	185,280	25%
21	Hollow sections	7306 61 10, 7306 61 92, 7306 61 99	387,343	25%
22	Seamless Stainless Tubes and Pipes	7304 11 00, 7304 22 00, 7304 24 00, 7304 41 00, 7304 49 10, 7304 49 93, 7304 49 95, 7304 49 99	22,818	25%
23	Bearing Tubes and Pipes	7304 51 12, 7304 51 18, 7304 59 32, 7304 59 38	5,549	25%
25	Large welded tubes	7305 11 00, 7305 12 00, 7305 19 00, 7305 20 00, 7305 31 00, 7305 39 00, 7305 90 00	258,133	25%
26	Other Welded Pipes	7306 11 10, 7306 11 90, 7306 19 10, 7306 19 90, 7306 21 00, 7306 29 00, 7306 30 11, 7306 30 19, 7306 30 80, 7306 40 20, 7306 40 80, 7306 50 20, 7306 50 80, 7306 69 10, 7306 69 90, 7306 90 00	296,274	25%
28	Non Alloy Wire	7217 10 10, 7217 10 31, 7217 10 39, 7217 10 50, 7217 10 90, 7217 20 10, 7217 20 30, 7217 20 50, 7217 20 90, 7217 30 41, 7217 30 49, 7217 30 50 , 7217 30 90, 7217 90 20, 7217 90 50, 7217 90 90	393,031	25%

Annex III

List of products originating in developing countries members of the WTO to which the provisional measures do not apply. Where measures do apply, these are marked with an "x"

Country / Product group	1	2	3	4	5	6	7	8	9	12	13	14	15	16	17	18	20	21	22	23	25	26	28
Afghanistan																							
Albania																							
Angola																							
Antigua and Barbuda																							
Argentina																							
Armenia																							
Bahrain, Kingdom of																							
Bangladesh																							
Barbados																							
Belize																							
Benin																							
Bolivia, Plurinational State of																							
Botswana																							
Brazil	x	x				x	x								x								
Brunei Darussalam																							
Burkina Faso																							
Burundi																							
Cabo Verde																							
Cambodia																							
Cameroon																							
Central African Republic																							
Chad																							
Chile																							
China			x	x		x		x		x			x			x		x	x	x	x	x	x
Colombia																							
Congo																							
Costa Rica																							
Côte d'Ivoire																							
Cuba																							

Country / Product group	1	2	3	4	5	6	7	8	9	12	13	14	15	16	17	18	20	21	22	23	25	26	28
Democratic Republic of the Congo																							
Djibouti																							
Dominica																							
Dominican Republic																							
Ecuador																							
Egypt	x									x													
El Salvador																							
Eswatini																							
Fiji																							
Gabon																							
Gambia																							
Georgia																							
Ghana																							
Grenada																							
Guatemala																							
Guinea																							
Guinea-Bissau																							
Guyana																							
Haiti																							
Honduras																							
Hong Kong, China																							
India	x	x	x	x	x	x	x		x			x	x				x		x	x		x	
Indonesia							x																
Jamaica																							
Jordan																							
Kazakhstan																							
Kenya																							
Kuwait, the State of																							
Kyrgyz Republic																							
Lao People's Democratic Republic																							
Lesotho																							
Liberia																							
Macao, China																							
Madagascar																							

Country / Product group	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**20**	**21**	**22**	**23**	**25**	**26**	**28**
Malawi																							
Malaysia									x														
Maldives																							
Mali																							
Mauritania																							
Mauritius																							
Mexico																							
Moldova, Republic of											x			x									
Mongolia																							
Montenegro																							
Morocco																							
Mozambique																							
Myanmar																							
Namibia																							
Nepal																							
Nicaragua																							
Niger																							
Nigeria																							
Oman																							
Pakistan																							
Panama																							
Papua New Guinea																							
Paraguay																							
Peru																							
Philippines																							
Qatar																							
Rwanda																							
Saint Kitts and Nevis																							
Saint Lucia																							
Saint Vincent and the Grenadines																							
Samoa																							
Saudi Arabia, Kingdom of																					x		
Senegal																							
Seychelles																							
Sierra Leone																							

Country / Product group	1	2	3	4	5	6	7	8	9	12	13	14	15	16	17	18	20	21	22	23	25	26	28
Solomon Islands																							
South Africa								x	x														
Sri Lanka																							
Suriname																							
Tajikistan																							
Tanzania																							
Thailand																							
The former Yugoslav Republic of Macedonia					x		x										x	x					
Togo																							
Tonga																							
Trinidad and Tobago																							
Tunisia																							
Turkey	x	x		x	x				x	x	x			x	x		x	x			x	x	x
Uganda																							
Ukraine	x	x					x				x	x		x	x		x	x	x				x
United Arab Emirates																x						x	
Uruguay																							
Vanuatu																							
Venezuela, Bolivarian Republic of																							
Viet Nam		x		x					x														
Yemen																							
Zambia																							
Zimbabwe																							