

The Summary of the Department of Foreign Trade's Notification on  
the Detailed Report of the Committee on Safeguard Measures' Final Determination  
on the Safeguard Extension Review Against Increased Imports of Hot Rolled Steel  
Flat Products with Certain Amount of Alloying Elements in Coils and Not in Coils  
B.E. 2559 (2016)

This Notification addresses the issue on whether the safeguard measure, in accordance with the Thai Safeguard Measures on Increased Imports Act B.E.2550 (2007) ("Thai Safeguard Measures Act") and the WTO Agreement on Safeguards, continues to be necessary to prevent or remedy serious injury or threat thereof caused by increased imports of hot rolled steel flat products with certain amounts of alloying elements such as boron, chromium, etc., in coils and not in coils, with or without patterns in relief, of a thickness of 0.9 – 50.0 mm. and a width 100 – 3,048 mm. (hereinafter referred to as the "product concerned"). The product concerned is currently classified under the Thai Customs Tariff Code at subheadings: 7225.30.90.011, 7225.30.90.012, 7225.30.90.013, 7225.30.90.014, 7225.30.90.021, 7225.30.90.022, 7225.30.90.023, 7225.30.90.024, 7225.30.90.090, 7225.40.90.011, 7225.40.90.012, 7225.40.90.013, 7225.40.90.014, 7225.40.90.021, 7225.40.90.022, 7225.40.90.023, 7225.40.90.024, 7225.40.90.090, 7226.91.10.011, 7226.91.10.012, 7226.91.10.013, 7226.91.10.014, 7226.91.10.021, 7226.91.10.022, 7226.91.10.023, 7226.91.10.024, 7226.91.10.090, 7226.91.90.011, 7226.91.90.012, 7226.91.90.013, 7226.91.90.014, 7226.91.90.021, 7226.91.90.022, 7226.91.90.023, 7226.91.90.024, 7226.91.90.090, originating in or exported from various countries.

## Background

On 12 September 2013, the Committee on Safeguard Measures of Thailand ("Safeguard Committee") decided, based on the facts of an existence of a causal link between the increased imports of the product concerned and the serious injury of the domestic industry caused by those imports, to impose a definitive safeguard measure concerning increased imports of the product concerned into Thailand. Consequently, the Notice of the Imposition of a Definitive Safeguard Measure was published in the Royal Thai Government Gazette on 13 September 2013, to be effective for three years including the period of provisional measure and shall be progressively liberalized as follows:

and 2) on 13 January 2016, after the disclosure of facts finding, in order to provide hundreds of interested parties the opportunity to present evidence and express their views on the initiation and on the finding of this investigation. Moreover, further opportunities to present additional evidence and their views and to respond to the presentations of other parties were given to interested parties as well during the course of the investigation.

### Prior Consultations

The prior consultations were scheduled to be held, upon request, for the interested parties with substantial interest on 14 - 15 January 2016 at the DFT. However, only the Government of India requested a time slot for prior consultation with DFT on Friday 15 January 2016 and the opportunity for consultation was granted even though the appointment was later cancelled by India. Therefore, there were no consultations between Thailand and any Members who have substantial interest as exporters of the product concerned.

### Finding and Conclusion

The period of investigation (POI) covers from 1 January 2011 to 30 June 2015 (4 years and 6 months). The Committee on Safeguard Measure of Thailand, in accordance with the Thai Safeguard Measures Act and the WTO Agreement on Safeguards, concludes that

- 1. The safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increased imports.*

Item	2011	2012	2013	2014	2014 (Jan-Jun)	2015 (Jan-Jun)
Sales (MT)*	100	95.65	88.23	83.49	100	98.19
Market share (%)	80	66	86	92	93	89
Import Share (%)	20	34	14	8	7	11
Consumption (MT)*	100	115.82	81.63	72.27	100	102.66
Production (MT)*	100	89.78	88.79	83.40	100	92.87
Capacity Utilisation (%)	40	36	36	34	33	31
Productivity (%)	96	96	96	98	97	97
Profit/Loss (million baht)	(2,868)	(7,573)	(3,431)	(2,677)	(888)	(2,844)
Employment (number)*	100	90.82	89.00	95.08	100	105.02

\*Index: year 2011 = 100, 2014 (Jan-Jun) = 100

b. Cost reduction programs: the domestic industry exercised 25 cost reduction programs by investing over 87 million baht in the machine and equipment resulting in a cost reduction of over 1.3 billion baht;

c. Product development: the domestic industry invested over 340 million baht for installation of new machine to produce thicker and wider products to meet customer specifications and expand new market segments. At this stage, focusing on product quality, several items of domestic products were accepted by the automobile industry as its approved source.

## 2) Adjustment Plan for 2016 – 2019 (Phase II)

After the huge investment in Phase I and several programs being underway, this second phase involves the continuous implementation of the programs in Phase I by lowering the production cost, increasing production efficiency, development of new product standards and grades to meet wider customers' expectation, improving the competency of human resources especially in production control and improving customer satisfaction.

In sum, Phase II of the adjustment plan, which is the continuation of Phase I plan, involves the investment by the domestic industry over 1 billion baht which will result in cost reduction of almost the same level but which will improve the overall competency of the domestic industry.

### **The Extended Safeguard Measure**

Based on the facts mentioned, it was concluded that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increase imports while the domestic industry is adjusting.

The extended safeguard measure would be applied in the form of a tariff increase for three years starting from 27 February 2016 until 26 February 2019.

In accordance with the relevant provisions of the Thai Safeguard Measures on Increased Imports Act B.E.2550 (2007), which refer to Thailand's obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, the Committee on Safeguard Measures of Thailand has decided to impose a safeguard duty which continues to be progressively