



**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**

THAILAND

(Structural Hot Rolled H-Beam with Alloy)

Supplement

The following communication, dated 20 February 2017, is being circulated at the request of the Delegation of Thailand.

With reference to Thailand's notification on findings of serious injury or threat thereof caused by increased imports and taking the decision not to apply the measure against products Structural Hot Rolled H-Beam with Alloy originating in developing countries on 20 December 2016 (WTO Document G/SG/N/8/THA/4-G/SG/N/10/THA/4-G/SG/N/11/THA/5), Thailand hereby submits notification to the Committee on Safeguards pursuant to Article 12.1(c) of the Agreement on Safeguards on taking a decision to apply a safeguard measure.

Consistent with Article 12.2 of the Agreement on Safeguards, this notification contains all pertinent information relating to the application of the safeguard measure on Structural Hot Rolled H-Beam with Alloy (hereinafter refer to as "product concerned").

1 PRECISE DESCRIPTION OF THE PRODUCT CONCERNED

The product concerned is Structural Hot Rolled H-Beam with Alloy which was classifiable in the Thai Customs Tariff Code 2012 at subheadings: 7228.70.10.000 and 7228.70.90.000, and is currently classifiable in the Thai Customs Tariff Code 2017 at subheadings: 7228.70.10.093 and 7228.70.90.000. Please note that the Thai Customs Tariff Code is only for reference purpose, the product concerned is as described.

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

During the period of investigation (POI) covered from 1 January 2011 to 31 December 2015 (5 years), the product concerned was imported into Thailand in significantly increased quantities, both in absolute term and relative term to domestic production. The increase of imports has been recent enough, sudden enough, sharp enough, and significant enough, both quantitatively and qualitatively, to cause or threaten to cause serious injury, particularly in 2015.

Absolute term:

Year	Total Import (MT)	% Change
2011	-	-
2012	-	-
2013	-	-
2014	x,xxx	-
2015	xx,xxx	357

Note: "x" refers to confidential information.

Source: Information from Thai Industrial Standards Institute, Ministry of Industry.

In absolute term, the volume of imports of the product concerned increased rapidly in 2014 from 0 metric ton between 2011 and 2013 and has continued to significantly rise up in 2015. From 2014 to 2015, the imports increased steeply by 357%.

Relative Term:

Import in relation to Domestic production (indexed)	2011	2012	2013	2014	2015
-	-	-	-	100	600

While the imports of the product concerned increased for 357% from 2014 to 2015, the domestic production, on the contrary, has declined sharply. The table above shows that the ratio of imports in relation to the production of domestic industry increased from 100 points in 2014 to 600 points in 2015.

3 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF**Threat of Serious Injury:**

A substantive evaluation of the effect of all relevant factors having a bearing on situation of the domestic industry during the POI has been conducted. It was concluded that the increased imports of product concerned threaten to cause serious injury since the serious injury is clearly imminent based on the significant impairment to the domestic industry's overall condition in year 2014-2015, when the imports surged, in terms of shrinking market share; declining production and domestic sales; underutilization of production capacity; and decreasing profits and return on capital employed. Following parameters have been objectively examined:

Item	2011	2012	2013	2014	2015
Domestic Sales Value (million Baht)*	100	132	141	124	90
Domestic Sales Quantity (MT)*	100	130	145	132	108
Market share (%)	100	100	100	98	91
Import Share (%)*	-	-	-	2	9
Consumption (MT)*	100	130	145	134	119
Production (MT)*	100	112	120	112	88
Capacity Utilisation (%)	66	74	79	74	58
Productivity (%)	94	95	96	96	96
Profit/Loss (million Baht)*	100	168	273	148	116
Employment (number)*	100	98	99	99	100
Inventory (MT)*	100	107	138	140	104
Cost of Production (Baht/MT)*	100	98	87	92	80
Return on Capital Employed (%)	7.91	10.33	19.02	11.68	9.86

* Index: Year 2011 = 100.

Effect of Increased Imports on Prices:

In addition to the above-mentioned parameters, an evaluation of the following figures has been conducted. Therefore, it reveals that the imported products have been caused price undercutting and price depression during the period concerned.

Item (indexed)	2011	2012	2013	2014	2015
Sale Price	100	101	97	94	83
Import Price Comparing with Sale Price	-	-	-	81	72
Price Undercutting	-	-	-	13	11

Unforeseen Developments:

This analysis on unforeseen development is carried out during the investigation to find out which issues, that were unforeseen while concessions at the WTO were made, have caused a sudden, sharp and significant increase in the imports. Such increase of imports was attributed to the adverse effect of excess capacity in global steel industry and the oversupply of steel products in China. Hence, the countries of major steel producers, especially China, need to export their products to other possible markets, including Thailand, to absorb the oversupply products available in their home countries and to utilize their excess capacity. In the same way, the significant increase of imports was attributed to the trade diversion due to the imposition of tariff or trade remedy measures on alloy steel product in many importing countries, such as Indonesia, Republic of Korea, Pakistan and Vietnam, against several major exporting producers/countries. The shift of product concerned exporting to the markets without such measures was a consequence. This situation can be regarded as an unforeseen development resulting in increase in imports threatening to cause serious injury to the domestic industry.

4 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

During the POI, the examination of other factors that may contribute to the imminent impairment of the overall condition of the domestic industry was also undertaken i.e. domestic demand, efficiency in management and export performance of domestic industry. On the basis of objective evidence, the investigation demonstrated that no such factors other than increased imports were found causing the overall impairment to domestic industry. Thus, the increased imports of the product concerned were the only threat of serious injury suffered by the domestic industry.

5 DESCRIPTION OF THE MEASURE

The safeguard measure will be applied in relation to increased imports in order to remedy or prevent the threat of serious injury suffered by the domestic industry.

Following due consideration of all views received during the public hearing held on 28 December 2016 and objective examination of all evidence presented by all interested parties, the Committee on Safeguard Measures of Thailand, therefore, announced the imposition of a definitive safeguard measure. Such a measure shall be in a form of safeguard duty and applied only to the extent necessary to prevent serious injury for two (2) years from 28 January 2017.

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 GATT 1994 and the WTO Agreement on Safeguards, the measure shall be progressively liberalized at regular intervals as follows:

Duration	Duty
28 January 2017 – 27 January 2018	31.43 per cent of C.I.F. price
28 January 2018 – 27 January 2019	31.05 per cent of C.I.F. price

The definitive safeguard measure will not be applied to a product concerned originating in or exported from any developing country as long as its share of imports of the product concerned in Thailand does not exceed 3 per cent, provided that developing country Members with less than 3 %import share collectively account for not more than 9 per cent of total imports of the product concerned. The list of developing countries excluded from the measure is attached herewith.

In addition, the exemption of imposition of definitive safeguard duty will be granted for imports of certain product concerned under the following cases:

(1) Imports of H-Beam products for special usages or being classified as special grade steels as follows:

- a. H-Beam products with Alloy which have the property of the tensile strength of 58 kilogram/mm² or more; or
- b. H-Beam products with Alloy which have the property of the flange thickness of 40 mm or more;

(2) Imports of H-Beam products with Alloy in which the height is less than 100 mm or more than 912 mm; and

(3) Imports of H-Beam products with Alloy that are not in conformity with Thai Industrial Standards (TIS) and intended to be manufactured, further processed or incorporated into a finished product that will be exported from the Kingdom of Thailand under the Industrial Estate Authority of Thailand Act, the Investment Promotion Act, and the Customs Act.

For further information, please contact

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ANNEX

LIST OF DEVELOPING COUNTRIES AND SEPARATE CUSTOMS TERRITORIES EXCLUDED FROM THE IMPOSITION OF PROPOSED DEFINITIVE SAFEGUARD MEASURES ON STRUCTURAL HOT ROLLED H-BEAM WITH ALLOY

No.	COUNTRY	No.	COUNTRY
1	Afghanistan	36	Colombia
2	Albania	37	Comoros
3	Algeria	38	Congo
4	American Samoa	39	Cook Islands
5	Angola	40	Costa Rica
6	Anguilla	41	Cote d'Ivoire
7	Antigua and Barbuda	42	Cuba
8	Argentina	43	Curacao
9	Armenia	44	Democratic People's Republic of Korea
10	Aruba	45	Democratic Republic of the Congo
11	Azerbaijan	46	Djibouti
12	Bahamas	47	Dominica
13	Bahrain	48	Dominican Republic
14	Bangladesh	49	Ecuador
15	Barbados	50	Egypt
16	Belarus	51	El Salvador
17	Belize	52	Equatorial Guinea
18	Benin	53	Eritrea
19	Bhutan	54	Ethiopia
20	Bolivia (Plurinational State of)	55	Falkland Islands (Malvinas)
21	Bonaire, Sint Eustatius and Saba	56	Federal Republic of Brazil
22	Bosnia and Herzegovina	57	Fiji
23	Botswana	58	French Polynesia
24	British Virgin Islands	59	Gabon
25	Brunei Darussalam	60	Gambia
26	Burkina Faso	61	Georgia
27	Burundi	62	Ghana
28	Cambodia	63	Grenada
29	Cameroon	64	Guam
30	Cape Verde	65	Guatemala
31	Cayman Islands	66	Guinea
32	Central African Republic	67	Guinea-Bissau
33	Chad	68	Guyana
34	Chile	69	Haiti
35	Chinese Taipei	70	Honduras

71	Hong Kong, Special Administrative Region of China	108	New Caledonia
72	Indonesia	109	Nicaragua
73	Iran (Islamic Republic of)	110	Niger
74	Iraq	111	Nigeria
75	Jamaica	112	Niue
76	Jordan	113	Northern Mariana Islands
77	Kazakhstan	114	Oman
78	Kenya	115	Pacific Islands, Trust Territory
79	Kiribati	116	Pakistan
80	Kuwait	117	Palau
81	Kyrgyzstan	118	Panama
82	Lao People's Democratic Republic	119	Papua New Guinea
83	Lebanon	120	Paraguay
84	Lesotho	121	Peru
85	Liberia	122	Philippines
86	Libya	123	Qatar
87	Macao, Special Administrative Region of China	124	Republic of India
88	Madagascar	125	Republic of Korea
89	Malawi	126	Republic of Moldova
90	Malaysia	127	Republic of Turkey
91	Maldives	128	Russian Federation
92	Mali	129	Rwanda
93	Marshall Islands	130	Saint Helena
94	Mauritania	131	Saint Kitts and Nevis
95	Mauritius	132	Saint Lucia
96	Mexico	133	Saint Vincent and the Grenadines
97	Micronesia (Federated States of)	134	Samoa
98	Mongolia	135	Sao Tome and Principe
99	Montenegro	136	Saudi Arabia
100	Montserrat	137	Senegal
101	Morocco	138	Serbia
102	Mozambique	139	Serbia and Montenegro
103	Myanmar	140	Seychelles
104	Namibia	141	Sierra Leone
105	Nauru	142	Singapore
106	Nepal	143	Sint Maarten (Dutch part)
107	Netherlands Antilles	144	Socialist Federal Republic of Yugoslavia

145	Solomon Islands	163	Turkmenistan
146	Somalia	164	Turks and Caicos Islands
147	South Africa	165	Tuvalu
148	South Sudan	166	Uganda
149	Sri Lanka	167	Ukraine
150	State of Palestine	168	Union of Soviet Socialist Republics
151	Sudan	169	United Arab Emirates
152	Suriname	170	United Republic of Tanzania
153	Swaziland	171	Uruguay
154	Syrian Arab Republic	172	Uzbekistan
155	Tajikistan	173	Vanuatu
156	The former Yugoslav Republic of Macedonia	174	Venezuela (Bolivarian Republic of)
157	Timor-Leste	175	Viet Nam
158	Togo	176	Wallis and Futuna Islands
159	Tokelau	177	Western Sahara
160	Tonga	178	Yemen
161	Trinidad and Tobago	179	Zambia
162	Tunisia	180	Zimbabwe
