



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

**NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE**

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

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

*(Chemical Plasticizers)*

The following communication, dated 3 April 2019, is being circulated at the request of the Sultanate of Oman as President of the GCC on behalf of the GCC member States.

Referring to the WTO document G/SG/N/6/BHR/3 dated on 3 October 2017, and the WTO document G/SG/N/8/ARE/2-G/SG/N/8/BHR/2-G/SG/N/8/KWT/2-G/SG/N/8/OMN/2-G/SG/N/8/QAT/2-G/SG/N/8/SAU/2 dated on 17 May 2018.

**1 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS**

**(a) Serious Injury**

The investigation period for the purposes of determining serious injury covered the period 2012 to the first half of 2017.

The final determination of serious injury is based on the evaluation of the overall position of the GCC industry in light of all relevant factors having a bearing on the situation of that industry, which shows a significant overall impairment and thus it is concluded that GCC industry has suffered serious injury and that the increase of GCC imports under investigation has caused serious injury to the GCC industry as follows:

|                                       | 2012 | 2013   | 2014   | 2015   | 2016   | Index 2012=100<br>Index 2016(1 <sup>st</sup> half)=100<br>First half of 2016 | First half of 2017 |
|---------------------------------------|------|--------|--------|--------|--------|--|--------------------|
| <b>Production volume</b>              | 100  | 88.09  | 90.11  | 78.61  | 65.15  | 100  | 95.84              |
| <b>Capacity utilization</b>           | 100  | 88.09  | 90.11  | 78.61  | 65.15  | 100  | 95.84              |
| <b>Sales volume</b>                   | 100  | 86.51  | 88.00  | .7279  | 64.56  | 100  | 90.27              |
| <b>Market share of domestic sales</b> | 100  | 87.24  | 92.12  | 53.05  | 36.95  | 100  | 98.16              |
| <b>Market share of imports</b>        | 100  | 106.01 | 103.71 | 122.12 | 129.70 | 100  | 100.21             |

|                         | 2012 | 2013   | 2014   | 2015    | 2016   | First half of 2016 | First half of 2017 |
|-------------------------|------|--------|--------|---------|--------|--------------------|--------------------|
| <b>Inventory volume</b> | 100  | 538.96 | 391.29 | 1086.23 | 597.19 | 100                | 137.75             |
| <b>Employment</b>       | 100  | 101.96 | 109.80 | 100.00  | 94.12  | 100                | 86.00              |
| <b>Productivity</b>     | 100  | 86.39  | 82.07  | 78.61   | 69.23  | 100                | 111.44             |
| <b>Losses</b>           | 100  | 71.65  | 42.46  | -24.00  | -66.17 | 100                | -185.88            |

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. According to the injury data above, there is sufficient final 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 final determination that the GCC industry is suffering serious injury during the period referred to above.

#### **(b) 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 available information shows that these unexpected developments are in fact related to the development of the global steel industry, since Naphthalene - the main raw material in the production of the product under investigation - is extracted from the distillation of coke used in the steel industry.
- During the iron oxide reduction process using coal coke, the coal tar produced from the coal-fired gases is produced. Coal tar is the main source of Naphthalene production, with more than 92% of the world's Naphthalene production coming from coal tar. It is worth noting that according to ECB statistics, 38 liters of tar / ton of coal and 4.8 kg of raw naphthalene /liter of tar are produced.
- Naphthalene majority of producers are Chinese (55%), India (16%), the United States of America (12%), Japan (4%), the EU and South Korea (2%) and other countries.
- 50% of the world's production of Naphthalene is used in the production of plastic softeners, mainly SNF. China is one of the largest consumers of naphthalene for the production of SNF. 70% of Chinese demand for this substance is used in the manufacture of the product under investigation. It also shows that the demand for naphthalene for the SNF industry is still experiencing the strongest growth globally, at about 2.5% per year, so the SNF manufacturing is the largest final user of naphthalene.
- Global crude steel production has been shown to have continued to grow in the last 15 years, with world production reaching 1.69 billion tons in 2017 compared with 850 million tons in 2000, an increase of more than 98.7%, of which 831.7 million tons in China alone, Followed by Japan and India respectively with 104.7 and 101.4 million tons during 2017.
- The world's steel industry utilization is still less than 69.5% at the end of 2017. As the steel industry is growing, global steel production may rise further, requiring greater use of coke, thus increasing the supply of naphthalene extracted from coal tar and thus a significant increase in the quantity of production and exports of the product under investigation.
- The GCC-TSAIP therefore concluded that the increase in imports of the product under investigation occurred as a result of unforeseen developments.

### (c) Causal Link

Based on the final determination, 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, GCC-TSAIP found that there is sufficient 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.

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

The product under investigation is being imported into GCC countries in such increased quantities in absolute terms and relative to GCC production as follows:

|                                  | Index 2012=100<br>Index 2016 (1 <sup>st</sup> half)=100 |         |         |         |         |                    |                    |
|----------------------------------|---|---------|---------|---------|---------|--------------------|--------------------|
|                                  | 2012  | 2013    | 2014    | 2015    | 2016    | First half of 2016 | Frist half of 2017 |
| <b>Imports Volume (ton)</b>      | 339,565   | 356,980 | 336,454 | 568,956 | 769,459 | 523,010            | 481,956            |
| <b>Index</b>                     | 100   | 105.13  | 99.08   | 167.55  | 226.60  | 100                | 92.15              |
| <b>Imports/prod uction ratio</b> | 100   | 119.34  | 109.95  | 213.16  | 347.79  | 100                | 96.15              |

From the above table it is evident that the volume of imports increased significantly either in absolute terms or in relation to the production during the period of investigation, where imports increased absolutely by 126.6% during 2012-2016 and decrease during the first half of 2017 only by 7.85% compared to the same period of 2016. Related to the production, the imports recorded during the same periods, respectively, an increase by 247.65% and a slight decrease by 3.85%. Even there is a slight decline in imports in the first half of 2017, there is still a recent, sudden and sharp and large increase in imports under investigation, especially after the significant increase recorded by these imports during 2016, and the volume of imports during the first half of 2017 were larger than the volume of imports during the years from 2012 to 2014, which indicates clearly the existence of recent, sudden, sharp and significant increase in GCC imports during the period of investigation.

## 3 ADJUSTMENT PLAN

The GCC industry has provided a viable adjustment plan for restructuring and adjusting its position so that it can develop its performance and competitiveness within the GCC and international markets so that it can compete with foreign imports after expiration of the safeguard measure imposition.

## 4 DESCRIPTION OF THE PRODUCT INVOLVED

Prepared Additives for cements, mortars or concretes (chemical plasticizers) known as superplasticizers or hyper plasticizers 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, unite concrete, architectural concrete, special concrete.

The product concerned is classified under the following GCC-Unified Tariff Code (38244000).

## 5 DESCRIPTION OF THE PROPOSED MEASURE

The Permanent Committee has recommended imposing safeguard measure for three years at the form of tariff increase and quantitative restriction. The proposed measure will consist of an additional specific duty of the order of 221 USD/Ton applicable to imports exceeding the quota of 250,354 ton.

For the purpose of liberalizing the definitive safeguard measure, the proposed specific duty will be decreased by around 10% each year as shown in point (10) below.

## 6 PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The date of introduction of the measure will be determined in the TSAIP- Official Gazette which will be published once the Ministerial Committee approves the imposition of the measure.

## 7 EXPECTED DURATION OF THE MEASURE

The safeguard measure, if adopted, will remain in force for three years.

## 8 OFFER OF CONSULTATIONS UNDER ARTICLE 12.3

Consistent with Article 12.3 of the WTO Agreement on Safeguards, the GCC-TSAIP offers consultations with Members having a substantial interest as the exporters of the products involved. Members with a substantial interest, requesting a consultation should contact the GCC-TSAIP not later than 10 (Ten) days from the date of the circulation of this notification at the following address:

The Cooperation Council for the Arab States of the Gulf  
GCC-Bureau of Technical Secretariat for Anti Injurious Practices in International Trade  
6725 Jeddah Rd- AL Hada Dist  
Unit No 1 Riyadh 12324-3147  
Tel: (+966) 11 2551388 Tel: (+966) 11 2551399  
Fax: (+966) 11 2810093, Kingdom of Saudi Arabia  
Email: [TSAD@gccsq.org](mailto:TSAD@gccsq.org)

## 9 FOR A MEASURE WITH A DURATION OF MORE THAN THREE YEARS, PROVIDE THE PROPOSED DATE FOR THE REVIEW (UNDER ARTICLE 7.4) TO BE HELD NOT LATER THAN THE MID-TERM OF THE MEASURE, IF SUCH DATE FOR THE REVIEW HAS ALREADY BEEN SCHEDULED

Not applicable.

## 10 IF THE EXPECTED DURATION IS OVER ONE YEAR, PROVIDE THE EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

| Duration    | Specific Duty Value (USD/Ton) |
|-------------|-------------------------------|
| First year  | 221                           |
| Second year | 199                           |
| Third year  | 177                           |

## 11 IF THE MEASURE IS BEING EXTENDED, ALSO PROVIDE: (I) EVIDENCE THAT THE INDUSTRY CONCERNED IS ADJUSTING AND THAT THE SAFEGUARD MEASURE CONTINUES TO BE NECESSARY TO PREVENT OR REMEDY SERIOUS INJURY

Not applicable.

## 12 SPECIFY THE DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS, AND THE IMPORT SHARES OF THESE COUNTRIES INDIVIDUALLY AND COLLECTIVELY

The following developing countries are excluded from the measure as they export less than 3% individually and less than 9% collectively to GCC countries:

Afghanistan, Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Bangladesh, Barbados, Barbados, Belize, Benin, Bolivia, Botswana, Brunei Darussalam, Colombia, Costa Rica, Cuba, Paraguay and Peru Papua New Guinea Burkina Faso, Burundi, Tanzania, Thailand, Togo, Tonga, Chad, Chile, Trinidad and Tobago, Tunisia, Turkey, Cambodia, Cameroon, Cape Verde, Central African Republic, Colombia, Democratic Republic of the Congo, Congo, Costa Rica, Croatia, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hungary, Jamaica, Jordan, Kenya, Kyrgyzstan, Laos, Lesotho, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali,

G/SG/N/10/ARE/2, G/SG/N/11/ARE/3 • G/SG/N/10/BHR/2, G/SG/N/11/BHR/3 •  
G/SG/N/10/KWT/2, G/SG/N/11/KWT/3 • G/SG/N/10/OMN/2, G/SG/N/11/OMN/3 •  
G/SG/N/10/QAT/2, G/SG/N/11/QAT/3 • G/SG/N/10/SAU/2, G/SG/N/11/SAU/3

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Mauritania, Mauritius, Macau, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Senegal, El Salvador, Sierra Leone and the Solomon Islands, South Africa, Côte d'Ivoire, Sri Lanka, Suriname, Swaziland, Chinese Taipei, Tajikistan, Philippines, Vanuatu, Venezuela, Vietnam, Uganda, Ukraine, Uruguay, Yemen, Zambia, Zimbabwe, Cuba, Hong Kong.

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