



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

**NOTIFICATION UNDER ARTICLE 12.1(C) OF THE AGREEMENT ON SAFEGUARDS  
ON TAKING A DECISION TO APPLY A SAFEGUARD MEASURE**

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

SOUTH AFRICA

*Threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft)*

*Supplement*

The following communication, dated and received on 25 July 2023, is being circulated at the request of the delegation of South Africa.

---

Pursuant to Article 12.1(c) of the Agreement on Safeguards, the Government of South Africa hereby gives notification upon taking a decision to extend a safeguard measure on imports of threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft).

The duty extension notice was published in the *Government Gazette* No. 49013, dated 21 July 2023.<sup>1</sup>

**1. The product subject to the investigation**

The subject product is described as bolt ends & screw studs (classifiable under tariff subheading 7318.15.41), screw studding (classifiable under tariff subheading 7318.15.42) and other hexagon nuts (classifiable under tariff subheading 7318.16.30) of iron and steel (excluding those of stainless steel and those identifiable for aircraft).

**2. Provide the basis for taking a decision to extend a safeguard measure, as provided for in Article 12.1(c)**

The International Trade Administration Commission of South African ("the Commission") initiated an investigation pursuant to an application by the South African Fasteners Manufacturers' Association (SAFMA) on behalf of its members in order to determine whether the expiry of the safeguard measure will likely lead to the recurrence or continuation of serious injury to the Southern African Customs Union (SACU) industry, and whether the SACU industry is adjusting, within the meaning of the Agreement on

---

<sup>1</sup> To consult this document, please contact Ms Anne Richards of the Rules Division ([anne.richards@wto.org](mailto:anne.richards@wto.org)).

Safeguards, in connection with threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft).

**(i) Recurrence of Serious Injury**

The Commission considered the following injury indicators:

**Table 1: Injury indicators**

<b>Injury indicators</b>	<b>Change from 2020 to 2023</b>	<b>Change should the duty expire</b>
Imports volumes	Decreased	Increased
Sales volumes	Increased	Decreased
Profits	Decreased	Decreased
Output	Increased	Decreased
Applicant's market share	Decreased	Decreased
Capacity utilization	Increased	Decreased
Employment	Increased	Decreased

The data evaluation for the purposes of determining the likelihood of recurrence or continuation of serious injury covered the period from 01 August 2020 to 31 July 2023, plus estimates from 01 August 2023 to 31 July 2024 should the safeguard measure expire.

The injury analysis of the subject product relates to information submitted by CBC Fasteners (Pty) Ltd, SA Bolts Manufacturers and T&L Chalmers Engineering, which are members of SAFMA, representing a major proportion of more than 50 percent of the SACU industry by production volumes.

The information in table 1 shows that the SACU industry's performance improved during the period for which a safeguard duty has been in place. This is evident from the increase in sales volumes, production volumes, productivity, employment and capacity utilisation during the period when the duty was in place, although that improvement did not generate more profits and/or market share.

The assessment of the recurrence of serious injury in table 1 shows that there is a likelihood of recurrence of serious injury to the SACU industry, should the safeguard measure expire. The assessment shows that all the industry's performance indicators, i.e. sales volumes, production volumes, profits, market share, capacity utilisation, productivity, and employment numbers will decline in the succeeding period, should the safeguard duty expire. The profits will decline further and change to losses and the current market share will decline further in favour of imports that are likely to increase in the same period. These estimated declines and increase in import volumes are an indication that should the safeguard measure not be extended, the serious injury experienced by the SACU industry during 2015-2018 period (period of investigation in the original investigation) will recur.

The assessment shows that the safeguard measure continues to be necessary to prevent or remedy the recurrence of serious injury

**(ii) SACU industry adjustment**

The SACU industry has submitted the following efforts and/or measures taken to demonstrate that the SACU industry is adjusting in line with its the Adjustment Plan in the original safeguard investigation of the subject product.

- The SACU industry has made considerable investments of more than R6 million over the last 3 years, to improve on their technological and human abilities to increase efficiencies and thereby be able to compete more effectively with the imported product;
- The industry players have increased their work force considerably, which in turn led to investment in skills development and higher overall production;
- The industry, together with Arcelor Mittal SA ("AMSA") have rationalised raw material qualities thereby allowing AMSA higher production volumes on a narrower product range;
- The industry has volunteered to pilot the Prior Surveillance Initiative to contribute to the South African Steel Master Plan;
- The industry is working closely with the South African Revenue Service to deal with duty circumvention and import monitoring; and
- The industry supports designation and localisation.

The assessment shows that there is sufficient evidence that the SACU industry is adjusting.

### 3. Provide a precise description of the proposed measure

The Commission initiated an extension investigation on 24 March 2023 through Notice No. 1695 in *Government Gazette* and the interested parties were given 20 days until 17 April 2023 to comment on the Commission's initiation notice.

On 27 March 2023 the Government of South Africa sent the WTO notice to the Committee on Safeguards to notify on initiation of investigation regarding the extension of a safeguard measure G/SG/N/6/ZAF/7/Suppl.1.

Comments on the initiation notice were received from interested parties. Based on the comments received on initiation of the investigation, the Commission, on 23 May 2023, made a final determination before "essential facts" that the expiry of the safeguard measure is likely to lead to the recurrence of serious injury; and that there is evidence that the SACU industry is adjusting.

On 29 May 2023 essential facts letters were sent to interested parties, informing them of the essential facts which were being considered by the Commission and invited comments from interested parties on those "essential facts" for the Commission's consideration prior to making a final determination.

Comments on the essential facts letter were received from interested parties. After considering all interested parties' comments received, the Commission made a final determination that:

- the expiry of the safeguard measure is likely to lead to the recurrence of serious injury; and
- there is evidence that the SACU industry is adjusting.

Based on those findings, the current safeguard measure of 50.04% *ad valorem* is extended for a period of three years, phasing down at regular 12 months intervals by 2% over the next three years.

### 4. The date of extension of the measure

The date for the extension of the measure is 24 July 2023.

### 5. The duration of the measure

The measure shall be in place until 23 July 2026.

### 6. 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.

### 7. If the duration is over one year, provide the expected timetable for progressive liberalization of the measure

The duration is three years, and the following timetable shows the progressive liberalization of the measure.

**Table 2: Proposed duties and liberalization schedule**

Period	Rate of safeguard measure
24 July 2023 – 23 July 2024	48.04% <i>ad valorem</i>
24 July 2024 – 23 July 2025	46.04% <i>ad valorem</i>
24 July 2025 – 23 July 2026	44.04% <i>ad valorem</i>

The current liberalisation rate of the safeguard was set at an annual rate of 2%. The Commission assessed in this extension investigation whether this level of liberalisation continued to be appropriate. In order to allow the industry sufficient protection while fully implementing its adjustment plan, the Commission considered that an increase in the level of liberalisation beyond

its current rate was not justified. Therefore, the safeguard duty will continue to phase down by 2% every 12 months as of 24 July 2023.

## 8. Exclusion of certain countries from the scope of the definitive measure

The extension investigation shows that imports of the subject product originating in several developing countries listed in table 3, based on latest official import data, meet the requirements of Article 9 of the WTO Agreement on Safeguards and should therefore be excluded.

**Table 3: Developing WTO member countries**

Name	Name	Name	Name
Afghanistan	Madagascar	Dominica	Saint Vincent and the Grenadines
Albania	Malawi	Dominican Republic	Sao Tome & Principe
Algeria	Latvia	Ecuador	Samoa
American Samoa	Lebanon	Egypt, Arab Rep.	Senegal
Angola	Maldives	El Salvador	Seychelles
Antigua and Barbuda	Mali	Eritrea	Sierra Leone
Argentina	Marshall Islands	Eswatini	Singapore
Armenia	Mauritania	Equatorial Guinea	Solomon Islands
Azerbaijan	Mauritius	Ethiopia	Serbia
Bangladesh	Mexico	Fiji	Somalia
Bahrain	Micronesia	Gabon	South Sudan
Belarus	Moldova, Republic of	The Gambia	Sri Lanka
Belize	Mongolia	Georgia	Sudan
Benin	Montenegro	Ghana	Suriname
Bhutan	Morocco	Grenada	Syrian Arab Republic
Brunei Darussalam	Mozambique	Guatemala	Tajikistan
Bolivia	Myanmar	Guinea	Tanzania
Bosnia & Herzegovina	Namibia	Guinea-Bissau	Timor-Leste
Botswana	Nepal	Guyana	Togo
Brazil	Nicaragua	Haiti	Thailand
Bulgaria	Niger	Honduras	Tonga
Burkina Faso	Nigeria	St. Lucia	Trinidad and Tobago
Burundi	North Macedonia	Iran, Islamic Rep. of	Tunisia
Cabo Verde	Oman	Iraq	Indonesia
Cambodia	Pakistan	Jamaica	Turkmenistan
Cameroon	Palestine	Jordan	Tuvalu
Central African Republic	Palau	Kazakhstan	Uganda
Chad	Panama	Kenya	Ukraine
Chile	Papua New Guinea	Kiribati	United Arab Emirates
Colombia	Paraguay	Korea	Uruguay
Comoros	Peru	Kyrgyz Republic	Uzbekistan
Costa Rica	Philippines	Kosovo	Viet Nam
Côte d'Ivoire	Qatar	Kuwait, the State of	Vanuatu
Cuba	Romania	Lao People's Dem. Republic	Venezuela
Democratic Republic of the Congo	Russian Federation	Lebanon	West Bank and Gaza*)
Congo	Rwanda	Lesotho	Yemen
Djibouti	Saudi Arabia	Liberia	Zambia
Lithuania	St. Kitts and Nevis	Libya	Zimbabwe