

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NOTICE 1695 OF 2023

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

NOTICE OF INITIATION OF THE INVESTIGATION INTO THE EXTENSION OF SAFEGUARD MEASURE ON IMPORTS OF THREADED FASTNERS OF IRON OR STEEL: BOLTS ENDS AND SCREW STUDS, SCREW STUDDING AND OTHER HEXAGON NUTS (EXCLUDING THOSE OF STAINLESS STEEL AND THOSE IDENTIFIABLE FOR AIRCRAFT)

INTRODUCTION

Regulation 21.7 of the Amended Safeguard Regulations (SGR) provides that any definitive safeguard measure may be extended by a period of up to six years where the International Trade Administration Commission of South Africa (the Commission) finds that the lapse of the safeguard measure imposed in terms of Regulation 21.6 of the SGR is likely to lead to the recurrence of serious injury, and there is evidence that the Southern African Customs Union (SACU) industry is adjusting.

On 09 March 2023, the SACU industry submitted a properly documented application to the Commission, containing information on threaded fasteners of iron or steel relating to the likelihood of recurrence of serious injury and evidence that the SACU industry is adjusting. Based on the information submitted, the Commission found that the SACU industry submitted *prima facie* information to indicate that the expiry of the safeguard measure on imports of threaded fasteners of iron or steel will likely lead to the recurrence of serious injury; and there is evidence that the industry is adjusting.

In its meeting of 14 March 2023, the Commission decided to proceed with the investigation into the extension of safeguard measure on imports of threaded fasteners of iron or steel. The non-confidential application, containing the allegations and *prima facie* evidence that the Commission relied on in its decision to initiate, will be placed in the public file.

The public file is available for inspection at the Commission's offices by all interested parties, by appointment. Please take notice further that interested parties are encouraged to inspect the public file regularly.

THE APPLICANT

The application was lodged by South African Fasteners Manufacturers' Association (SAFMA), a representative organisation for the SACU industry, on behalf of its members.

SAFMA members collectively represent an industry standing of more than 90 percent of the domestic industry by production volumes.

DESCRIPTION OF THE SUBJECT PRODUCT UNDER INVESTIGATION

The subject product is described as threaded fasteners of iron or steel, consisting of bolts ends and screw studs, screw studding and other hexagon nuts (excluding those of stainless steel and those identifiable for aircraft), classifiable in subheadings 7318.15.41; 7318.15.42; and 7318.16.30.

ALLEGATION OF THE LIKELY RECURRENCE OF SERIOUS INJURY

The period of investigation for data evaluation for the purposes of determining the allegation of serious injury is 01 August 2020 to 31 July 2023, plus estimates for 01 August 2023 to 31 July 2024, should the safeguard measure be removed.

The injury analysis relates to information submitted by CBC Fasteners (Pty) Ltd and SA Bolts Manufacturers and T&I Chalmers Engineering, the three largest members of SAFMA for the subject product, representing a major proportion of more than 50 percent of the domestic industry by production volumes. The Applicant alleged and submitted *prima facie* information indicating that the industry is adjusting while the safeguard measure is still in place for the period 01 August 2020 to 31 July 2023, however, should the safeguard measure be removed, there is likelihood that the serious injury experienced by the industry during the original safeguard investigation (2015-2018) will recur, in the form of a decline in sales volumes, productivity, output, market share, employment and utilisation of capacity, and negative profits.

On this basis the Commission found that *prima facie* evidence was submitted to indicate that the expiry of the safeguard measure will likely lead to the recurrence of serious injury.

ALLEGATION THAT THE INDUSTRY IS ADJUSTING

The Applicant submitted the following information from its adjustment plan to substantiate that the SACU industry is adjusting:

Table 1: Progress on originally submitted Development Plan

Plan	Progress
Investment in new equipment and technology	Considerable investments (more than R6 million over the last 3 years) were made by the industry players to improve on their technological abilities to increase efficiencies and thereby be able to compete more equally with the imported product.
Job creation	The industry players have increased their employment force considerably, which in turn led to investment in skills development and higher overall production.
Product development	The industry, together with AMSA have rationalised raw material qualities thereby allowing AMSA higher production volumes on a narrower product range
Support the introduction of import surveillance system	At the Steel Master Plan meeting, SAFMA volunteered to pilot the Prior Surveillance Initiative, in conjunction with SAISI. Deliberations and discussions of ideas are already taking place for final approval.
Continuous training of SARS to improve customs control	SAFMA has contracted the services of IS Training, a certified customs training consultancy, to assist in this regard. In addition, SAFMA has attended all Downstream Steel Forums under the umbrella of SARS which deals with circumvention and import monitoring.
Support Higher levels of Designation and localisation	The industry can confirm that the SACU produced subject product is 97% local content.

Based on the above, the Commission found that *prima facie* evidence was submitted to prove that the Fasteners SACU industry is adjusting while protected by the safeguard measure.

LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002, (ITA Act), the International Trade Administration Commission Amended Safeguard Regulations, and giving due regard to the World Trade Organisation (WTO) Safeguard Agreement, as well as the Guidelines and conditions relating to the extension of safeguard measures ("the Guideline"). The Guidelines were published in the Government Gazette No. 43636 on 21 August 2020.

Please note that if any information is considered to be confidential, a non-confidential version of the information must be submitted for the public file, simultaneously with the confidential version. In submitting a non-confidential version, the following rules are strictly applicable and parties must indicate:

- where confidential information has been omitted and the nature of such information;
- reasons for such confidentiality;
- a summary of the confidential information which permits a reasonable understanding of the substance of the confidential information; and
- in exceptional cases, where information is not susceptible to summary, reasons must be submitted to this effect.

This rule applies to all parties and to all correspondences with and submissions to the Commission, which unless indicated to be confidential and filed together with a non-confidential version, will be placed on the public file and be made available to other interested parties.

If a party considers that any document of another party, on which that party is submitting representations, does not comply with the above rules and that such deficiency affects that party's ability to make meaningful representations, the details of the deficiency and the reasons why that party's rights are so affected must be submitted to the Commission in writing forthwith (and at the latest 14 days prior to the date on which that party's submission is due). Failure to do so timeously will seriously hamper the proper administration of the investigation, and such party will not be able to subsequently claim an inability to make meaningful representations on the basis of the failure of such other party to meet the requirements.

Subsection 33(1) of the ITA Act provides that any person claiming confidentiality of information should identify whether such information is *confidential by nature* or is *otherwise confidential* and any such claims must be supported by a written statement, in each case, setting out how the information satisfies the requirements of the claim to confidentiality. In the alternative, a sworn statement should be made, setting out reasons why it is impossible to comply with these requirements.

PROCEDURES AND TIME LIMITS

All information submitted, including non-confidential copies thereof, should be received by the Senior Manager: Trade Remedies II by no later than 20 days from the date hereof. Late submissions will not be accepted.

Interested parties are invited to submit comments on the initiation of the investigation or any information regarding this matter to the following address or on the emails below:

Physical address

Senior Manager: Trade Remedies II
International Trade Administration Commission
Block E – The DTI Campus
77 Meintjies Street
SUNNYSIDE
PRETORIA
SOUTH AFRICA

Postal address

Senior Manager: Trade Remedies II
Private Bag X753
PRETORIA
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SOUTH AFRICA

Any interested party may request an oral hearing provided that reasons are given for not relying on written submissions only. No request for an oral hearing will be considered more than 60 days from the date of this publication. The Commission may refuse an oral hearing if granting such hearing will unduly delay the finalisation of the investigation.

Parties requesting an oral hearing shall provide the Commission with a detailed agenda for, and a detailed version, including a non-confidential version, of the information to be discussed at the oral hearing at the time of the request.

Should you have any queries, please do not hesitate to contact Mr Sandile Mantolo at smantolo@itac.org.za or Mr Thabelo Tshikomba at ttshikomba@itac.org.za