

Report No. 768

INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, CLAD, PLATED OR COATED, WITH ALUMINIUM-ZINC ALLOYS, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7210.61.20 AND 7210.61.30 AND FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7225.92.25 AND 7225.92.35 (“CORROSION RESISTANT STEEL COIL”): FINAL DETERMINATION

The International Trade Administration Commission of South Africa herewith presents its **Report No. 768: INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, CLAD, PLATED OR COATED, WITH ALUMINIUM-ZINC ALLOYS, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7210.61.20 AND 7210.61.30 AND FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7225.92.25 AND 7225.92.35: FINAL DETERMINATION**



AYABONGA CAWE
CHIEF COMMISSIONER

PRETORIA
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INTERNATIONAL TRADE ADMINISTRATION COMMISSION OF SOUTH AFRICA

INVESTIGATION FOR REMEDIAL ACTION IN THE FORM OF A SAFEGUARD MEASURE AGAINST THE INCREASED IMPORTS OF FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, CLAD, PLATED OR COATED, WITH ALUMINIUM-ZINC ALLOYS, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7210.61.20 AND 7210.61.30 AND FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 MM OR MORE, OTHERWISE PLATED OR COATED WITH ZINC, OF A THICKNESS OF LESS THAN 0.45MM, CLASSIFIABLE UNDER TARIFF SUBHEADINGS 7225.92.25 AND 7225.92.35: FINAL DETERMINATION

SYNOPSIS

On 27 December 2024, the International Trade Administration Commission of South Africa (“the Commission”) initiated an investigation for remedial action against increased imports of corrosion resistant steel coil. On 17 January 2025, the Commission terminated this investigation and re-initiated an investigation for remedial action in the form of a safeguard against the increased imports of corrosion resistant steel coil through Notice No. 2931 in *Government Gazette* No. 51903.

The application was lodged by ArcelorMittal South Africa Limited (“the Applicant” or “AMSA”), being the major producer of the subject product in the Southern African Customs Union (“SACU”), supported by SAFAL Steel (Pty) Ltd (“SAFAL”), the other manufacturer of the subject product.

The investigation was initiated after the Commission considered that there was *prima facie* evidence to show that events cited by the Applicant can be regarded as unforeseen developments, which resulted in a surge in imports of the subject product, causing serious injury to the SACU industry.

On initiation of the investigation, the World Trade Organisation (“WTO”) and the countries with a significant interest in the exports of the subject product were notified

of the initiation of the investigation.

Interested parties responded by submitting comments on the initiation of the investigation, which were taken into consideration by the Commission in making a preliminary determination.

The Commission made a preliminary determination that there were unforeseen developments which resulted in the increased imports. The Commission further made a preliminary determination that there was a surge in imports of the subject product, causing serious injury to the SACU industry. The Commission considered that there are critical circumstances where a delay in imposition of provisional measures would cause damage that would be difficult to repair and that these critical circumstances justify the imposition of provisional measures.

The Commission, therefore, made a preliminary determination to request the Commissioner for the South African Revenue Service (“SARS”) to impose a provisional measure of 52.34 percent *ad valorem* on imports of corrosion resistant steel coil for a period of 200 days pending the finalisation of the investigation.

The provisional measures were imposed against all countries, except the developing countries listed at the end of the report, as the imports from each of these countries do not exceed 3 percent of the total volume of imports or collectively account for more than 9 percent of total imports.

The Commission’s preliminary determination was published in Notice No. R.6340 of 2025 in *Government Gazette* No 52903 dated 27 June 2025, with details of the findings contained in the Commission’s Report No. 750.

On 17 July 2025, the Commission, through Notice No. 3375 of 2025 of *Government Gazette* No. 53023, invited interested parties to attend and address the Commission on whether or not it would be in the public interest to impose definitive safeguard measures on the subject product, in accordance with Regulation 20.2 of the Amended Safeguard Regulations.

Based on the details as contained in the Commission's preliminary report, the comments received and public interest submissions, the Commission made a final determination before "essential facts" that there were unforeseen developments and that these unforeseen developments and the effect of the obligations incurred under the GATT 1994, led to the increased volume of imports and that the surge in imports of corrosion resistant steel coil is causing serious injury to the SACU industry.

The Commission considered making a final determination to recommend to the Minister of Trade, Industry and Competition ("the Minister") that the following safeguard measures be imposed on corrosion resistant steel coil:

Period	Rate of safeguard measure
Year 1	52.34%
Year 2	37.34%
Year 3	22.34 %

On 28 October 2025, the Commission sent out letters to all interested parties, informing them of the "essential facts" which were being considered by it, and invited comments from interested parties on those "essential facts" for the Commission's consideration prior to making a final determination.

Taking all the information available to it into account, including all comments received during the investigation, the Commission made a final determination that there were unforeseen developments and that these unforeseen developments and the effect of the obligations incurred under the GATT 1994, led to the increased volume of imports and that the surge in imports of corrosion resistant steel coil is causing serious injury to the SACU industry.

The Commission therefore made a final determination to recommend to the Minister that the following safeguard measures be imposed on imports of corrosion resistant steel coil of a thickness of less than 0.45mm, classifiable under tariff subheadings 7210.61.20, 7210.61.30, 7225.92.25 and 7225.92.35:

Period	Rate of safeguard measure
Year 1	52.34%
Year 2	37.34%
Year 3	22.34 %

The safeguard measures will be imposed against all countries, except the developing countries identified on page 104 of this report, as the imports from each of these countries do not exceed 3 percent of the total volume of imports or collectively account for more than 9 percent of total imports.

The Commission made a final determination that rebate item 460.15/7210.61/01.06 that allows for the duty-free importation of certain grades of flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated, with aluminium-zinc alloys, of a thickness of less than 0.45mm, including those classifiable under tariff subheadings 7210.61.20 and 7210.61.30 be extended to also allow for the rebating of the safeguard duties in this investigation.

Furthermore, the Commission determined that the Applicant's prices should be monitored after the imposition of safeguard measures to ensure that the Applicant does not unduly disadvantage the downstream industry by unfairly increasing prices.

1. APPLICATION AND PROCEDURE

1.1 LEGAL FRAMEWORK

This investigation is conducted in accordance with the International Trade Administration Act, 2002 (“ITA Act”), the International Trade Administration Commission’s Safeguard Regulations (“SGR”) and giving due regard to the World Trade Organisation’s Agreement on Safeguards (“the Safeguard Agreement”).

1.2 APPLICANT

ArcelorMittal South Africa Limited (“the Applicant” or “AMSA”), the major producer of the subject product in the Southern African Customs Union (“SACU”) lodged the application on behalf of the SACU Industry, supported by SAFAL, a manufacturer of the subject product.

1.3 ALLEGATIONS BY THE APPLICANT

The Applicant submitted that a confluence of events (listed below) forms the basis of the unforeseen developments that support its application.

The Applicant stated that during the Uruguay Round of negotiations, South Africa did not foresee the following events:

- the decision to split the subject product into two main HS categories, namely non-alloy steel (HS7208) and alloy steel (HS7225) resulting in a tug and pull effect, whereby the increase in duties payable on one tariff sub-heading leads to a direct increase in the import volumes for the other due to their interchangeability in function; and
- the considerable over supply of the subject product in the world today causing a surge in imports into the SACU, which can be broken down into four main issues, namely:
 - (i) *Studies show that China did not become a fully-fledged market economy as it assured WTO Members it would during negotiations;*

- (ii) *Chinese economic activity has consistently declined since 1994 and large steel producers follow aggressive export strategies, fuelled by an oversupply of steel products;*
- (iii) *China's extraordinary economic growth is slowing down dramatically and the Chinese domestic market for steel is retracting, as a result of all of the above factors, Chinese producers have to increase their exports further, at reduced prices, to rid themselves of excess stocks; and*
- (iv) *Worldwide, countries are taking urgent action to raise tariffs and impose trade remedies to protect their domestic steel industries; and it is expected that the surge in imports that the SACU has been experiencing will be augmented by the recent economic slowdown in China and by the fact that China's export markets are contracting rapidly.*

The Applicant submitted that the above confluence of circumstances was unforeseen at the time South Africa concluded its tariff negotiations and it resulted in increased imports causing serious injury to the SACU industry.

1.4 INVESTIGATION PERIOD

The data evaluation for the purposes of determining increased imports and serious injury contains information for the period 01 May 2021 to 30 April 2024.

1.5 INVESTIGATION PROCESS

1.5.1 The information submitted by the Applicant was verified on 26 and 27 September 2024.

1.5.2 The application was accepted as being properly documented on 02 December 2024.

1.5.3 The investigation was initiated on 27 December 2024. The investigation was terminated on the 17th of January 2025 and then re-initiated on the same date.

1.5.4 The SACU importers of the subject product known to the Applicant are:

- Macsteel Roofing;
- Roofco Steel;
- Steelworld Roofing Systems (Pty) Ltd;
- SS Profiling (Pty) Ltd;
- Newcastle Steel (Pty) Ltd; and
- Heunis Steel (Pty) Ltd.

1.5.5 The exporters and foreign producers of the products exported to SACU known to the Applicant are:

- Angang Steel Co. Ltd;
- Shandong Longhai Steel Co., Ltd;
- Shandong Xinyinrui Iron and Steel Co., Ltd;
- Baoshan Iron and Steel Co. Ltd;
- Shandong Junbaocheng Metal Manufacturing Co., Ltd;
- ShougangJingtang United Iron and Steel Co; and
- Jiangyin Zong Cheng Steel Co Limited.

1.5.6 The following interested parties responded and provided comments on the investigation:

- The European Commission;
- The Government of Mexico (“Mexico”);
- The Trade Representation of the Russian Federation in the Republic of South Africa (“Russia”);
- Steel Import International (Pty) Ltd (“SII”)
- Hendok Group - incorporating Hendok Distribution, Henroof, Clear Creek t/a Wireforce (“Hendok”)
- BSI Steel (“BSI”); and
- SS Profiling PTY (LTD), Steelworld Roofing Systems PTY (LTD), Intersteel, Roofco Steel and Haya Steel Merchants PTY (LTD)T/A Alpha Steel Merchants (“The Consortium”).

1.5.7 In this report the following periods will apply:

01 May 2021 – 30 April 2022 will be referred to as **2021**;

01 May 2022 – 30 April 2023 will be referred to as **2022**; and

01 May 2023 – 30 April 2024 will be referred to as **2023** (period of the surge).

1.6 COMMENTS FROM INTERESTED PARTIES

The Commission considered all comments received from interested parties prior to making its final determination. All submissions made by interested parties are contained in the Commission's public file for this investigation and are available for perusal. It should be noted that this Report does not purport to present all comments received and considered by the Commission. However, some of the salient comments received from interested parties and the Commission's consideration of these comments are specifically included in this report.

1.7 PRELIMINARY DETERMINATION

The Commission made a preliminary determination that:

- The events cited are regarded as unforeseen developments that led to the increased volume of imports;
- The surge in volume of imports is recent enough, sudden enough, sharp enough and significant enough;
- The SACU industry is experiencing serious injury; and
- Although there was a contraction in the size of the market, an increase in input costs, an increase in energy costs and transport costs, these factors did not sufficiently detract from the causal link between the serious injury experienced by the Applicant and the surge in volume of imports resulting from the unforeseen developments.

Having found that increased imports have caused serious injury and that a delay would cause damage that would be difficult to repair, the Commission considered that there are critical circumstances which justify the imposition of provisional measures. The Commission therefore made a preliminary determination to request the Commissioner for SARS to impose a provisional

measure of 52.34 percent *ad valorem* on imports of the subject products for a period of 200 days pending the finalisation of the investigation.

The provisional measures were imposed against all countries, except the developing countries listed at the end of the report, as the imports from each of these countries do not exceed 3 percent of the total volume of imports or collectively account for more than 9 percent of total imports.

A developing country exempted from the application of a safeguard measure may become subject to such safeguard measures without a new investigation being conducted if, subsequent to the imposition of the safeguard measure, its share of imports increases to a level that exceeds 3 percent of the total import volumes in the original investigation period.

- 1.8 In accordance with Article 12.4 of the Safeguard Agreement and as provided in SGR 6, “[t]he Commission shall provide for consultations with the representatives of countries that have a substantial interest in a general safeguard investigation within 14 days after the imposition of a provisional payment.”

In line with the WTO provisions and the SGR, an invitation was extended to countries with substantial interest in the preliminary notice. No country took the offer for consultations and therefore no consultations were held.

- 1.9 The following is a summary of the comments received from interested parties on the Commission’s preliminary report:

Comments by interested parties on the Commission’s preliminary report
Interested parties stated that the Steel Industry has declined by a quarter since the introduction of the first duties in 2015. Since then, on numerous occasions, interested parties expresses condemnation of duties on steel products, whether preliminary or permanent. The introduction of the latest duties will serve to perpetuate or even accelerate this decline as the steel downstream becomes even more uncompetitive. AMSA does not have the technology to supply the local market demand, consequently, the additional tariffs on the imports would

unavoidably lead to severe job-losses and de-industrialisation.

Interested parties also stated that AMSA is currently operating with outdated technology and has repeatedly demonstrated an inability to meet local demand. This was highlighted in the initial submission as evidence of AMSA and SAFAL's limited capacity. Imports have become essential to supplement local supply to ensure that the needs of manufacturers and consumers are met in a timely and cost-effective manner. The imposition of the provisional duty risks exacerbating existing supply shortages, which could have a ripple effect throughout the manufacturing sector and the broader economy.

While the protection of domestic jobs is a legitimate concern, this objective must be balanced against the inefficiencies present in AMSA's operations. Over-protection could entrench these inefficiencies further, discourage necessary investment and modernisation, and ultimately undermine the competitiveness of South Africa's manufacturing sector. Achieving an equilibrium between job protection and market efficiency is crucial; otherwise, there is a risk of harming the very industries and workers the provisional duty is intended to support.

Interested parties further stated that the downstream impact of the provisional duty should not be ignored. There is a good chance the industry will shift to importing finished products because the local supply of galvanised coil is unreliable or insufficient. This hurts local manufacturers, as fabricators and processors lose out on competitiveness and market share. Imposing duties on raw materials without also protecting finished products could speed up the move to imports, damaging the local value chain and placing jobs at risk in downstream sectors. Since galvanised coil is an intermediate product, any price increase will make it harder for downstream producers to compete. Corrosion-resistant steel makes up more than 70% of the cost of roof sheeting made by the respondents. From 2023 to 2024, imports of corrugated galvanised steel sheets jumped 57%, from 3,505 to 5,490 tonnes. Higher raw material prices will only further incentivise increased finished roof sheet imports, hurting local businesses and likely costing the applicant a big part—if not all—of their current volume.

Interested parties also stated that rising housing costs in South Africa, especially due to higher prices for roofing materials, have a direct and harmful effect on low-income households, making decent housing even harder to afford for millions already struggling to secure adequate shelter. Even modest increases in the cost of basic materials like roof sheets can push them out of reach for poor families, worsening the housing backlog and deepening the cycle of poverty. Higher prices for roofing materials, either through the provisional duty or sourcing from AMSA, simply add to these costs and place a disproportionate burden on the most vulnerable in our society, undermining the public interest objective of keeping housing affordable for the poor. If steel roofing becomes too expensive, many low-income households may be forced to use cheaper alternatives like fiberglass or plastic, which offer less protection and durability.

Interested parties concluded that this market change will likely drive up the price of roofing and these risks making housing even less accessible to South Africa's poorest communities, worsening living conditions and entrenching economic hardship.

Commission's consideration

On the issue of AMSA's technology and capacity limitations, the Commission is of the view that while AMSA may currently face technological and capacity challenges, this is precisely why temporary safeguard measures are necessary. These duties are not intended to reward inefficiency but to create space for strategic restructuring and investment. The imposition of safeguards provides the domestic industry with a predictable window to modernize operations, improve supply reliability, and align with national industrial development goals.

Moreover, import dependence is not a sustainable solution. It exposes the country to global price volatility, supply chain disruptions, and undermines long-term industrial sovereignty. Supporting domestic producers through temporary safeguards ensures that South Africa builds resilient and competitive local capacity.

With regard to the risk of supply shortages and ripple effects the Commission is of the opinion that the claim that provisional duties will exacerbate shortages overlooks the transitional nature of safeguard measures. These duties are time-bound, typically lasting up to three years (extendable under WTO rules) and are designed to gradually phase down as domestic capacity improves.

The Commission further noted the concern by the Interested parties that safeguard duties would lead to inefficiencies and investment discouragement, the Commission is of the view that far from entrenching inefficiencies, safeguard measures incentivize investment. By providing a stable market environment, the safeguard duties encourage SACU industry to upgrade technology, improve productivity, and meet local demand more effectively. Without such support, domestic producers may lack the confidence or capital to invest, especially when facing unfair competition from a surge of imports.

In conclusion it is the Commission's view that safeguard duties are temporary, rules-based, and designed to allow domestic industries to adjust. They are a legitimate tool under WTO law to address serious injury from import surges. They promote industrial development, job protection, and economic resilience.

1.10 A public interest hearing was held on 20 August 2025, where interested parties raised public interest issues that the Commission considered prior to making a final determination. The following parties participated in the public interest hearings:

- AMSA;
- SAFAL;
- Hendok;
- The Consortium;
- Duferco; and
- Steel import international.

1.11 On 28 October 2025 essential facts letters were sent to all interested parties informing them of the “essential facts” which were being considered by the Commission and inviting comments from interested parties on these “essential facts” being considered.

1.12 Comments were received from the following interested parties:

- AMSA;
- SAFAL;
- Hendok;
- The Consortium;
- Duferco;
- Steelbank: and
- Steel import international.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 IMPORTED PRODUCTS

2.1.1 Description

The Applicant described the imported product as flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated, with aluminium-zinc alloys, of a thickness of less than 0.45mm, classifiable under tariff subheadings 7210.61.20 and 7210.61.30 and flat-rolled products of other alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc, of a thickness of less than 0.45mm, classifiable under tariff subheadings 7225.92.25 and 7225.92.35 (“corrosion resistant steel coil” or the “subject product”).

Corrosion resistant steel coil



Typical end-use:

The imported product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.49.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm coating thickness will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements. The overall trend in the coated steel market is for lighter gauge material especially in the self-help and informal roofing and cladding markets.

2.1.2 Tariff classification and WTO obligations

The subject product is imported under the following tariff headings:

Table 2.1.2

HS Tariff subheading	Description	Statistical unit	Rate of duty					
			General	EU/UK1	EFTA2	SADC3	MERCOSUR4	AfCFTA5
7210	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, not clad, plated or coated:							
7210.61	Plated or coated with aluminium-zinc alloys:							
7210.61.20	Of a thickness not exceeding 0,20 mm	Kg	10%	Free	Free	free	10%	10%
7210.61.30	Of a thickness exceeding 0,20 mm but not exceeding 0,45 mm	Kg	10%	Free	Free	free	10%	10%
72.25	Flat-rolled products of other alloy steel, of a width of 600 mm or more							
7225.92	Otherwise plated or coated with zinc							
7225.92.25	Of a thickness not exceeding 0,20 mm	Kg	10%	Free	Free	free	10%	free
7225.92.35	Of a thickness exceeding 0,20 mm but not exceeding 0,45 mm	Kg	10%	Free	Free	free	10%	free

- 1 European Union/United Kingdom
- 2 European Free Trade Association
- 3 Southern Africa Development Community
- 4 African Continental Free Trade Area
- 5 African Continental Free Trade Area

The Applicant stated that the obligations incurred under the GATT 1994, refers to the binding of duty rates to 10% on the subject product. Prior to the new obligations incurred under the GATT 1994, the following formula duty applied: 5% ad valorem duty, or 95% of the difference between the accepted benchmark price and lower import price, whichever was higher. With South Africa's ascension to the GATT 1994, the formula duty fell away, leaving only a 5% ad valorem duty. This duty was then reduced to 0% in 2005, and ultimately increased to 10% in 2016.

2.1.4 Possible tariff loopholes

The Applicant stated that it is not aware of any tariff loopholes at the moment.

2.1.5 Production process

Corrosion resistant steel coil is manufactured according to relatively standardized processes and machinery. Consequently, the Applicant submits that there is no difference in the basic production methods used globally and specifically in the country subject to this investigation.

The Applicant indicated that the production process is as follows:

- The manufacturing process for corrosion resistant steel coil consists of the following steps:
- Hot Rolled Coil (“HRC”) goes through a pickling process, which refers to a treatment that is used to remove impurities, rust, and scale from the surface of a material, after which the coil goes to the rolling mill for thickness deformation where HRC becomes Full Hard Cold Rolled Coil (CRC).
- The CRC then goes through hot dip galvanizing or an aluminium-zinc alloy bath. This is the process of coating steel with a layer of zinc or aluminium-zinc alloys by immersing the metal in a bath of molten zinc or aluminium-zinc.
- Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel.
- A thin coat of chromate – a rust inhibitor, is then applied to the coated product. The coil is then packed for despatch to customers.

2.2 SACU PRODUCT

2.2.1 Description

The Applicant described the SACU product as flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated, with aluminium-zinc alloys, of a thickness of less than 0.45mm, classifiable in tariff subheadings 7210.61.20 and 7210.61.30 and flat-rolled products of other alloy steel, of a width of 600 mm or more, otherwise plated or coated with zinc, classifiable in tariff subheadings 7225.92.25 and 7225.92.35.

2.2.2 Production process

The production process is as follows;

- Hot Rolled Coil (“HRC”) goes through a pickling process, which refers to a treatment that is used to remove impurities, rust, and scale from the surface of a material, after which the coil goes to the rolling mill for

thickness deformation where HRC becomes Full Hard Cold Rolled Coil (CRC).

- The CRC then goes through hot dip galvanizing or an aluminium-zinc alloy bath. This is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc or aluminium-zinc.
- Skin passing is then done to reduce strain marks and ensure a uniform surface. The coil then goes through tension leveller which reduces any shape defects and ensures flatness through elongation of steel.
- A thin coat of chromate – a rust inhibitor, is then applied to the coated product. The coil is then packed for despatch to customers.

2.2.3 Application or end use

The Applicant stated that the SACU like product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0.45 mm down to 0.3mm are used in building projects such as RDP housing, the less than 0,3mm coating thickness will go to the informal (self-help) segment, mainly for the erection of informal settlements.

2.2.4 Categories of users

The Applicant stated that the SACU like product is mainly sold to rerollers and fabricators in the manufacture of corrugated roof cladding.

2.3 LIKE OR DIRECTLY COMPETITIVE PRODUCTS ANALYSIS

In terms of SGR 2, a like product is “a product which is identical, i.e. is alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration”,

while a directly competitive product is a product, other than a like product, that competes directly with the product under investigation.

In determining the likeness or directly competitiveness of the product, the Commission uses the following criteria:

	Imported product	SACU product
Tariff Headings	7210.61.20, 7210.61.30, 7225.92.25 and 7225.92.35.	7210.61.20, 7210.61.30, 7225.92.25 and 7225.92.35.
Raw materials	The main raw material used is carbon/alloy steel, hot-rolled coil.	The main raw material used is carbon/alloy steel, hot-rolled coil.
Production process	The production process of the imported product is outlined in detail above.	The SACU product production process is outlined in detail above.
Physical appearance		
Categories of users	The imported product is mainly used by re-rollers and fabricators in the manufacture of corrugated roof cladding.	The SACU product is mainly used by re-rollers and fabricators in the manufacture of corrugated roof cladding.

Application or end-use	<p>The imported subject product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.49.10. Although the thinner gauges from 0,45mm down to 0.3mm are used in building projects such as low-cost housing, the less than 0,3mm coating thickness will also be sold to the informal (self-help) segment, mainly for the erection of informal settlements.</p> <p>The overall trend in the coated steel market is for lighter gauge material especially in the self-help and informal roofing and cladding markets.</p>	<p>The SACU product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45 mm down to 0.3mm are used in building projects such as RDP housing, the less than 0,3mm coating thickness will go to the informal (self-help) segment, mainly for the erection of informal settlements.</p>
Substitutability	The imported products are fully substitutable with the SACU products.	The SACU products are fully substitutable with the imported products.

The Commission made a decision to use the same criteria as above to make a comparison between the Zinc coated product as well as the Alu-zinc coated product:

	Zinc coated product: AMSA	ALU-zinc coated product: SAFAL
Tariff Headings	7225.92.25 and 7225.92.35.	7210.61.20 and 7210.61.30
Raw materials	The main raw material used is carbon/alloy steel, hot-rolled coil.	The main raw material used is carbon/alloy steel, hot-rolled coil.
Production process	The production process of the zinc coated product is outlined in detail above.	The product production process of the alu-zinc product is outlined in detail above.
Physical appearance		

Categories of users		The zinc coated product is mainly used by re-rollers and fabricators in the manufacture of corrugated roof cladding.	The alu-zinc coated product is mainly used by re-rollers and fabricators in the manufacture of corrugated roof cladding.
Application or end-use		The zinc coated product is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45 mm down to 0.3mm are used in building projects such as RDP housing, the less than 0,3mm coating thickness will go to the informal (self-help) segment, mainly for the erection of informal settlements.	The alu-zinc coated is predominantly used as an intermediary input in the production of corrugated metal roof cladding, classifiable under HS Code 7210.41.10. Although the thinner gauges from 0,45 mm down to 0.3mm are used in building projects such as RDP housing, the less than 0,3mm coating thickness will go to the informal (self-help) segment, mainly for the erection of informal settlements.
Substitutability		The zinc coated product is fully substitutable with the alu-zinc coated products.	The alu-zinc coated product is fully substitutable with the zinc coated products.

Comments by Interested parties on the Commission's essential facts letter

Interested parties stated that aluminium-Zinc-Magnesium (Al-Zn-Mg) coated steel is an advanced coated steel product cleared under tariff headings 7210.61.20 and 7210.61.30, as no distinct tariff headings currently exist to differentiate it from conventional aluminium-zinc coated products. Al-Zn-Mg coated steel products are not "like" products to zinc-coated (Z) or aluminium-zinc (AZ) coated steel currently produced in South Africa. The technical, functional, and market distinctions are significant and independent studies and manufacturer technical data confirm that AZM-coated steels offer up to four times higher corrosion resistance than standard zinc coatings and twice the durability of conventional Al-Zn coatings - particularly at cut edges and formed sections. This performance advantage stems from the presence of magnesium, which creates a dense, self-healing protective layer that prevents corrosion creep, a feature neither Zn nor Al-Zn coatings can achieve. These are not differences of degree but of kind. The addition of magnesium fundamentally alters both the performance characteristics, and the application range of the product are significant and should be explicitly recognised in the Commission's final determination.

Interested parties further stated that domestic producers such as AMSA and Safal Steel do not currently manufacture Al-Zn-Mg coated steel. Their facilities can produce galvanized (Z) and Al-Zn ("Zincal") coatings only, and lack the technology required for magnesium-enhanced coatings. The required capabilities do not exist within the South African steel industry. Consequently, local producers cannot supply AZM-coated steel in any meaningful quantity, coating range, or width specification to meet market requirements.

Interested parties stated that these products offer a superior anti-corrosive technology which are well accepted in the Roofing and Construction industry in South Africa. The local producer, AMSA does not offer these superior products. Indeed, AMSA's technology is antiquated producing inferior quality goods which cannot be compared to these imported products, either in terms of durability or purpose. The AMSA/ SAFAL products are not a "like" product. The product SII imports is not locally manufactured and neither AMSA nor SAFAL have the capacity to manufacture the product.

Commission's consideration

The Commission noted the interested parties' comments on the importation of goods that are not produced in the local industry. The Commission considered that it does make provision in such instances whereby an importer of any product not produced in the local industry can apply for rebates on such items.

In addition, since interested parties alleged that the Aluminium-Zinc-Magnesium is cleared under tariff headings 7210.61.20 and 7210.61.30, as no distinct tariff headings currently exist to differentiate it from conventional aluminium-zinc coated products the Commission is of the view that importers should consider approaching SARS to have a specific tariff subheading created for this product.

Interested parties further stated that Zinc-coated and Aluzinc-coated steel cannot be treated as "like products" because they are metallurgically distinct and serve different market segments. The Commission's understanding that Aluzinc and zinc-coated steel are "like products" is not grounded in fact, it's

grounded in convenience. By blurring the line between these two distinct products, the Commission achieves three goals that conveniently support the Applicant's agenda as follows:

•Inflating industry standing:

Amsa alone could not meet the "50% domestic production" threshold. By combining its output with Safal's (who produces an entirely different product), the Commission creates compliance with SGR 7.2. In other words, Safal's volumes are being used to legitimise Amsa's case, while Safal stands to benefit commercially from reduced import competition in Aluzinc, even though Amsa does not produce it.

•Masking internal industry competition:

By declaring these products "like products," the Commission deliberately obscures the competitive tension between Amsa and Safal. These firms compete for similar end-markets but serve different customer profiles. Treating them as one "SACU industry" silences market evidence of intra-industry rivalry, which is key to understanding actual injury causes.

•Deflecting blame from domestic inefficiency:

Amsa's performance issues such as inefficiency, cost escalation, outdated technology cannot be attributed to Aluzinc imports. Instead of addressing structural inefficiencies, the Commission narrative deflects responsibility by conflating distinct market segments and claiming, "import injury." The Commission's definition of "like products" in this case disregards clear metallurgical and economic distinctions, artificially elevates Amsa's industry standing and enables Safal to benefit commercially under the guise of Amsa's application. This approach compromises the legal integrity of the safeguard framework by merging distinct product categories for convenience rather than accuracy.

Interested parties also stated that separate tariff classifications provide clear evidence that Aluzinc and zinc-coated steel are distinct products. HS codes are designed to differentiate products based on composition, function, and commercial identity, signalling international recognition of their differences.

Commission's consideration

The Commission does not agree with the Consortiums contention that a separation in the tariff code automatically means that products are not like products. The products are classified in the same chapter and further to that, historically they were classified under the same tariff sub-heading. When the investigating team enquired with SARS on whether or not it would be able to impose duties on the product description previously provided by the Applicant, SARS advised that they group these products as corrosion resistant steel products. Authorities like SARS separate products under different tariff subheadings for different reasons, i.e. administrative purposes, ease of collection of trade data, international standardisation, ease of collection of duties etc. In Safeguard investigations, an analysis is not limited to like product, we go further and look at whether the products are directly competitive. Therefore, zinc coated and alu-zinc coated may not be like products, however they are directly competitive products.

Interested parties also stated that it is not merely that there are user preferences at play, but at the heart of the differences, lies the quality differences between the imported product and that produced by the Applicant in this investigation. As indicated by interested parties, the imported products are of a superior quality and offers a superior anti-corrosion technology, which is vital for a large number of down-stream users. Furthermore, interested parties reiterated the fact that certain specifications of the subject product are not produced by the domestic industry at all.

Interested parties also stated that South African law already contains mechanisms (such as duty rebate provisions or product exclusions) to permit continued importation of non-locally-produced grades without payment of the normal import duties, in cases of proven local unavailability. Interested parties indicated that they themselves historically relied on such rebate permits under Item 460.15 to import certain thin-gauge aluminium-zinc coated coil that local mills do not produce – permits that AMSA itself acknowledged by issuing support letters in the past. However, it must be noted that provisional payments like the current safeguard duty cannot be rebated under the customs rules, and

thus they impose an unavoidable cost burden on the downstream industry.

Interested parties submitted that the provisional safeguard measure has already provided broad protection to the domestic upstream industry against all imports (subject to limited developing-country exclusions) and thus a final Safeguard duty, if applied, will address the situation amicably, but should be applied with extreme care to avoid over-protection. Further, in this regard, it is submitted that as the Commission is intending to impose final Safeguard duties that they must take the South Africa's Anti-Dumping Regulations into consideration as these regulations are clear that any anti-dumping duty imposed must "be sufficient to remove the injury" suffered by the industry and no more. This reflects the WTO Anti-Dumping Agreement's requirement in Article 9.1 that the duty be no higher than necessary to alleviate the injury – i.e., "it is desirable that... the duty be less than the margin if such lesser duty would be adequate to remove the injury to the domestic industry".

Commission's consideration

The Commission noted the comments regarding the quality differences between imported products and those produced by the SACU industry, as well as the claim that certain specifications are not manufactured domestically. While these comments are acknowledged, the Commission pointed out that safeguard investigations are primarily concerned with whether increased imports have caused or threaten to cause serious injury to the domestic industry, rather than comparative product quality or user preference.

Regarding the comment that certain grades are not available locally, the Commission reiterates that there are rebate provisions to address proven cases of products that are not produced locally. These rebate provisions remain applicable and can be utilized by downstream users where appropriate.

With regard to the concern that the provisional safeguard duties cannot be rebated according to customs is noted; however, the purpose of the provisional measures is to provide temporary relief to the domestic industry while the investigation is finalized. The Commission provides that it will be ensured that

any final safeguard measure is consistent with the WTO Agreement on Safeguards and will be applied only to the extent necessary to prevent or remedy serious injury, avoiding over-protection.

The Commission noted that interested parties refer to principles under the Anti-Dumping Regulations and Article 9.1 of the WTO Anti-Dumping Agreement, it should be emphasized that safeguard measures differ in nature and purpose from anti-dumping duties. Nonetheless, the Commission will ensure that any measure implemented will be for the purpose of ensuring that the domestic industry is in a position to adjust and become competitive.

After considering all the above, the Commission made a final determination that the SACU product and the imported products are “like products” or directly competitive products, for purposes of comparison, in terms of SGR.

3. INDUSTRY STANDING

3.1 DOMESTIC INDUSTRY

The Application was lodged by ArcelorMittal South Africa Limited (“the Applicant” or “AMSA”), being the major producer of the subject product in the Southern African Customs Union (“SACU”). SAFAL indicated its support for the application.

Comments by Duferco to the Commissions preliminary report

Duferco stated that although the Commission requested information from it only after the initiation of the investigation, the Commission never provided a deadline by which the requested information should have been submitted. Duferco also stated that regarding AMSA’s argument that “[i]t understood that Duferco had exited the SACU market and no longer supplied the product locally for local consumption ...”, it submitted that AMSA clearly misunderstands the provisions of the Commission’s Amended Safeguard Regulations (“SGR”).

Duferco stated that the SGR provide the following definition of the SACU industry - the domestic producers in the SACU as a whole of the like or directly competitive products or those of them whose collective output of the like or directly competitive products constitutes a major proportion of the total SACU production of those products.” The definition continues as follows, explaining when a producer may be excluded from the determination of the domestic industry:

“Where a SACU producer is

(a) related to the importer, exporter or the foreign producer; or

(b) itself an importer of the products under investigation,

the term “SACU industry” may be interpreted as referring to the rest of the SACU producers.”

Duferco further stated that there is clearly, no provision made for AMSA’s “understanding” that Duferco does not sell in the SACU market. The SACU

market is determined based on the producers of the subject product and not on the market into which it sells its production to. AMSA's arguments that the inclusion of Duferco would have no effect is not only a total misconception, but also a critical oversight, and does not solve the concerns raised regarding the determination of industry standing for purposes of the Commission's investigation initiation. In addition to Duferco's concern regarding the erroneous understanding of AMSA of the definition of SACU industry, it is submitted that it also amounts to a misrepresentation to the Commission, to the detriment of Duferco.

Commission's consideration

The Commission noted Duferco's comments expressing concern over its omission from recent reports and stakeholder engagements related to the ongoing trade remedies investigations. As Duferco also questioned the accuracy of the investigation, particularly the representation of SACU production volumes, which reflected only AMSA and SAFAL Steel as the Applicant(s), with a combined production volume representing 100% of SACU production of the subject product. The Commission further noted Duferco's assertion that it has been a manufacturer since 1998. On 31 March 2025, Duferco provided the Commission with its production volumes. A verification of the submitted data was conducted on 28 August 2025.

The information contained in the Commission's initiation notice was that provided by the Applicant. The SACU Industry was determined based on the information available at the time of initiation. The production volumes submitted by Duferco were not available during the initiation phase and therefore were not included in the calculation of SACU production volumes. The Commission acknowledged Duferco's production volumes in the industry and took into consideration its production volumes.

Regulation 7.2 of the SGR states that:

An application shall be regarded as brought by or on behalf of the SACU industry if –

- a) at least 25 per cent of the SACU producers by domestic production volume support the application; and
- b) of those producers that express an opinion on the application, at least 50 per cent by domestic production volume support such application.

The Applicant i.e., AMSA, accounts for more than 50%. With the support of SAFAL Steel, these companies account for just under 70% of the total SACU production and Duferco accounts for more than 30% of the total SACU production by production volume. Therefore, this application meets the requirements of SGR.

Comments by Duferco on the Commission's essential facts letter

Duferco stated that the Commission misunderstood the arguments presented by it. The question is not "whether or not Duferco Steel forms part of the SACU industry", the issue is that the Commission neglected to first establish the domestic industry and from there whether the Application was brought on behalf of the Southern African Customs Union ("SACU") industry before initiating the investigation.

Duferco referred the Commission to the Panel in EC — Salmon (Norway) which concluded that the European Communities had erred in excluding certain enterprises from the domestic industry. Thus the European Communities assessment of whether the producers it included accounted for a "major proportion" of domestic production of the like product was based on incorrect information. The Commission is further referred to the Appellate Body in EC — Fasteners (China) which made the following finding regarding the definition of the domestic industry and major proportion:

"A major proportion' ... should be understood as a proportion defined by reference to the total production of domestic producers as a whole. 'A major proportion' of such total production will standardly serve as a substantial reflection of the total domestic production..."

Duferco is of the view that the above interpretation is confirmed by the purpose of defining the domestic industry under the Anti-Dumping Agreement. As footnote 9 to Article 3 of the Anti-Dumping Agreement indicates, 'the domestic industry forms the basis on which an investigating authority makes the determination of whether the dumped imports cause or threaten to cause material injury to the domestic producers. ...' a major proportion of the total domestic production' should be determined so as to ensure that the domestic industry defined on this basis is capable of providing ample data that ensure an accurate injury analysis." (own emphasis).

Duferco stated that it is clear from the juris prudence of the WTO Dispute Settlement Body that the investigating authority, such as the Commission has the responsibility to accurately define the "domestic industry", as a vital step in the process of investigation. In fact, the definition of the domestic industry is the first step, before any other decisions, such as whether the applicant has "industry standing", or whether the injury information considered is representative of "a major proportion" of the domestic industry, can be made. The question is therefore not whether Duferco is part of the SACU industry or not. The question that the Commission should have addressed is that it did not define the domestic industry correctly before initiation, and before making a determination that the volume of production represented by the Applicant, with the support of Safal, Steel (Pty) Ltd ("Safal") made the application eligible for initiation.

Duferco concluded that it is therefore clear that the Applicant's determination of the "domestic industry", and by implication the determination by the Commission, was based on incorrect information. Consequently, the determination by the Commission that ArcelorMittal ("AMSA") represented "a major proportion" of the domestic industry, was calculated based on incorrect information regarding the size of the total domestic production of the subject product. Therefore, the Commission accept and made a decision based on incorrect information and therefore the investigation must be terminated.

Commission's consideration

The Commission reiterates that the information contained in the Commission's initiation notice was that provided by the Applicant. The SACU Industry was determined based on the best information available at the time of initiation. The production volumes submitted by Duferco were not available during the initiation phase and therefore were not included in the calculation of SACU production volumes. Duferco's production volumes in the industry were acknowledged, verified and incorporated into the preliminary submission and into the report.

Notwithstanding Duferco's comments that the initiation of the investigation was done having not considered Duferco's production volumes for purposes of industry standing and major proportion and that this investigation should be terminated, the Commission reiterates that the Applicant holds more than 50% percent of the industry standing. The Commission is of the view that the investigation should not be terminated as the Applicant alone represents the SACU industry and holds a major proportion of the injury information submitted to the Commission.

Considering the above, the Commission made a final determination that the application can be regarded as being made "by or on behalf of the domestic industry".

4. UNFORESEEN DEVELOPMENTS

4.1 Requirements of Article XIX of GATT – Effect of WTO Obligations

Article XIX of the GATT provides as follows:

“If, as a result of unforeseen developments and of the effect of obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.”

In terms of the WTO, the provision is interpreted to mean that the developments in the market should have been unforeseen at the time of negotiation of the relevant tariff concessions.

The Commission analysed the effects of the obligations incurred with regard to the subject product under the GATT 1994.

4.2 Information submitted by the Applicant

The Applicant submitted the following information to support its allegation on unforeseen development:

The Applicant stated that the obligations incurred under the GATT 1994, refers to the binding of duty rates to 10% on the subject product. Prior to the new obligations incurred under the GATT 1994, the following formula duty applied: 5% ad valorem duty, or 95% of the difference between the accepted benchmark price and lower import price, whichever was higher. With South Africa’s ascension to the GATT 1994, the formula duty fell away, leaving only a 5% ad valorem duty. This duty was then reduced to 0% in 2005, and ultimately increased to 10% in 2016.

The Applicant stated that the Commission in its Report No. 551 analysed the effects of the obligations of GATT 1994. It was considered that the South African government committed to binding the ordinary customs duty on the imported products of flat hot rolled steel at 10% ad valorem. The effects of these obligations were that the industry went through a restructuring that saw the state-owned entity unbundled and privatised. The government also facilitated the end or review of old pricing models to improve the competitiveness of the industry. As such various measures have been taken to encourage competitiveness and sustainability of the industry. The same rings true for the subject product, which is a downstream product from hot rolled steel, and which faces the same challenges today.

The Applicant further stated that what would constitute as an 'unforeseen development', the Appellate Body in Argentina — Footwear (EC) noted that the remedy provided by Article XIX is of an emergency character and is to be "invoked only in situations when, as a result of obligations incurred under the GATT 1994, a Member finds itself confronted with developments it had not 'foreseen' or 'expected' when it incurred that obligation".

The Appellate Body further found that "... "unforeseen developments" should be interpreted to mean developments occurring after the negotiation of the relevant tariff concession which it would not be reasonable to expect that the negotiators of the country making the concession could and should have foreseen at the time when the concession was negotiated."

The Applicant stated that it is safe to say then that unforeseen developments rely solely on whether or not a specific circumstance, event, situation or the like was foreseen during the 1994 Uruguay round of negotiations, meaning anything outside this exact test is irrelevant.

The Applicant stated that it submits that a confluence of events forms the basis of the unforeseen development in this application, namely:

- (1) the decision to split the subject product into two main HS categories, namely non-alloy steel (HS7208) and alloy steel (HS7225) resulting in a tug and pull effect, whereby the increase in duties payable on one tariff sub-heading leads to a direct increase in the import volumes for the other due to their interchangeability in function; and
- (2) the considerable over supply of the subject product in the world today causing a surge in imports into the SACU, which can be broken down into four main issues, namely:

- (v) *Studies show that China did not become a fully-fledged market economy as it assured WTO Members it would during negotiations;*
- (vi) *Chinese economic activity has consistently declined since 1994 and large steel producers follow aggressive export strategies, fuelled by an oversupply of steel products;*
- (vii) *China's extraordinary economic growth is slowing down dramatically and the Chinese domestic market for steel is retracting, as a result of all of the above factors, Chinese producers have to increase their exports further, at reduced prices, to rid themselves of excess stocks; and*
- (viii) *Worldwide, countries are taking urgent action to raise tariffs and impose trade remedies to protect their domestic steel industries; and it is expected that the surge in imports that the SACU has been experiencing will be augmented by the recent economic slowdown in China and by the fact that China's export markets are contracting rapidly.*

The Applicant submitted that the above confluence of circumstances was unforeseen at the time South Africa concluded its tariff negotiations and it resulted in increased imports causing serious injury to the SACU industry. Each circumstance is discussed in more detail below.

(1) The decision to split non-alloy and alloy steel products

The International Convention on the Harmonized Commodity Description and Coding System (HS Convention) entered into force on 1 January 1988. The objectives of the HS Convention are (i) to facilitate international trade and the collection, comparison and analysis of statistics by harmonizing the description, classification and coding of goods in international trade; (ii) to reduce the expenses related to international trade and (iii) to facilitate the standardization of trade documentation and the transmission of data.

The Applicant stated that in so doing, primary steel products, classifiable under Chapter 72 of the system were split into multiple categories. Pertinent to this application was the decision to differentiate between alloy and non-alloy steel, because of their different intended uses. Alloy steel and carbon steel both have very useful properties. Carbon steel is an alloy of iron and carbon, typically containing up to 2% carbon by weight. It is often utilized in the production of machines, tools, steel buildings, bridges, and other infrastructure. Alloy steel, on the other hand, is a type that contains one or more alloying elements (usually other metals such as: manganese, chromium, and nickel) in addition to carbon. Alloy steel is often used in high-strength parts such as gears, shafts, and axles.

The problem however, which was unforeseen at the time of the GATT negotiations, was the interchangeability of alloy steel for use in non-alloy projects. It was incorrectly thought that due to the increased price for alloy steel, the import of these products would be used specifically in the specialized products. What was not expected was that the low requirement of artificial elements required to classify as an alloy steel product, would lead to a direct relationship between non-alloy steel and alloy steel, whereby the increase in duties payable for non-alloy steel products, whilst leaving the alloy heading open, would lead to a direct increase in imports of alloy steel products.

The Applicant further stated that this was first experienced in September 2015 when the tariff level on the non-alloy product was increased from 0 percent to 10 percent, whilst the duty level on the alloy product remained at 0 percent.

There was an immediate increase in imports under tariff sub-heading 7225.92 from China from 17 tonnes in 2014 to a significant 42,604 tonnes in 2016, whilst imports under tariff sub-heading 7210.49 decreased from 44,690 tonnes to 26,036 tonnes during the same period.

The Applicant provided the tables below:

Import volumes and values per annum (Tonne & Rand) 7210.49

Non-Alloy	2014	2015	2016
Volume Tonnes	44 690	68 254	26 036
Value Rand	R393 945 044	R533 552 001	R214 098 063
Average unit price R/Tonne	R8 815	R7 817	R8 223

Import volumes and values per annum (Tonne & Rand) 7225.92

Alloy	2014	2015	2016
Volume Tonnes	17	5 497	42 604
Value Rand	R319 734	R40 946 563	R331 929 454
Average unit price R/Tonne	R19 083	R7 449	R7 791

The Applicant stated that the same is happening now, where imports of non-alloy steel decreased from 28,460 tonnes in the second year of the POI to 1,275 tonnes in the final year of the POI, in line with the increase in the alloy steel (subject product) from 73,480 tonnes to 87,631 tonnes during the same period.

The reason for this shift in imports was the implementation of anti-dumping duties on the non-alloy steel in 2023/2024 of 53,84%, making imports of the subject product much more attractive. This is reflected in the prices as well, where the average price per tonne of the subject product decreased from R14,150 per tonne to R12,541 per tonne over the last 2 years of the POI.

**Import volumes and values per annum (Tonne & Rand) 7210.49.10
("Non-Alloy Coated < 0.45mm")**

Non-Alloy	2021	2022	2023
Volume Tonnes	55 274	28 460	1 275
Value Rand	R557 757 422	R267 835 344	R23 235 789

Average unit price R/Tonne	R10 091	R9 411	R18 228
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Import volumes and values per annum (Tonne & Rand) 7225,92,10,25&35 ("Alloy Coated < 0.45mm")

Alloy	2021	2022	2023
Volume Tonnes	77 025	74 380	87 631
Value Rand	R1 155 598 043	R1 052 490 713	R1 098 995 135
Average unit price R/Tonne	R15 003	R14 150	R12 541

The Applicant stated that it should also be noted that despite the significant volumes of imports reported by SARS for the subject product, only less than 3,000 tonnes were declared for export by China. This is according to export statistics provided by TradeMap. This is indicative of the underlying issue, which is that the alloy heading serves only to act as a means of subverting any payable duties on the non-alloy heading.

The Applicant also stated that it is clear that these products are directly competitive and fully interchangeable and as the price for one increase, demand will shift to the other. This has happened on 2 separate occasions and there is no indication that this practice will subside in the foreseeable future. This occurrence was clearly not foreseen during the 1994 round of negotiations and as such meets the requirements of unforeseen developments as envisioned by both the Safeguard Regulations of South Africa and the Safeguard Agreement.

(2) THE CONSIDERABLE OVER SUPPLY OF THE SUBJECT PRODUCT IN THE WORLD TODAY CAUSING A SURGE IN IMPORTS INTO THE SACU

(i) China's accession as a WTO Member

The Applicant stated that in 1995, during the Uruguay Round of Multilateral Trade Negotiations China was not yet a Member of the WTO. On 4 March 1987 a Working Party was established to examine the request of the Government of the China for resumption of its status as a GATT contracting

party. After applying for accession to the Marrakesh Agreement Establishing the World Trade Organization ("WTO Agreement") in December 1995, the existing Working Party on China's status as a GATT 1947 Contracting Party was transformed into a WTO Accession Working Party. After 15 years of negotiation and many meetings, China became a WTO Member on 11 December 2001.

China's statements to the GATT 1947 Working Party and subsequently to the Working Party on the Accession of China were recorded in the Report of the Working Party on the Accession of China. It is stated in the Report that the representative of China stated that since 1979, China had been progressively reforming its economic system, with the objective of establishing and improving its socialist market economy.

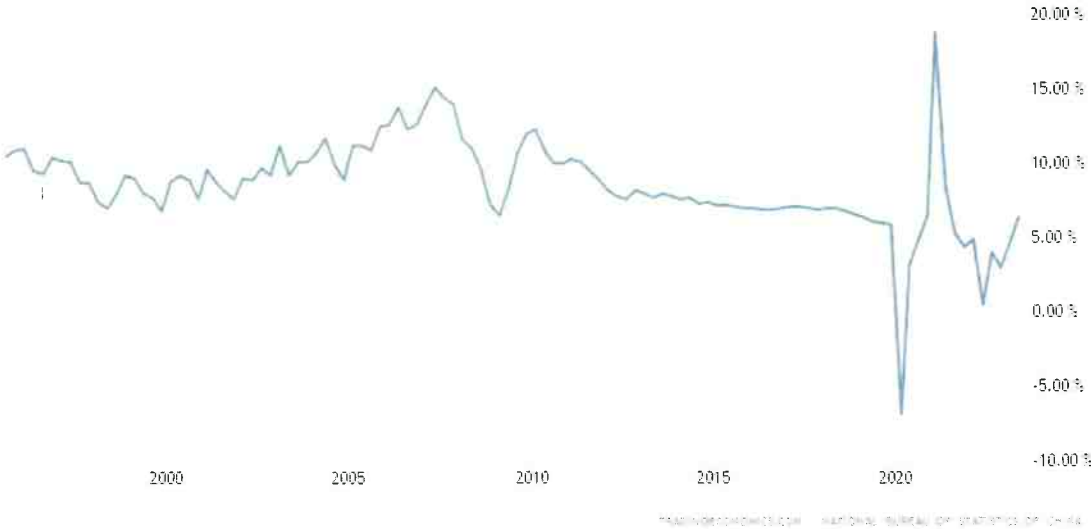
The Applicant further stated that the reform package introduced in 1994, covering the banking, finance, taxation, investment, foreign exchange ("forex") and foreign trade sectors, had brought about major breakthroughs in China's socialist market economy. State-owned enterprises had been reformed by a clear definition of property rights and responsibilities, a separation of government from enterprise, and scientific management. A modern enterprise system had been created for the state-owned sector, and the latter was gradually getting on the track of growth through independent operation, responsible for its own profits and losses. China's representative further assured negotiators that a nation-wide unified and open market system had been developed. An improved macro-economic regulatory system used indirect means and market forces to play a central role in economic management and the allocation of resources. A new tax and financial systems were functioning effectively. Financial policy had been separated from commercial operations of the central bank, which now focussed on financial regulation and supervision. Further liberalization of pricing policy had resulted in the majority of consumer and producer products being subject to market prices.

The Applicant also stated that the market played a much more significant role in boosting supply and meeting demand at the time. In view of the assurances and commitments made by China, WTO Members, including South Africa welcomed China's accession to the WTO Agreement, as it would bring mutual benefits to China and to the other Members of the WTO.

(ii) Chinese economic activity has consistently declined since 1994

As indicated above China had heavily invested in its economic growth since 1979, leading to an industrial awakening, however this growth was not sustainable in the long term, as the country went from developing economy into a fully-fledged developed economy, albeit it with a great deal of government oversight and intervention.

The Applicant stated that from the graph below, we can see that the Chinese annual growth rate has been on a steady decline since 2006/2007 (with the notable exception of 2021, which was as a result of the economy being opening up after extreme Covid-19 restrictions). As economic growth slows down, the domestic demand for certain commodities, especially those used in infrastructure development, will slow down in response.



*Source: TradeEconomics.com / National Bureau of Statistics China

The Applicant stated that as the domestic demand in China slowed down, manufacturers kept increasing their overall production to keep reducing the cost for these steel commodities, leading to an inherent need to find alternative markets for this oversupply of steel. South Africa, which has one of the lowest barriers to entry (as a result of being considered a developed country at the time of the Uruguay negotiations) became a lucrative avenue for imports from China that could no longer be sold domestically, as the demand just wasn't there.

(iii) Trade Remedies on Coated Steel Products

With so much excess steel tonnage, many countries have imposed or are in the process of imposing barriers to these steel imports by increasing normal tariff duties or imposing anti-dumping, countervailing and/or safeguard duties. This will result in the excess steel having to be exported elsewhere, especially to those countries where there is no protection in place.

There are multiple anti-dumping and countervailing measures in place from all over the world against China, from countries such as Vietnam, Russia, Mexico, Australia, India, Thailand, Brazil, the USA, the European Union, the UK and more on the subject product and like product.

The Applicant stated that this is not considering other trade remedies action and barriers, such as the United States's Section 232 restrictions on imports of steel and aluminium leading to the closure of one of the biggest markets for crude steel in the world. The UK has also decided to extend existing safeguard measures on certain steel products, which includes the subject product.

The EU also have their own safeguard duties in place, which were extended until June 2026 on the subject products, closing off multiple markets for Chinese products. It is apparent that these actions are resulting in a shifting in export patterns, as China needs to move their excess production to other less restrictive countries, such as South Africa, where the only protection is a 10% ad valorem duty, which is not enough to protect the domestic industry from this surge in imports. Especially as China does not show any indication of

decreasing their output of subject product, with production other metallic coated sheet and strip reaching over 65 million tonnes in 2021. In context that is more than 350 times the annual SACU demand for the subject product.

Table 24
Production of other metallic coated sheet and strip

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Austria	2 371	2 211	2 426	2 517	2 516	2 407	2 434	2 258	2 401	2 252
Belgium	3 209	3 454	3 410	3 326	3 604	3 708	3 802	2 979	2 471	2 093
France	3 796	4 297	4 310	4 189	4 188	3 914	3 852	3 169	3 937	3 420
Hungary	103	104	100	100	102	105	86	116	103	66
Italy	4 129	4 452	4 545	4 904	5 024	4 765	4 356	3 698	4 272	3 771
Luxembourg	632	668	632	642	1 214	673	...	...	...	...
Netherlands	1 287	1 332	1 358	1 370	1 337	1 275	...	...	...	...
Poland	470	527	517	560	754	906	840	752	835	633
Spain	1 554	1 635	1 681	1 806	1 799	1 794	1 911	1 534	2 052	1 708
European Union (27) (1)	26 878	28 435	28 800	28 965	29 740	29 031	28 696	24 280	26 596	20 916
United Kingdom	1 052	1 082	1 076	799	825	855	...	...	...	...
Other Europe	1 052	1 082	1 076	799	825	855	...	...	...	...
Canada (2) (3)	2 504	2 549	2 467	2 560	2 190	...	...	...	...	...
Mexico (2)	1 952	2 339	2 436	2 733	2 750	2 746	2 753	2 550	2 986	3 106
United States (2) (3)	16 164	16 510	16 033	16 616	16 473	16 890	16 724	15 211	17 996	16 343
United States (3) (4)	1 437	1 255	1 348	1 386	1 652	1 893	2 097	2 235	3 117	2 649
North America	22 058	22 653	22 285	23 295	23 066	21 529	21 574	19 996	24 100	22 098
China	46 212	50 750	52 101	53 226	49 598	49 509	57 389	61 384	65 887	...
India (2)	6 704	6 983	6 898	9 884	9 376	5 234	7 448	6 758	7 842	8 159
Indonesia	408	462	498	601	767	1 192	1 189	1 144	1 291	1 432
Japan (3)	1 246	1 315	1 240	1 304	1 303	1 250	1 142	965	1 142	1 143
South Korea (2)	9 503	10 412	10 313	11 039	11 461	11 158	11 024	9 945	10 507	...
Malaysia	645	678	703	781	768	644	605	540	422	406
Philippines	260	650	670	370	370	346	359	176	190	188
Taiwan, China	2 539	2 856	2 640	2 227	2 239	2 657	2 357	2 459	2 784	2 624
Thailand	552	1 088	1 355	1 457	1 722	1 738	1 647	1 458	1 809	1 589
Viet Nam	1 736	2 098	2 505	2 506	3 501	3 758	3 403	3 402	5 098	3 526
Asia	69 805	77 292	79 122	83 396	81 103	77 487	86 562	88 230	96 973	19 066
Australia	1 195	1 343	1 367	1 473	1 536	1 613	1 515	1 589	1 749	...
Oceania	1 195	1 343	1 367	1 473	1 536	1 613	1 515	1 589	1 749	...
World	120 988	130 805	132 650	137 929	136 270	130 515	138 347	134 095	149 418	62 080

(1) - includes data not shown above.
(2) - galvanised products only.
(3) - deliveries.
(4) - excluding galvanised products.

Source: Steel statistical yearbook 2023

In conclusion, the Applicant stated that the unforeseen developments are as follows:

- The unexpected shift in imports away from the non-alloy product in favour of the alloy product in response to an increase in duties payable on the alloy product.
- The significant downturn of the steel market as a result of the slowdown of economic growth in China that contributed to the imbalance between capacity and demand, that is, the global oversupply of steel. This led to

a significant increase in export volumes by countries with excess capacity; and

The Applicant stated that this in turn led to an increase in trade remedy actions being taken on coated steel products, by several countries, notably the European Union, the United Kingdom, the United States and Vietnam, which are significant export markets for these products. Given the fact that coated steel is a commodity product, excess capacity in one region can, with relative ease, displace production in other regions, thus harming producers in those regions.

Commission's consideration

The Commission considered that the WTO panels have established that investigating authorities must demonstrate the existence of unforeseen developments and their logical connection to increased imports causing injury to domestic producers. The panels have developed a 3-part enquiry to determine if this requirement is fulfilled (for example, European Union ("EU") – Safeguard Measures on Steel (Turkey)).

The following 3-part enquiry demonstrate the existence of unforeseen developments and their logical connection to increased imports causing injury to the SACU:

The first part of the enquiry requires authorities to identify the events or (confluence of) events claimed to be unforeseen. In fulfilling the first requirement in terms of the 3-part enquiry the Applicant submitted that a confluence of events forms the basis of the unforeseen development. The Applicant claimed that the decision to split the subject product into two main HS categories, namely non-alloy steel HS code 7208 and alloy steel HS code 7225 resulted in a tug and pull effect, whereby the increase in duties payable on one tariff sub-heading led to a direct increase in the import volumes for the other due to their interchangeability in function. The Applicant further claimed that South African negotiators did not anticipate global steel overcapacity in general and, in particular, the increase in China's corrosion resistant steel capacity, shrinking demand in China and increased trade defense and other measures on imports of corrosion resistant

steel products, when making concessions during the Uruguay Rounds. Consequently, the Applicant has clearly outlined the unforeseen developments that are alleged to have led to the surge in imports, fulfilling the first part of the 3-step requirement.

For the second part of the enquiry, authorities must provide evidence-based explanations for unforeseen circumstances when relevant concessions or obligations were made. Mere allegations are not sufficient, an explanation must be provided as to why the circumstances were unforeseen.

At the time of the trade concessions, although negotiators were aware of global overcapacity, they did not anticipate the sudden and continued increase in Chinese production capacity fueled by massive state subsidies. The concessions were negotiated assuming consistent market competition and no significant government interventions. There was no historical precedent for the scale of government subsidies later introduced by China in the steel sector.

Similarly, the imposition of trade defense measures was not, as such, unforeseeable as there had been a history of such measures being imposed. However, it was the unprecedented number and impact of measures targeting the subject products, and the resulting trade diversion and increased imports into South Africa, that made the measure unforeseen.

Finally, changes in demand for corrosion resistant steel in China was also not, as such, unforeseeable as its economy has been subject to business cycles. However, the extent and timing of the change (decrease) in demand and the impact on domestic and international markets was unforeseen.

Regarding the 3rd part of the enquiry, the EU–Safeguard Measures on Steel (Turkey) Panel stated that authorities must provide a reasoned and adequate explanation for the existence of a “logical connection” between the unforeseen development and the increase in imports being “the result of” unforeseen developments, rather than just referring to them separately.

The Commission considered the split of the primary steel products under Chapter 72, unforeseen government subsidies and overcapacity in the steel industry have resulted in an excess supply of steel products. This surplus steel, produced at significantly lower costs, has been dumped into global markets. As a result, some countries have imposed trade remedies measures to protect their markets, leading to trade diversion. Steel products initially destined for these markets have been redirected to countries like South Africa. The situation has been further exacerbated by the declining demand for hot-rolled steel products worldwide, resulting in an excess supply. This has led to a significant increase in export volumes by countries with excess capacity. In this investigation, the imports in absolute terms increased by 7.63% during the period of surge and over the POI by 17%.

Based on the analysis above, the Commission is of the opinion that the 3-part inquiry requirement has been satisfied to demonstrate the link between the unforeseen developments and the increase in imports causing injury to domestic producers.

The Commission further considered that global excess capacity is one of the main challenges facing the global steel sector. The global steel capacity has more than doubled since the early 2000s and investment projects continue to increase in several economies, while steel consumption has declined. From the information submitted by the Applicant, it is also evident that this growth shows no indication of slowing down, despite a clear decrease in demand for the product in China, leading to an over-production of the product, which needs to be exported to get rid of the high stock levels.

Based on the above information, the Commission made a final determination that unforeseen developments and the effects of the obligations incurred with regard to the subject product under the GATT 1994 led to the surge of imports of the subject product, as per the provisions of Article XIX of GATT 1994.

5. SURGE OF IMPORTS

5.1 Import volumes

The following table shows import volumes as sourced from SARS for the period 01 May 2021 to 30 April 2024.

Table 5.1: Import volumes (tons)

Tons	2021	2022	2023
*All countries import volumes	93 764	86 138	100 918
Change from May 2021 to April 2024		-8.85%	17.16%

*All country's imports volumes represent the rest of the world excluding SACU imports.

The information above indicates that there was an overall increase in imports of the subject product throughout the period of investigation from 93 764 tonnes in 2021 to 100 918 tonnes in 2023, an increase of 7.63 percent. The information in the table above further indicates that there was a surge in imports in absolute terms of the imports of the subject products from 86 138 tonnes for the 2022 period to 100 918 tonnes for the 2023 period, an increase of 17 percent in absolute terms.

The Applicant stated that it is evident that there was a surge in imports in absolute terms in the imports of the subject product from 86,138 tonnes for the year 2022 to 100,918 tonnes for the year 2023. This represents an increase of 17% in absolute terms.

Commission's consideration

The Commission considered that the information provided by the Applicant indicates that the surge of imports took place between the period ending April 2023 and the period ending April 2024. During that time, imports of the subject product increased significantly by 17 percent. The analysis also shows that over the period of investigation, imports increased by 7.63 percent.

China is the only country with a substantial interest as an exporter of the subject product to the SACU. China's interest is depicted in the table below:

Table 5.1.2

Tons	2021	%	2022	%	2023	%
China	92 776	98,94	85 880	99,70	100 049	99,14
Other countries	988	1,06	258	0,30	869	0,86
Total imports	93 764	100%	86 138	100%	100 918	100%

The following table shows the import volumes relative to the Applicant's production:

Table 5.1.3: Imports as a percentage of Applicant's production

Tons	2021	2022	2023
All countries' imports	93 764	86 138	100 918
Applicant total production	100	88	86
Imports as a % of the Applicant's output	100	105	125

The Applicant stated that the surge in imports is of such a magnitude, that if emergency protection isn't implemented, the domestic industry will lead to the overall impairment of the domestic manufacturing industry, which is supported by the evidence of serious injury experienced by the domestic industry, specifically as a result of this increase in imports.

The Applicant stated that this is exacerbated by the increase in available export capacity, especially from China. This overcapacity will always flow to the least protected markets, like SACU, especially since the imposition of trade remedies on the subject product by a variety of countries, including the EU, the UK, the USA, historically the largest importers of the subject product worldwide.

Commission's consideration

The information in the table above indicates that total imports as a percentage of the Applicant's output increased slightly by 5 percentage points between the 2021 and 2022 periods, and then significantly by 20 percentage points between the 2022 and 2023 periods.

The Commission, in analysing the above information, decided that there was a surge in imports, which according to the Appellate Body ruling on *Argentina-*

Footwear, must meet the conditions of recent enough, sudden enough, sharp enough, and significant enough.

The Commission considered the analysis of the four conditions with regard to the subject product is as follows:

- Sudden enough: The Commission decided that the May 2023 – April 2024 period which is cited as the year when imports started increasing is sudden enough, meaning can the rate and amount of imports during the period between May 2023 and April 2024 be deemed as unexpected or abrupt enough to meet the conditions of the Safeguard Agreement. The rate and amount of increase from the period ending April 2022 and the period ending April 2024, can be seen as abrupt, and this abrupt disturbance of the SACU market by imports was maintained throughout the period of investigation both in relative terms and absolute terms;
- Sharp enough: The Commission decided that the rate at which imports increased in May 2023 – April 2024 is sharp enough or severe enough to meet the conditions of the Safeguard Agreement. The imports increased by 17% from 86 138 tonnes to 100 918 tonnes between May 2023 – April 2024;
- Significant enough: The Commission decided that the rate at which imports increased in May 2023 – April 2024 is significant enough or noteworthy enough to meet the conditions of the Safeguard Agreement. The amount of increase from July 2022 – June 2023 was the highest and is a significant enough increase when looking at the full-year period; and
- Recent enough – The Commission decided that the May 2023 – April 2024 period which is cited as the period where increases in imports were experienced is indeed recent enough to meet the conditions of the Safeguard Agreement.

Based on the above, the Commission made a final determination that there was a surge in the volume of imports of the subject product that is recent enough, sharp enough, sudden enough and significant enough.

6. SERIOUS INJURY

6.1 DOMESTIC INDUSTRY – MAJOR PROPORTION OF PRODUCTION

The injury analysis relates to information submitted by AMSA, representing a major portion of the domestic industry by production volume.

The Commission made a preliminary determination that this constitutes “a major proportion” of the total domestic production, in accordance with the SGR.

6.2 CONSEQUENT IMPACT OF THE INCREASED IMPORTS ON THE INDUSTRY

SGR 8.1 states that serious injury shall be understood to mean “significant overall impairment” in the position of the domestic industry.

6.2.1 Actual and potential decline in sales

The following tables show the Applicant’s SACU sales volume of the subject product for the period of investigation:

Table 6.2.1: Sales volumes

Volumes (Tons)	2021	2022	2023
Applicant sales volume	100	88	86
Other producers in the SACU	100	88	89
Total SACU sales volume	100	88	86

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year.

The information in the above table indicates that the Applicant’s sales volume decreased by 2 index points from 88 to 86 during the period of surge. The information contained in the table above shows that the Applicant experienced a decrease of 14 index points from 100 to 86 percent during the period of investigation.

6.2.2 Profit

The following table shows the Applicant's profit situation:

Table 6.2.2: Profit

		2021	2022	2023
Gross profit margin	%	100	-1	-8
Gross profit	R/Ton	100	-1	-8
Units sold	Ton	100	88	86
Total gross profit	Rand (Million)	100	-1	-7
Net profit margin	%	100	-13	-23
Net profit	R/Ton	100	-13	-23
Net profit	Rand	100	-12	-20

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year.

The Applicant stated that its profits saw a significant decrease during the period of investigation, where profits decreased from 100 basis points in the first year of the POI to a loss of -8 basis points in the final year. Over the period of the surge the losses worsened to their worst levels when net profits decreased from a loss of 100 basis points to -23 basis points. This represents a decrease in net profit margins from 100 basis points to -20 basis points over the POI. Over the period of the surge, this represents a decrease in net profits margins.

The Applicant also stated that this means that despite an increase in overall demand of the subject product of 6 basis points in the period of the surge, its gross profits decreased by 192 basis points, while net profits decreased by 120 basis points. This is indicative that it is currently suffering serious injury as a result of the surge in imports.

The Applicant stated that a direct decrease in profits is one of the best indicators of serious injury suffered by it. If the safeguard duties are not implemented, the industry will find itself in a position of unprofitability to the extent that it will no longer be viable to produce the subject product. This will provide importers with the necessary foothold to overrun the market and push the domestic industry out.

The Applicant stated that imports will keep increasing significantly on the subject product if the safeguard duty is not imposed and done so as a matter

of urgency. The effects are already clear in the information provided. Both gross- and net profits decreased significantly, both over the POI and over the surge period.

Commission's consideration

The Commission considered that the Applicant's gross profit decreased by 101 index points to a gross loss from 2021 to 2022. The Applicant's gross loss increased by 7 index points between 2022 and 2023, during the surge period. The Applicant's gross profit decreased by 108 index points to a loss over the period of injury. The Applicant's net profit decreased by 113 index points to a net loss from 2021 to 2022. The Applicant's net loss increased by 10 index points between 2022 and 2023, during the surge period. The Applicant's gross profit decreased by 123 index points over the period of injury.

The Commission is of the view that without safeguard duties, the industry might become unviable, allowing importers to dominate the market and displace the domestic industry.

6.2.3 Output

The following table outlines the Applicant's domestic production volume of the subject product during the period of investigation:

Table 6.2.3: Output

Tons	2021	2022	2023
Applicant's total production	100	88	86
Other SACU producers' production	100	88	89
Total SACU production	100	88	86

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year.

The Applicant stated that the table above shows a significant decline in the total production since the surge in imports between May 2021 – April 2022 and May 2022 – April 2023. As imports increased their share of the market, local production volumes have decreased further. The Applicant further stated that this decline has had a significant impact on employment, adversely affected the profitability of operations, and is no longer sustainable.

Commission's consideration

The Commission considered that the Applicant's production, like its sales volumes, decreased by 2 index points from 88 to 86 during the period of surge. The information contained in the table above shows that the Applicant experienced a decrease of 14 index points from 100 to 86 percent between during the period of investigation.

6.2.4 Market share

The following table shows the market share for the subject product based on sales volumes:

Table 6.2.4: Market share

Tons	2021	2022	2023
Applicant sales volumes	100	88	86
Other SACU producers	100	88	89
Total SACU sales volumes	100	88	86
Imports	93 764	86 138	100 918
Total Market	100	89	95
Applicant market share	100	98	90
Other SACU producers	100	98	93
Total SACU market Share	100	98	90
Import market share	100	103	113

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year

The Applicant indicated that its market share decreased by 14 basis points over the POI, from 100 basis points for the period May 2021 – April 2022 to 86 basis points for the period May 2023 – April 2024. The 14 basis points decline by Applicant was captured by the imports. Imports' market share increased by 13 basis points over the POI, from 100 basis points in the first year of the POI to 113 basis points in the last.

The Applicant indicated this trend is showing no sign of slowing down and the serious injury experienced because of it is significant, as will be shown in greater detail at each of the indicators below. In fact, the import statistics indicate an acceleration in imports.

6.2.5 Productivity

Using the Applicant's production and employment figures, its productivity in respect of the subject product is as follows:

Table 6.2.5: Productivity

	2021	2022	2023
Total production volume (tons)	100	88	86
Number of employees (manufacturing)	100	107	91
Units per employee (tons)	100	82	95
Total employment	100	95	98
Total investment (Rand)	100	130	132
Output ratio	100	148	154

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year

The Applicant stated that the table above shows the impact on employer productivity as production volumes decrease as a direct result of the increase in import volumes over the period of the surge. The decrease in employment is directly as a result of the increase in imports during the surge period. The Applicant stated that it is imperative that the safeguard duties be implemented in order to ensure current jobs remain protected. If not, the injury experienced by the industry will be serious and further job losses will be unavoidable.

The Applicant indicated that imports would maintain their foothold and keep increasing significantly if safeguard duties are not implemented. This will result in imports increasing its share of the market significantly and continuously, whilst at the same time local manufacturers will lose sales volume and market share to levels that cannot be sustained.

6.2.6 Utilisation of production capacity

The following table provides the Applicant's capacity utilisation, using plant capacity and output for the subject product:

Table 6.2.6: Utilisation of production capacity

Tons	2021	2022	2023
Capacity	100	100	100
Total production	100	88	86
Capacity utilisation	100	88	86

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year

The Applicant stated that as production throughput decreases, capacity utilisation decreases in relation to it. It is not possible to maintain high production efficiency and capacity utilisation if production throughput does not remain high, and especially if this throughput decreases because of imports increasing significantly as a result of the surge of imports. The erosion of capacity utilisation as an indication of serious injury is also evident as production volumes decrease in parallel with imports increasing their share of the domestic market.

Commission’s consideration

The Commission is of the view that due to the increase in imports, the Applicant’s production declined, resulting in a decrease in capacity utilisation of 14 index points from 100 index points to 86 index points during the period of injury and a decrease of 2 index points during the surge period from 88 index points to 86 index points.

6.2.7 Employment

The following table provides the Applicant’s total employment figures:

Table 6.2.7: Employment

	2021	2022	2023
Number of employees (manufacturing only)	100	107	91
Total employment	100	95	98

These figures were indexed due to confidentiality using May 2021- April 2022 as the base year.

The above table shows that the total employment decreased by 16 index points during the surge period while it decreased by 8 index points during the period of investigation.

Commission’s consideration

The Commission considered that the table above indicated that the decrease in employment coincided with the surge in imports.

6.3 Summary - serious injury

Based on the above information, the evaluation of the injury information of the Applicant for the period 1 May 2021 to 30 April 2024 is shown in Table 6.3.1

Table 6.3.1: Serious Injury Indicators

	2021 – 2023
Imports in absolute terms	Increased
Imports in relative terms	Increased
Sales volumes (tonnes)	Decreased
Net Profit (R)	Decreased
Output (kg)	Decreased
Market share (Applicant)	Decreased
Productivity (units per employee)	Decreased
Utilisation of capacity (%)	Decreased
Employment (Number of employees)	Decreased

Having assessed each injury factor and noting that there is a substantial decline in the industry's performance as listed above, the Commission made a final determination that the domestic industry is experiencing serious injury.

7. CAUSAL LINK

EXISTENCE OF A CAUSAL LINK

The Agreement on Safeguards does not provide any specific methodology as to how the existence of a causal link must be determined. However, the Commission must provide a reasoned, reasonable, and adequate explanation of its finding that there is a causal link between the increased imports and the serious injury suffered by the domestic industry. Previous WTO panels in assessing whether a Member has fulfilled the causation requirement considered, among other factors, (i) whether an upward trend in imports coincides with downward trends in the injury factors, and if not, whether an adequate, reasoned, and reasonable explanation was provided as to why nevertheless the data show causation; and (ii) whether the conditions of competition between the imported and domestic products as analysed demonstrate the existence of a causal link between the imports and any serious injury.

An upward movement in imports should normally occur at the same time as downward movements in injury factors in order for a coincidence to exist. A coincidence in trends by itself cannot prove causation. However, an absence of coincidence would create "serious doubts as to the existence of a causal link and would require a very compelling analysis of why causation still is present". Apart from the coincidence analysis, the competent authority may also use other analytical tools to determine the existence of a causal link, for instance, an analysis of the conditions of competition between imported and domestic products. The relevance of the conditions of competition is confirmed by the text of Article 2.1 of the Agreement on Safeguards, which refers to the increased imports occurring "under such conditions" as to cause or threaten to cause serious injury to the domestic industry.

The second sentence of Article 4.2(b) of the Agreement on Safeguards requires that a competent authority examine factors other than increased imports that are causing injury to the domestic industry simultaneously with the increased imports and ensure that the injury caused by such other factors not be attributed to the increased imports.

The Appellate Body clarified that in order to comply with this requirement a competent authority must "make an appropriate assessment" of the injury caused to the domestic industry by the other factors and provide a "satisfactory explanation of the nature and extent of the injurious effects of the other factors". Once a competent authority determines that there are other factors causing injury to the domestic industry, it "must separate and distinguish" the injurious effects of the increased imports from the injurious effects of other factors, and "establish explicitly, through a reasoned and adequate explanation, that injury caused by factors other than increased imports is not attributed to increased imports".

In order to demonstrate that increased imports are causing serious injury, a competent authority must find a "sufficiently clear contribution" by those imports and explain its determination in that regard. The Appellate Body has stated, however, that the increased imports do not need to be the sole cause of injury, and that the causal link between increased imports and serious injury may exist even though other factors are also contributing at the same time to the situation of the domestic industry. In addition, when a competent authority considers that there are no other factors causing injury to the domestic industry, this must be clearly indicated and explained in its determination.

7.1 VOLUME OF IMPORTS AND MARKET SHARE

In considering whether there is a causal link between the imports of the subject product and the serious injury, the Commission considered all relevant factors, including factors other than imports of the subject product, which may have contributed to the SACU industry's injury.

The following table compares the market share of the SACU industry with that of imports for the period (2021-2023):

Table 7.1 (a): Market share

Tons	2021	2022	2023
Applicant sales volumes	100	88	86
Other SACU producers	100	88	89
Total SACU sales volumes	100	88	86
Imports	93 764	86 138	100 918
Total Market	100	89	95
Applicant market share	100	98	90
Other SACU producers	100	98	93
Total SACU market Share	100	98	90
Import market share	100	103	113

This table was indexed due to confidentiality using May 2021- 30 April 2022 as the base year.

The table above shows that the Applicant's market share decreased by 2 index points from 100 percent in the 2021 period to 98 index points in the 2022 period. The Applicants market share decreased by eight index points from 98 index points to 90 index points during the surge period. The market share held by imports increased by 3 index points from 100 in the 2021 period to 103 index points in the 2022 period. The market share for imports increased by 10 index points from 103 index points to 113 index points during the surge period.

In summary, the sudden and significant increase in imports coincided with a significant and ongoing loss of market share by the domestic producer of corrosion resistant steel coil resulting in serious injury the Applicant.

Commission's consideration

The Commission considered that from the information in the table above it is evident that while the market share of imports increased during the surge period, the Applicant's market share declined.

7.2 CONSEQUENT IMPACT OF SURGE OF IMPORTS

Table 7.2.1: Serious Injury Indicators

	2022 – 2023 (Period of Surge)
Imports in absolute terms	Increased
Imports in relative terms	Increased
Sales volumes (kg)	Decreased
Net Profit (R)	Decreased
Output (kg)	Decreased
Market share (Applicant)	Decreased
Productivity (units per employee)	Increased
Utilisation of capacity (%)	Unchanged
Employment (Number of employees)	Decreased

The Commission noted that the increased imports not only coincided with a loss of market share but also with the downward trend in injury factors. As shown in the table above, there was a decrease in the Applicant's sales volumes, output, net profit, and employment.

7.3 VIEW OF THE APPLICANT'S CLIENTS REGARDING QUALITY, DELIVERY TIMES, SERVICE, AND AFTER SALES SERVICE

- **Quality**

The Applicant stated that the quality of its galvanized coated coil is generally regarded as good, even for demanding applications. Galvanized coated coil is tested and delivered to international specifications on material properties and tolerances. Several quality checks are systematically performed to minimize defective material. AMSA maintains an ISO9001 accredited quality management system. This is further augmented by control of radioactivity, conflict minerals and environmental impact (ISO 14001).

- **Delivery times**

The Applicant indicated that the normal lead time from order placement to delivery is six weeks for the product. A selection of products are produced in

advance affording a shorter lead time; however some products require more processing necessitating longer lead times.

- **After-sales service, including guarantees and warranties and technical training to customers.**

The Applicant indicated that a dedicated team accepts and processes customers' orders in automated planning systems, provide real time feedback to customers on production progress on any order and interactively with customers plan delivery times and quantities. After sales service, including guarantees and warranties and technical training to customers.

The Applicant stated that a small but experienced team of engineers provide technical support to customers with material selection, material properties and processing parameters like welding and drawing and forming. This team also scans the market for new opportunities and drive new product development and innovative solutions to challenges customers may encounter. Galvanized coated coil is fully guaranteed to the applicable international specification ordered.

The Applicant also stated that prompt resolution of quality claims is ensured by personal attention from a dedicated team. Should any defective material have been delivered, the issue is resolved by full refund of money paid, replacement of material or other arrangement acceptable to customers.

7.4 ATTITUDE OF THE WORKFORCE TOWARDS THE COMPANY

The Applicant stated that the labour relations climate in its company continued to be calm, despite the uncertain and volatile climate in the country. Two recognised unions, namely Solidarity, National Union of Metalworkers of South Africa (NUMSA) are operational at its organisation. NUMSA and Solidarity enjoys both collective bargaining and organisational rights. NUMSA accounts for 51 percent of bargaining unit and Solidarity Union accounts for 25 percent of bargaining unit.

The Applicant stated that it continues to proactively communicate and consult with unions on a regular basis to promote sound relations and effective communication. Dialogue is taking place at National level between its Management and trade union Leadership on finding solutions to lessen the impact of negative steel demand. The Applicant regularly updates unions with business strategy and performance, business objectives, including continuous cost and productivity improvement, SHE performance targets, dynamic and flexible workforce plans as well as competitive conditions of service.

The Applicant also stated that a three-year wage agreement was concluded with trade unions which will best serve labour peace, stability and sustainability at AMSA. The multi-year agreement gives it a platform to plan for operational stability, penetration in the markets and nurturing of growth in the Africa Overland (AOL) and domestic market. Percentage wage increases was at 6.5 percent for first year and CPI for the next two years. The agreement was concluded without labour unrest.

7.6 FACTORS OTHER THAN THE INCREASED IMPORTS CAUSING INJURY

Table: 7.6

Strikes, go-slows, or lockouts during the past twelve months	The Applicant stated that there were no strikes, go slows or lockouts in the past twelve months, despite the continued economic slump in the Steel Industry, in general, it is in a very favourable position with regard to the relations that we share with organised labour.
Contraction in demand or changes in patterns of consumption	<p>The Applicant stated that the demand decreased significantly between the first and second year of the POI, decreasing by 11 basis points from 100 basis points tonnes to 89 basis points due to weak economic conditions in the SACU. Despite this significant overall decrease to demand, the majority of this lost demand was experienced by it, whose sales decrease.</p> <p>This is especially apparent in low-cost housing and informal settlement sectors which are large consumers of corrugated metal roofing. What is notable, as stated earlier, is the clear shift away from the local product in favour of the imported product. In fact, between the first year of the POI and the last, total demand decreased from 100 basis points to 95 basis points (a 5-basis point drop), whereas in the same period demand for the local product decreased from 100 basis points to 86 basis points (a 14-basis point decrease), all while demand for the imported product increased from 93,764 tonnes to 100,918 tonnes (an 8% increase).</p>
Productivity of the domestic industry vis-a-vis that of the exporters	The Applicant stated that it is on par.

Development in technology	The Applicant indicated that there has been no new development in its technology since it last updated its manufacturing process.
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Interested parties comments on the Commission’s essential facts letter

Interested parties stated that they noted the comments made by the Commission with regard to “other factors” causing injury to the SACU industry, specifically prohibitive input costs, unreliable transport, energy infrastructure, low domestic demand, and tariff regime challenges. However, the Commission seems to be of the view that these “other factors” are insignificant. The Commission is reminded of previous comments indicating that the cost of producing a ton of steel in South Africa is 25 per cent more expensive than the average of a modern mill. Further, AMSA pays hundreds of millions of Rands as a management fee to its parent company in Europe, whilst no investment takes place to its outdated, high-cost production technology at its facility in SACU.

Interested parties stated that they believe that AMSA uses around 60 per cent more electricity than other modern mills and with the high electricity costs in SA, this is a major factor causing injury to AMSA. Therefore, the Commission, that is supposed to act in an unbiased way, should give more weight to “other factors” causing injury, than it currently does. The Commission is further referred to its essential facts letter in its investigation for remedial action against the alleged dumping of structural steel products, excluding H-sections of a height greater than 200mm, imported from or originating in the People’s Republic of China and the Kingdom of Thailand. In the mentioned essential facts letter, the Commission states the following in its analysis of material injury: “....., upon closer examination of Applicant’s cost and pricing data, the Commission has identified that a significant portion of the Applicant’s cost increases may stem from the procurement of blooms, a key input into the subject product, at inflated transfer prices from its related parent company, ArcelorMittal South Africa (AMSA). This intra-group pricing arrangement appears to have materially elevated the Applicant’s cost of production and, consequently, its selling prices, thereby distorting the price effect analysis of dumped imports. In light of this, the Commission is considering whether the observed price effects are attributable to dumped imports or to the Applicant’s internal transfer-pricing practices. The Commission therefore considers that the injury to the Applicant may be self-inflicted, at least in part, due to the inflated cost of inputs sourced from its related supplier”. The interested parties

stated that the Commission should similarly in this investigation be cognisant of the possibility that the injury experienced by AMSA could be self-inflicted due to AMSA's internal transfer pricing practises. The Commission is therefore requested to confirm that in its verification it specifically interrogated the transfer pricing practices of AMSA to its re-rolling facility.

Commission's consideration

The Commission acknowledges interested parties comments regarding "other factors" that may contribute to the injury experienced by the SACU industry, including input costs, infrastructure challenges, and internal cost structures. These factors were considered during the investigation; however, the safeguard analysis focuses on whether increased imports have caused or threaten to cause serious injury to the domestic industry, as required under the WTO Agreement on Safeguards and the Amended Safeguard Regulations.

While the Commission notes reference to the findings in an anti-dumping investigation concerning transfer pricing, it is important to clarify that during verification the Investigators examined the Applicant's price and cost build-up, including procurement arrangements, to ensure that the injury assessment is not distorted by internal pricing practices. It was found that the increase in input costs can be attributable to: increase in iron ore price (raw materials fluctuation in the market), electricity increase (higher than normal tariff hikes), higher purchase of imported coke (unavoidable due to AMSA coke closure) and an increase in zinc costs (coating material, also unavoidable due to fluctuations in the market). The Commission will continue to apply an objective and unbiased approach in determining causation, taking into account all relevant factors without attributing injury to imports where it is demonstrably caused by other factors.

The Commission wishes to reiterate the fact that the existence of other contributing factors in this investigation does not sufficiently detracts from the serious injury caused by the increased imports. This final determination reflects a balanced assessment of all evidence, consistent with the WTO rules and the Amended Safeguard Regulations.

7.6 Summary - Causal link

Taking the above into consideration, the Commission made a final determination that although there are factors other than the imports that contributed to the injury, such as reduced demand in the steel market demand and lack of infrastructure investment, inputs costs, and energy supply and logistics constraints, these factors did not sufficiently detract from the causal link between the surge in imports and the serious injury suffered by the Applicant.

8. PUBLIC INTEREST

Provision for a public interest hearing is made SGR 20 and in Article 3 of the Safeguard Agreement.

Article 3.1 provides as follows:

“A Member may apply a safeguard measure only following an investigation by the competent authorities of that Member pursuant to procedures previously established and made public in consonance with Article X of GATT 1994. This investigation shall include reasonable public notice to all interested parties and public hearings or other appropriate means in which importers, exporters and other interested parties could present evidence and their views, including the opportunity to respond to the presentations of other parties and to submit their views, inter alia, as to whether or not the application of a safeguard measure would be in the public interest.....”

The SGR provide as follows with regard to the final determination and public interest:

“20.1 In its final determination the Commission shall consider whether

- (a) the SACU industry is experiencing serious injury or threat of serious injury, as contemplated in sections 8 and 9;*
- (b) there were increased imports;*
- (c) any increase in imports can be attributed to unforeseen developments;*
- (d) the increased imports resulted in serious injury or threat thereof to the SACU industry;*
- (e) other factors contributed significantly to the serious injury; and*
- (f) the imposition of a safeguard measure would be in the public interest”.*

20.2 “In determining whether a safeguard measure would be in the public interest the need to take note of the trade distorting effect of the surge in imports and the need to restore effective competition shall be given special consideration.”

The trade distorting effects of the surge in imports and the need to restore effective competition are not defined or given any parameters against which they should be considered. The two are therefore given the following interpretation:

- **Trade distorting effects of a surge**

The trade distorting effects of a surge in imports are manifested in the performance of the SACU industry during the POI, that is, whether or not the

SACU industry is suffering serious injury as a result of a surge in imports. The consideration then has to do with how and the extent to which a safeguard action may be taken to guard the domestic industry from those effects of a surge.

- **Restore effective competition**

In the case of restoration of effective competition as well, it is submitted that this is a consideration that can be made following a determination that there has been a disturbance in the market, as a result of a surge in imports. The disturbance has had an effect of altering the competition in the market. The competition to be restored is the competition between the domestic industry and the imports. Effective competition would be restored when the situation before the surge in imports is achieved to allow the industry to ready itself for the eventuality that, even if safeguard measures are imposed, they will ultimately be lifted, and should be ready then to compete with imports. In this case therefore the aim would be to take a measure that it is expected would reduce the volume of imports to levels before the surge which is the period beginning May 2021 and ending in April 2022's import level.

Interested parties were invited through Notice No. 3375 of 2025 of *Government Gazette* No. 53023, dated 17 July 2025, to make public interest submissions on or before 13 August 2024.

A public interest hearing was held on 20 August 2025, wherein interested parties raised public interest issues that the Commission needs to consider prior to making a final determination.

A summary of issues that interested parties raised regarding public interest is provided below.

The following parties participated in the public interest hearings:

- AMSA;
- SAFAL;

- Hendok;
- The Consortium;
- Duferco; and
- Steel import international.

8.1 Trade distorting effects of the surge in imports

Comments from Interested Parties

- *SAFAL stated that the Applicant has explained that the market is experiencing frequent shocks from increased volatility, surges in imports, trade diversion and so forth. These forces are collectively weakening the South African economy and compromise the industry's long-term viability. SAFAL stated that its order book reflects the destabilisation, with a measurable decline in sales volumes directly correlating to import surges as well as a decline in future orders placed. The influx of low-priced imports has displaced domestic production, forcing SAFAL to operate below capacity and threatening the sustainability of local manufacturing operations.*

Comments by the Applicant

- *The Applicant stated that at present, in large due to global overproduction, the supply chain is contending with a substantial amount of surplus capacity which competes for a limited demand pool. With a high market concentration in the upstream segment, the downstream is much more fragmented and hence extremely competitive. For this reason, the roofing and cladding industry is segmented into a formal (applications with set specifications) and informal or self-help (applications with no or few specifications) main market for the subject product. It is in the latter portion of the market where price is the major driver for consumer decision making. Downgauging and thinner coatings have been an ongoing trend for several years to enable the roll-formers to maintain margins. Imports have a lower thinness than the standard size. In that way they get more material in length per kilogram for*

corrugated roofing. Even though the material is imported at lower cost (FOB price), in reality if worked out in R/t is much higher than local product. The thickness and the lower quality of the coating means that these materials are prone to fire. The drive to import is therefore artificially fuelled, as local alternatives are dismissed as unavailable or perceived to be uncompetitive in pricing.

- The Applicant also stated that the surge in imports is as a direct result of the steel overcapacity crisis which only continues to worsen. Excess production beyond domestic demand in major exporting countries results in increased exports to less protected markets at depressed prices. This is irregular. It disrupts world-wide markets leading to frequent and sudden surges in imports and preventing the normal functioning of competitive pricing. This reduction in market share due to the influx of imports means that local producers lose sales and revenue and it inevitably leads to job losses and even plant closures.*
- The Applicant stated that the surge in imports has resulted in an unorthodox dependency on imports, where ample local capacity is available, thereby weakening supply chains. Steel is considered the 'backbone' of modern economies. Without local steel production, South Africa risks total import dependence to meet demand needs for the subject product and loss of our industrial sovereignty. This will leave the economy exposed to ever-changing global detractors like unpredictable conflicts, shipping delays and even trade wars with no domestic alternative to fall back to.*

Commission's consideration

The Commission noted that the SACU industry has been adversely affected by a surge in imports during the POI. The information provided by the Applicant indicates that the SACU industry has suffered serious injury due to this surge in imports. The surge of imports took place between the period ending May 2023 and the period ending April 2024. During that time, imports

of the subject product increased significantly by 17 percent. The analysis also shows that over the period of investigation, imports increased by 7.63 percent.

A key aspect of the public hearings is the determination of whether the imposition of a safeguard measure would be in the public interest. In evaluating this, special consideration must be given to the trade-distorting effects of the surge in imports and the need to restore effective competition in the domestic market. The Applicant and SAFAL are the only ones that raised the issue on trade -distorting effects. The rest of the interested parties raised the issues that are dealt with below:

8.2 The Subject product

Comments from Interested Parties

- *All indicated that the products imported by it, namely; aluminium zinc magnesium coated steel coils and zinc aluminium magnesium coated steel coils which offer a superior anti-corrosive technology and which are well accepted in the Roofing and Construction industry in South Africa. AMSA does not offer these superior products and further to that AMSA's technology is antiquated producing inferior quality goods which cannot be compared to these imported products, either in terms of durability or purpose. The product is not locally manufactured and neither AMSA nor SAFAL have the capacity to manufacture the product. AMSA and SAFAL operate ageing technologies. Interested parties re-iterated that that the alu-zinc and zinc products are not interchangeable.*
- *The Hendok group stated that it heavily invested in R&D costs over time, enabling it to supply better quality products and a bigger range of products at an internationally competitive price often from material not available in SA. It did this so that it can compete with imported Chinese finished products, that are competing fiercely with local manufactured products, at various levels of the economy.*

Comments by the Applicant

- *The Applicant stated that the roofing and cladding industry, a primary market for the subject product, faces serious concerns about the effectiveness of South Africa's standards, particularly for thin gauge corrugated roofing (defined as <0.45mm Aluminium-Zinc or Galvanised coil/profiled sheeting) in meeting SANS and NBR safety requirements.*

Commission's consideration

Based on the analysis in the like product section of this report, the Commission notes that it is evident that the zinc coated product and the alu-zinc product that these products are interchangeable. The choice between the products is based on personal preference.

8.3 The Applicant's use of outdated technology

Comments from Interested Parties

- *Interested parties stated that AMSA's use of old technologies cannot compete with the products they import for their downstream manufacturing clients. AMSA as far back as 2015 undertook to upgrade its plant and equipment but has made little progress in this regard.*

8.4 The Effect of safeguard duties on downstream industries

Comments from Interested Parties

- *Interested parties stated that the lack of an alternate or like product being produced by AMSA/ SAFAL, and the imposition of safeguard duties on the industry will not result in a switch to the current locally produced products. As stated earlier the products are not "like" and are dated in terms of technological anti corrosive qualities. The true consequence of the imposition of the proposed safeguard duties is that the cost of the landed product inclusive of the duty will be unaffordable to the end user downstream manufactures. These end user downstream manufacturers are in a range of industries and accordingly are not represented by just*

one industry representative. The imposition of the duty will put many of them out of business.

- The result of the downstream manufacturers being put out of business will be that the finished product will be imported at a much lower cost to that of the downstream manufacturers. Effective competition has already been restored. The imposition of the safeguard will entrench AMSA's position as a dominant supplier, leading to higher prices, limited consumer choice, and harm to innovation. This harm can be long-lasting and irreversible, with the previous safeguard measure still negatively affecting the SACU downstream steel industry and South African consumers. As the prices of the locally made roof sheets rise, so will the incentive to import the finished product.*
- Interested parties stated that protectionist measures assume local producers can fully meet demand. The supply disruptions from Safal Steel prove otherwise.*

Commission's consideration

The Commission considered that a safeguard measure is a short-term measure meant to provide the Applicant with an opportunity to adjust against the injury caused by increased imports. Whose implementation is meant to assist not only the primary steel industry in the interim but also be beneficial for the economy in the long run. The Commission does not use the measure to act as a protectionist agency but rather to enable fair trade.

8.5 AMSA's Financial viability and ability to meet demand

Comments from Interested Parties

- Interested parties stated that the safeguard duty will not have a material impact on AMSA's current financial position. As per the recent financial 2025 half year result released, AMSA sustained a R1 Billion operating loss, with Reserves currently reflected at R1 billion, which affects its ability to continue as a going concern. The imposition of the duty will not make*

AMSA more efficient. Clients do not seek AMSA's products due to cost and service issues.

- Interested parties stated that despite ongoing support, AMSA continues to discuss shutting down its steel operations, indicating the issue goes far beyond import pressure and highlighting their unreliability.
- Interested parties stated that there is not enough local production capacity for ZN (Galvanised) not AZ (AluZinc) in the domestic market vs demand. A large portion of the market cannot be supplied from local producers ie: AZ 762 wide for corrugated roofing AZ > 0.8mm etc. There is no local manufacturing of the latest steel coatings being ZAM. Typical life expectancy comparison between ZN / AZ / ZAM coated steel at 100gm/m² at coastal location.

Comments by the Applicant

The Applicant stated that it has made the following contributions:

- GDP Contribution: in 2024 alone ArcelorMittal South Africa contributed approximately R38 596 billion in direct GDP;
- Local and regional development, innovative products and export potential: The domestic steel industry plays a pivotal role in South Africa's local and regional development by supporting critical infrastructure projects (energy, transport, construction) and strengthening the availability of steel for SOEs like Eskom and Transnet;
- Reduction of carbon emissions: the transportation of steel goods across long distances generates a significant amount of additional greenhouse gas emissions and an increase in packaging materials which contribute to climate change;
- Investment Contribution: Over the last decade, billions of Rands have been invested in establishing and growing the SACU steel industry; and
- Employment: South Africa's unemployment rate (especially in the manufacturing sector) continues to decline at an alarming rate, impacting negatively on economic growth. With job losses compounding quarterly it is in the public interest to preserve as many jobs as possible. The Applicant

is a major contributor to domestic employment, employing between 7 000 and 12 000 persons directly and indirectly (including fixed term contracts).

8.6 Price effect on poor households

Comments from Interested Parties

- *Interested parties stated that thin gauge is used in the following settings; 1.8mm in informal settlements, 2.3mm in low-cost housing and 4.5mm is used in building factories. Affordability is a huge concern for these consumers. Raising the cost of the roof on a house will increase the overall cost of the house, thereby making it less affordable. This is particularly concerning given that an estimated 12 million South Africans are in need of housing. It is not in the public interest to raise the cost of housing for poor people.*
- *Interested parties stated that a staggering 55% of the South African population, equating to approximately 30.4 million people, are living in poverty. They will have to pay an additional 52% for basic roofing material. The inclusion of many HS Codes will have the same effect on many more products and society in general.*

8.7 The Effect of the safeguard duty on employment

Comments from Interested Parties

- *The Hendok Group stated that it currently employs around 2000 people. It stated that the downstream industry employs significantly more people than the primary industry.*

Comments by the Applicant

The Applicant stated that local steel production ensures a stable supply chain, reduces dependence on imports, and contributes to job creation and skills development within the country. A robust domestic industry also allows other industry players to enter the domestic market fostering

further opportunities for economic growth and leading to job creation down the value chain, serving the interests of all stakeholders.

8.8 Proliferation of substandard products

Comments from Interested Parties

- *SAFAL stated that thin gauge CORE is predominately used in the informal settlement/informal housing sectors. Therefore, the surges in imports at low prices, is acutely concerning from a quality and safety perspective. The proliferation of these sub-standard products in the building and construction sectors which often fail to conform to South African SANS standards and regulatory requirements endanger consumers in instances of heavy winds or fires.*

Comments by the Applicant

- *The Applicant stated that imported products are predominantly used in informal settlements (IS) and low-cost housing, where 98% of structures use corrugated iron and wood. The current flood of imports priced below raw material costs raise grave concerns about substandard quality as these products enter the market without testing, with the consumer often unaware of the difference. Informal settlements are considered high-risk environments in which fires are often seen. In 2019 alone 5544 IS fires were reported in South Africa. The 2021 study conducted in understanding fire risks in informal settlements confirmed combustible building materials exacerbate fire severity.*
- *It follows that if 90%+ of the material used in these settlements is corrugated roofing, it is important that this material is safe and of a high enough standard (quality) that it mitigate the risk of fires spreading. The risks associated with building with sub-standard steel is felt daily, recent Durban fires destroyed 70+ shacks, tearing through community settlements and resulting in countless deaths. SAMCRA warns that untested imported roofing has endangered lives for years.*

8.9 Summary of public interest hearing presentations

Interested parties argue that the zinc-coated product differs significantly from aluminium-zinc coated alternatives, which they claim the Applicant cannot supply. They express concern over the Applicant's financial instability, suggesting that protectionist measures will not resolve its pricing, capacity, or operational challenges. Re-rollers argue that they require duty-free access to hot rolled coil—making up 70–80% of their costs—to remain competitive and invest in innovation, aligning with government goals for a modern steel industry. They warn that the 52.34% safeguard duty will harm downstream industries and low-income consumers, particularly in housing. Furthermore, they question the reliability of supply and service from the Applicant and SAFAL, asserting that protection assumes full local supply capability, which recent disruptions contradict. They fear increased imports of finished goods will undermine local manufacturing.

In contrast, the Applicant and SAFAL emphasize the need for protection against surging low-priced imports, which threaten domestic viability and safety standards, especially in informal housing. They argue that without local production, import prices will rise, harming downstream industries, employment, and economic stability, and leaving South Africa vulnerable during emergencies.

Interested parties comments on the Commission's essential facts letter

Interested parties stated that they agreed with the Commission that the Applicant did not provide convincing arguments that the imposition of a safeguard measure would be in the public interest. In contrast, numerous interested parties, particularly the downstream industry, has presented information indicating what the devastating effect of a safeguard measure would have on the downstream industry. Duferco stated that as it has indicated before, without access to imported hot rolled coil ("HRC") without duties, it makes its long term sustainability uncertain, and it will in future prevent it to invest in new technologies (unlike AMSA), thereby eroding its ability to stay abreast with product developments which is against the Government's vision to

have a steel industry that is innovative and able to increase South Africa's export abilities.

Interested parties also stated that a safeguard of 52.34% on corrosion-resistant coil will immediately and substantially increase input costs for thousands of downstream manufacturers in South Africa producing roofing, fencing, fabricated sheet products, domestic appliances, and light industrial components. These industries operate in globally competitive product segments where finished or semi-finished goods can be imported freely, often from the same countries subject to the safeguard. Unless parallel measures are introduced to prevent import surges of converted or finished products, the safeguard will shift trade distortions downstream, causing serious harm to value-adding industries and employment.

Interested parties further stated that the proposed safeguard duty of 52.34% is a severely trade-distorting measure because its economic fallout directly compromises the Commission's public interest mandate. The core distortion is the creation of artificial price inflation that shields the domestic producer, AMSA, from competition. This allows AMSA to raise prices, transferring the "distributional incidence of taxation" as cited in the Commission's own plan, directly onto poorer households and downstream users. By significantly raising the cost of essential roofing materials, the duty makes housing less affordable for the poor majority and hinders the state's effort to house the estimated 12 million South Africans needing shelter.

Interested parties also stated that Corrosion-resistant flat-rolled steel (whether galvanized or aluminium-zinc coated) is a critical input for a wide range of South African manufacturing sectors, including building and construction (e.g. roofing and cladding), appliances, automotive components, agricultural equipment, engineering fabrication, and others. These downstream industries collectively employ far more workers and contribute more to the Gross Domestic Product than the primary steel producers alone. Any measure that substantially raises the cost of steel inputs will reverberate throughout the value chain, potentially undermining

the competitiveness and viability of downstream manufacturers. More than 10,000 importers and numerous steel-using businesses across SACU could be affected by generalized steel duty increases. While that figure encompasses the broader steel sector, it gives a sense of scale: the corrosion-resistant coil under investigation is a ubiquitous material for manufacturers, and a price spike will hit a wide swath of the economy.

Other interested parties asserted that the public interest is not served by cheap, sub-standard imports, but by protecting the local manufacturers capable of supplying world-class, high-quality and safe corrosion-resistant steel. The primary objection, that the safeguard measure will raise consumer prices, needs to be based on the industry's actual value chain mechanics:

Margins, Not Price: The subject product is sold to intermediaries (merchants and roll-formers) who convert it into finished roofing and cladding, which is then sold to the end-user "at length, not at weight." This model allows the middlemen to realize substantial margins. It is likely that the end-user, particularly in the project market segment, in fact does not benefit from the cost reduction when subsidized imports surge. This demonstrates that the middlemen have the capacity to absorb the increase in input cost without passing it onto the public.

Phased, Temporary Intervention: The safeguard measure is a structured, temporary intervention designed to allow the local industry to adjust, not a permanent tax.

SAFAL further stated that a paramount public interest concern is the structural integrity and durability of roofing and cladding infrastructure, which directly relates to public safety and long-term economic cost.

Superior Durability and Value: SAFAL Steel is the sole local manufacturer of high-specification Aluminium-Zinc (AZ) coated coils (Zincal®). The AZ technology provides a proven lifespan of up to four times longer than low-quality, imported galvanized steel. Protecting this local capability guarantees

that South Africa is not forced to rely on uncertified products that expose public and private assets to costly, premature failure.

Adherence to Standards: The measure protects the public from the low-quality risk inherent in subsidized imports. SAFAL's product is fully compliant with South African Roofing and Cladding Standards requirements. This provides a level of quality and safety assurance that cheap, uncertified imports cannot match, thus protecting the end-user.

Socio-Economic Stability: The Safal Steel operation alone sustains and stabilizes direct jobs at the Cato Ridge plant and supports thousands more in downstream processing, construction, and logistics. This stability is a vital socio-economic good, serving as a safeguard against unemployment and its associated effects on poverty and crime.

The Applicant's comments to the Commission's essential facts letter

The Applicant stated that the imposition of definitive safeguard measures will be in the public interest for two essential reasons; firstly, the measures will secure local production of thin-gauge corrosion-resistant steel and protect this critical sector. At the moment the sector guarantees a source of employment to thousands of South Africans (upstream and downstream employment included). Secondly, safeguard measures are designed for these very circumstances, to protect local industry from the disruptive effect of import surges that threaten the viability of an entire value chain of a product.

The Applicant also stated that South Africa's domestic steel industry is a strategic national asset, with ArcelorMittal South Africa and SAFAL Steel playing a critical role in driving economic growth, supporting downstream industries, and maintaining the country's industrial sovereignty. It is therefore, in the public interest for the Commission to secure these national assets from injurious import surges. The only way to do so is to impose definitive protection which will restore effective competition in the market and allow industry breathing room to execute its adjustment plan.

The Applicant further stated that the World Trade Organisation (WTO) Agreement on Safeguards (SGA) provides for the consideration of public interest in Article 3(1) thereof. Using the EU as an example, it has established the test that the EU Commission needs to consider in imposing safeguards. The approach broadly entails a balancing of interests between the protection proposed and any consequent effects.

The Applicant stated that it submits that the trade-distorting impact of the import surge is well-documented and has materially undermined the competitiveness of the SACU steel industry. This impact is a central factor in the Commission's considerations, as outlined in SGR 20.2, it requires special attention. Trade distortions refer to how the surge disrupts normal market dynamics, such as through a loss of market share for domestic producers, reduced capacity utilisation, declining employment, and declining profits. The surge and consequent effect usually stem from unforeseen developments such as inter alia overcapacity, subsidies, or trade diversion due to the increased use of barriers to trade (as submitted in this case). Drawing from previous ITAC decisions, in the recent ITAC investigation on hot-rolled steel products, distortions were linked to a 105% import surge, eroding domestic market share by 22 index points and causing broader economic injury, justifying safeguards to realign competition to pre-surge levels.

The Applicant stated that the market has been overwhelmed by imports at declining prices, reflecting abnormal market behaviour and systemic trade displacement resulting in large from abnormal global overcapacity and redirected trade flows. It stated that the surge in imports has fundamentally distorted competition within the SACU market. Key performance indicators of the domestic industry show a clear and measurable deterioration:

Market Share: The Applicant's share of the domestic market declined from while imports increased from an already high percentage

Profitability: The Applicant's financial performance deteriorated from a net profit in the first year of POI to a net loss in the last year of POI.

Capacity Utilisation: Operating rates have fallen below sustainable thresholds, undermining economies of scale.

Employment: Declining production volumes have led to workforce contraction and reduced training investment. The volume distortion is compounded by the price effects as seen in ITAC's recently published preliminary decision on dumping for the same product. Notably, residual dumping margins were determined to be higher than the safeguard measures by an additional 9%. It should be noted that dumping only removes the unfair aspect of international trade, whereas safeguard measures are used to address the impact of an undue increase in volumes of fair trade, and thus should be imposed over and above any anti-dumping duties.

The Applicant further stated that safeguard duties are temporary trade protections imposed to protect its domestic industry from a sudden surge of imports that causes, or threatens to cause, serious injury. The protection should thus provide temporary stabilisation of the market to allow the industry to adjust to future import competition. The Applicant indicated that they note that restoring market stability was a key consideration in the EU's investigation into the increased imports of farmed salmon. This can only be achieved if the measure imposed is and remains sufficient to remove the serious injury and to provide the industry with an opportunity to adjust. Allowing the continuation of import penetration would expose the economy to supply insecurity and external price volatility, while eroding the domestic skills base and diminishing the industrial ecosystem's self-sufficiency. Importantly, this eco-system cannot function alone, and the sacrifice of losing thin gauge coated steel manufacturing in the SACU will have a negative effect upstream (on those supplying the raw material) and downstream (users which require the input material) as well as reduce the profitability of the supply chain as a whole.

The Applicant also stated that the demise of the primary industry would make the downstream industry uncompetitive as it is likely to lead to increased import prices, price volatility, and longer lead times (due to harbour

constraints). All of which would increase costs to the downstream industry. In fact, the best way to ensure the health and viability of the domestic industry is to ensure a healthy and viable upstream industry. Under current conditions, where there is massive global overproduction in this product, global prices are severely under strain. This negatively impacts the entire value chain. The effect will be the collapse of the total steel industry in South Africa, with more than 100,000 jobs on the line.

A further effect not raised previously is the impact this would have on South Africa's overall balance of payments. The collapse of production of the subject product will also mean a significant increase in forex requirements as the more than ZAR 1.7 billion of steel manufactured in South Africa would then have to be imported. This would have a massive impact on the current account and South Africa's balance of payments and could negatively impact the strength of the Rand. Meaning that imported steel would become even more expensive and that our downstream industry will not be able to compete effectively internationally.

The Applicant stated that the safeguard will not restrict competition. The SACU market comprises three domestic producers, ensuring continued price discipline and preventing any anti-competitive conduct. The measure merely restores effective competition by counteracting the distortive effects of import surges to what it was prior to the surge in imports. Thus, redressing serious injury and allowing the domestic industry to adjust. It indicated in previous responses that the surge in thin-gauge coated steel imports has incentivised the importation of thinner-gauge steel with inferior coatings which fail to meet mandatory building standards (such as SANS, NBR). These substandard products pose a proven fire hazard, a critical concern given that over 90% of the materials in informal settlements are corrugated steel (the devastating fires in Durban, which destroyed more than 70 homes and resulted in countless deaths, are a tragic testament to this risk). The cost to lives cannot be quantified and this directly detracts from the public interest.

The Applicant also stated that the inferior quality of the products reduces their overall lifespan and consumers are often required to replace damaged and degraded roofs more frequently, effectively increasing their financial burden. The minimal thickness of the metallic coating on these products result in a shortened service life of eighteen to twenty-four months before exhibiting rust and early penetration of the cladding. Rusted material absorbs considerably more solar radiation resulting in surface temperatures some thirty degrees hotter than galvanised surfaces which impacts the occupant's quality of life. Consequently, the greatest risk to consumers is that imported products have a significantly reduced load carrying capacity failing to meet the requirements of the mandatory building standards SANS 10160 parts 2 & 3. Vendors of these products fail to publish spanning tables and fixing requirements which is a major risk to public safety.

Commission's consideration

The Commission noted that Article 3.1 of the WTO Agreement on Safeguards and Regulation 20 of the Safeguard Regulations require that the investigation provide an opportunity for interested parties to present views on whether the application of a safeguard measure would be in the public interest, and that the Commission must consider this factor in its final determination. The Applicant has provided extensive arguments in support of the public interest, citing employment preservation, industrial development, balance of payments considerations, and the need to restore effective competition in the face of trade distortions caused by import surges. These submissions align with the considerations outlined in SGR 20.2, which emphasize the need to account for trade-distorting effects and the restoration of effective competition.

The Commission noted that on the other hand, interested raised substantial concerns regarding the potential adverse impact of safeguard measures on downstream industries, consumer prices, housing affordability, and overall economic competitiveness. These comments demonstrate that the imposition of safeguard measures will not be in the public interest, however, in addressing this issue of public interest the interested parties did not align

to the requirements of Article 3.1 and SGR 20.2.

Based on the comments received, the Commission is of the view that the procedural requirement to consider public interest has been met. In the short to medium term, the introduction of safeguard duties may lead to an increase in the domestic price of the subject product. However, from a long-term economic-welfare perspective, the costs of not intervening are far more substantial. Continued import surges risk eroding domestic productive capacity, triggering firm closures, job losses, and a contraction in domestic output, all of which ultimately depress aggregate demand and reduce overall economic welfare.

The Commission noted that safeguard measures, by design, are temporary instruments intended to provide domestic industries with the necessary time to adjust to the disruptions caused by a surge in imports. They address the market imbalance created by these surges and enable local producers to restore competitiveness, stabilise operations, and implement required restructuring plans. When viewed holistically, the temporary welfare costs associated with higher prices are outweighed by the long-term welfare gains achieved by preserving production capacity, maintaining employment, sustaining supply chains, and avoiding excessive import dependence.

The Commission considered that since a number of interested parties raised their concerns and stated that it will not be in the public interest to impose the safeguard measures as there are products that are not produced locally, the Commission is of the view that there are rebate provisions in place that would aid in importers importing those products that are not produced locally duty free. The Commission therefore made a final determination that with regard to the point raised by interested parties on products not produced locally the importers will be able to have access to the rebates that are in place.

The Commission also considered the argument that the implementation of the 52.34% safeguard duty will not be in the public interest as it will give the SACU Industry a room to increase their prices taking into account the fact

that there are higher safeguard measures in place. The Commission considered that the safeguard measures will be high in year 1, however there will be a sharp drop of 15% annually, which will provide relief to importers of the subject product. The Commission therefore made a final determination that the sharp drop in the definitive safeguard measure is in line with its public interest mandate.

Based on the submissions and presentations made during the public hearing and the comments from interested parties on the essential facts letter, the Commission made a final determination that the safeguard measure will be in the public interest.

9. SUMMARY OF FINDINGS

9.1 Unforeseen developments

The Commission made a final determination that unforeseen developments and the effects of the obligations incurred with regard to the subject product under the GATT 1994 led to the alleged surge in imports of the subject product, as per the provisions of Article XIX of GATT 1994.

9.2 Increased imports

The Commission made a final determination that the surge in volume of imports is recent enough, sudden enough, sharp enough, and significant enough. It is the practice of the Commission to use SARS import statistics in determining the injury caused by imports.

9.3 Serious injury

The Commission made a final determination that the SACU industry experienced serious injury. The information from the period of surge shows that there was an increase in imports and that the SACU industry is experiencing decreases in sales volumes, net profit, output, market share, productivity, capacity utilization, and employment.

	2021 – 2023
Imports in absolute terms	Increased
Imports in relative terms	Increased
Sales volumes (tonnes)	Decreased
Net Profit (R)	Decreased
Output (kg)	Decreased
Market share (Applicant)	Decreased
Productivity (units per employee)	Decreased
Utilisation of capacity (%)	Decreased
Employment (Number of employees)	Decreased

9.4 Causal link

The Commission made a final determination that the serious injury experienced by the SACU industry is caused by the recent, sudden, sharp, and significant surge in the volume of imports.

9.5 Public interest

Based on the submissions and presentations made during the public hearing, as well as the comments on the Commission's essential facts letter the Commission made a final determination that the imposition of the safeguard measure will be in the public interest.

10. APPLICANT'S ADJUSTMENT PLAN

Regulation 21 of the SGR provides that a safeguard measure shall, amongst others, be applied to facilitate adjustment of the SACU Industry.

It is therefore required from the Applicant to submit a plan indicating how it would adjust to increase its competitiveness.

10.1 Applicant's development plan

The adjustment plan submitted by the Applicant highlighted the following measures it will put in place to improve competitiveness of the industry:

- Execute capital expenditure to increase efficiencies and output.
- Invest in and develop new products.
- Develop its human capital.
- Ensure competitive pricing.
- Implement the Decarbonisation Road map for the benefit of the industry and the country.
- In partnership with other local players, explore options regarding the development of greener steels.
- Continue to contribute to the development of human capital.
- continue to contribute to social development and community upliftment.

In the final before essential facts phase of this investigation, the Commission indicated that it was not persuaded that the Applicant took the submission of an adjustment plan as seriously as it ought to as the adjustment plan was a regurgitation of what it submitted in the hot roll steel products investigation. The Commission was not convinced that the plan sufficiently outlines actionable tasks that the Applicant will take to adjust while safeguard duties are in place.

The Commission, in the final before essential facts considered making a final determination that the Applicant did not submit sufficient information in its development plan to indicate that it will adjust to increase its competitiveness. This decision was communicated to all interested parties including the Applicant through the essential facts letters.

In response to the Commission's essential facts letter in relation to the Applicant's adjustment plan the following comments were received:

Interested parties' comments on the Commission's essential facts letter

Interested parties stated that the basis of granting the safeguard protection is to allow the industry to adjust and restructure to become more competitive. However, as confirmed by the Commission AMSA "has not submitted sufficient information in its development plan to demonstrate how it will adjust to increase its competitiveness". That said, neither did Safal or Duferco been approached for supplying their development plans – thus clearly the industry will not be adjusting to make SACU more competitive. Interested parties stated that they strongly suggests that ITAC consider policies that support re-rollers rebates. The current policy that considers re-rollers volumes "essential for AMSA survival" is to the benefit of a single entity and not to SACU downstream.

Interested parties further stated that historical experience demonstrates that local producers—particularly AMSA—have experienced recurring supply interruptions caused by unplanned outages, maintenance shutdowns, logistical constraints, and raw material shortages. These events have resulted in extended delivery delays and allocation restrictions to downstream manufacturers, severely disrupting local production schedules. In a formal letter dated 28 February 2025, Safal Steel confirmed a "severe shortage of Hot Rolled Coil (HRC) from both the local and import supply chains" and that "Safal Steel will regretfully not be able to complete all February orders and some orders will be carried over to March." During such periods, downstream producers were forced to rely on imported inputs to sustain operations, often at short notice and at significantly higher logistical cost. This dynamic underscores the critical role of imports as a stabilising mechanism within the supply chain rather than as a

threat to domestic production. If a 52.34% safeguard duty is implemented without enforceable guarantees of continuity of supply and transparent allocation, there is a high probability that local industries will again experience periods of shortage. In such circumstances, downstream firms will have no commercially viable alternative but to reduce output or close lines, leading to job losses and a further contraction of the local market.

Interested parties also stated that the essential facts letter acknowledges that the Applicant's adjustment plan 'substantially replicates' previous submissions and 'does not reflect significant new or detailed commitments.' This means that no credible plan has been presented to improve efficiency, pricing discipline, or reliability during the safeguard period. Consequently, the measure risks locking in inefficiency upstream while undermining viable downstream industries. Interested parties stated that an adjustment plan not only guides the government on where and how to implement trade instruments but also identifies underlying operational issues that can be addressed, ensuring that tariffs support genuine competitiveness rather than acting as blunt protectionist tools.

SAFAL's comments on the Commission's essential facts

Safal stated that although the development plan requirement in terms of the SGR has already been met by the Applicant, it wishes to emphasise that it is not merely supporting the application in order to seek protection; it is also actively pursuing a comprehensive Adjustment Plan backed by significant capital investment and strategic commitments designed to ensure long-term sustainability, competitiveness, and supply-chain independence.

SAFAL also stated that its investments are underpinned by a demonstrated commitment to the Southern Africa Market Strength. By sustaining and growing itself as the reliable, quality local source for AZ-coated steel, the safeguard ensures that downstream fabricators and processors are not forced into a monopolistic reliance on imports. This competition is based on product value and quality guarantee, not just price undercutting by subsidized foreign entities.

The Applicant's comments on the Commission's essential facts letter

The Applicant stated that at times, capital expenditure items overlap with broader integrated mill investments. These include decarbonisation, investments in coke batteries, blast furnaces, rolling mills, and coating lines. These investments simultaneously enhance multiple product lines. Its investments are specific to the subject product and are aimed at efficient production. These upgrades will allow the mill to reduce downtime and increase production (should the Applicant regain market share with the protection). Considering the substantial volumes of low-priced imports, safeguard duties are critical to protect domestic investment, displace imports, and strengthen South Africa's steel competitiveness. The Applicant also stated that as submitted in the adjustment plan it is working on improving its coating system by adding Magnelis and Optigal which will facilitate import replacement. This coating system enhances durability, operational efficiency and sustainability.

The Applicant indicated that the submitted adjustment plan, together with the clarifications provided above, presents a structured and actionable roadmap for industry to modernise operations, broaden domestic product offerings, and achieve meaningful import replacement with high-value steel. Without immediate temporary relief, these goals may never be realised, causing South Africa to forfeit a critical opportunity for industrialisation, growth, and a competitive domestic market for the subject product.

Commission's consideration

The Commission reviewed the Applicant's response and the additional clarifications provided. The Applicant has outlined significant capital expenditure initiatives, including upgrades to coating systems (Magnelis and Optigal) and broader mill investments aimed at improving operational efficiency, reducing downtime, and expanding domestic product offerings. These measures, if implemented as described, appear aligned with the purpose of safeguard relief, which is to facilitate adjustment and enhance competitiveness.

The Applicant's explanation that certain investments overlap with integrated mill improvements is reasonable, given the nature of steel production processes. The proposed enhancements to coating technology and production capacity are technically feasible and, representing potential actionable steps that could contribute to import displacement and improved market positioning.

The Commission further considered whether the inadequacy of the adjustment plan would render the entire findings on the unforeseen surge of imports and the serious injury experienced by the industry null. The Commission took into consideration that Article 5 of the WTO Agreement on safeguards states that the safeguard measure must be necessary to prevent or remedy serious injury and to facilitate industry adjustment. However, the absence of a satisfactory adjustment plan does not take away from the serious injury due to unforeseen developments being experienced by the industry as well as the need for an opportunity to adjust.

The Commission therefore made a final determination that having expressed its dissatisfaction with the Applicant's adjustment plan in the essential facts letter, and the Applicant having submitted some clarity on its adjustment plan, the Commission's stance on the adjustment plan is inconclusive.

The Commission considered that the Applicant's pricing strategy be monitored to ensure that the Applicant does not take advantage of the safeguard measures and unnecessarily increase prices at the detriment of the downstream industry. The Commission intends to request the industry to submit its cost build-ups and prices annually over the 3-year period for which the safeguard measure applies in an effort to monitor the pricing strategy to ensure that it does not unduly disadvantage downstream customers as a result of the safeguard measure.

The Commission noted Duferco's assertion that an adjustment plan should have been requested from it as well as from SAFAL. It is the view of the Commission that, Duferco has, from the outset, made its position clear by opposing the application and repeatedly calling for the termination of this

investigation. While Duferco is part of the SACU industry, its stance is fundamentally against the investigation and any proposed safeguard measures. For this reason, the Commission did not deem it necessary or practical to request Duferco to provide an adjustment plan. With respect to SAFAL, the commission received an adjustment plan covering the next three to five years. . This plan outlines SAFAL's intended actions to improve competitiveness and adapt during the safeguard period.

The Commission made a final determination that although the Applicant did not submit a clear enough information in its development plan to indicate that it will adjust to increase its competitiveness, the absence of a satisfactory adjustment plan does not take away from the serious injury due to unforeseen developments being experienced by the industry as well as the need for an opportunity to adjust.

11. DEFINITIVE SAFEGUARD MEASURE

11.1 In terms of SGR 21.1, “A safeguard may be applied only-

- To the extent necessary to prevent or remedy serious injury or threat thereof; and
- To facilitate adjustment of the SACU industry.”

SGR 21.5 states that, “the Commission may recommend a definitive safeguard measure in a form of:

- A customs duty;
- A quantitative restriction; or
- A combination of measure contemplated under paragraph (a) and (b).”

11.2 Unsuppressed selling price

The unsuppressed selling price was calculated by taking into account the production costs, selling and general and admin costs as well as a reasonable profit.

Commission’s consideration

The Commission’s consideration is that the profit used by the Applicant reflects a profit, which does not take into account operational costs. The Applicant realised net profits for the subject product during the 2021 period, prior to the surge of imports into the SACU. Since the Applicant is only required to provide management accounts for the year to date of submission of their application and the cost build-up for the last 12 months of the period of investigation and because management accounts reflect the plant in its entirety, not only the subject product, but the Commission also decided to use the average between the two sets of profits being 20,75 percent. The Commission considered a revised unsuppressed selling.

Landed cost calculation

The Applicant stated that according to the official import statistics from SARS there were only 5 countries that exported the subject products to SACU during the final year of the POI. However, China accounted for 99.7 percent of all imports during this period. The FOB export price for China was found to be

R13,178/t over this period.

The Applicant stated that it should be noted that the continued downward movement in price and, as such, the Applicant believes it is warranted to look at the final 6 months of the POI in determining the FOB price to be considered.

The Applicant also stated that according to the 2021 World Steel Dynamics's 2023-2030 forecast, freight cost (at fair times) was expected to be \$36/ton (7.5% of FOB value of \$480/ton), and the harbour and handling costs to be 2% of the FOB value. At the end of 2020 period, the actual freight cost was 5% to the FOB value and the Applicant believes that the 7.5% in 2023 is a reasonable estimate of an increase of 2.5%.

The Applicant further stated that it does not have the actual freight costs as they do not import the subject product. The Applicant believes that at this stage this is the best information available to calculate a conservative cost of freight and handling costs. The Applicant therefore proposes that the 9.5% (7.5% plus 2%) to the FOB value be used to determine the landed cost.

Commission's consideration

The Commission considered that its practice is to use official SARS import statistics to determine the FOB price. The Commission used the FOB price from May 2023 to April 2024 and not the FOB price for the last six month as proposed by the Applicant as it is unreasonable to compare the FOB price for six months with the unsuppressed selling price and profit for 12 months. Furthermore, in a safeguard investigation the investigating authority makes use of FOB prices for all countries and not FOB prices for specific countries as done by the Applicant.

Since the freight and harbour handling cost submitted by the Applicant is the best available information, the Commission accepts this information as such in determining the landed cost. A revised landed cost was calculated.

The final measure was determined to be:

11.4 Liberalisation of the safeguard measure

Regulation 21.8 of the SGR provides as follows:

“Where a definitive measure is imposed for a period exceeding one year the Commission shall recommend how the measure should be liberalised at regular intervals over the period that the measure is applied.”

The Commission made a final determination to liberalize the safeguard measure as follows:

Table 10.4: Liberalisation of the safeguard measure

Period	Rate of safeguard measure
Year 1	52.34%
Year 2	37.34%
Year 3	22.34 %

The SGR does not provide any guidelines on the phasedown schedule, and it is within the investigating authorities discretion regarding its implementation. The Commission has previously implemented phasedowns of between 2 percent and 20 percent on the base safeguard margin. In the Safeguard investigation of frozen potato chips the phasedown was 20 percent on the base safeguard margin.

Commission’s consideration

The key reasons for the liberalization at 15 percent on the base margin is based on what the Commission considers would be in the best interest of the public. The subject product is used for roofing, particularly so in rural areas. Phasing down at a slower rate may have irreversible consequences on the downstream industry and consequently on consumers.

Comments by interested parties on the Commission’s preliminary determination

Interested parties stated that the calculation of the price disadvantage as a percentage of FOB raises concerns. For one, the unsuppressed price calculation makes use of a 20.75% profit margin that is an average of two profit

margins from AMSA, one potentially being a profit margin that did not account for operational costs and another that uses company-wide values not specific to the subject product. In ITAC Report No. 740,1 AMSA puts forward a profit margin value by the Companies Industries Market (CSI Market Inc.), which ITAC accepts, stating that it is a reliable source:

The Applicant stated that the industry welcomes the Commission's decision to accept CSIMarket Inc. as a reliable source to ascertain a reasonable profit for the industry. It is the Commission's practice to use a reasonable profit margin over the entire 12-month period that aligns with the period of investigation. However, the Commission finds the Applicant's reported profit of 15.22% reasonable and obtained from a reliable source on iron and steel industry profitability. Utilising CSI Market Inc data for the period between May 2023 to April 2024, the Iron and Steel industry profitability EBITDA margin averages 13.5%. This value reflects the average industry wide profit margins at the time and serves as a better reference point, seeing as AMSA themselves previously approved of this source. This is particularly relevant given the convoluted nature of AMSA's profit margin calculation in this case.

Interested parties further stated that it should be noted that in ITAC Report No. 740, there is explicit mention of a previous duty in place being accounted for in the calculation as follows: The Commission added 10% for duties and freight and handling costs. However, in the current preliminary report, there is no mention of the 10% duty that is already in place being factored into the calculation. This duty must be accounted for in the calculation. Additionally, China's export price of R13,178/t is being used by AMSA in their price disadvantage calculations. Rather, the SARS export price on the subject products for all countries that export the product is R14,267/t and this is used in subsequent recalculations presented in this submission.

The Consortium and Hendok also stated that another critical issue in the preliminary safeguard determination is with regards to the freight and handling costs. Both the preliminary report and the recalculated duty in the tables below apply a rate of 9.5% of the FOB value, which the Commission accepted as the

“best available information.” However, this estimate was provided by the applicant who does not import the subject product and is based on a forecast dating back to 2021. Given the volatility of global freight markets and the investigation period spanning 2023–2024, reliance on a dated and unverified forecast introduces a significant risk of inaccuracy. Freight costs fluctuate widely due to macroeconomic factors, fuel prices, supply chain disruptions, and other global dynamics. Applying a static rate from a historical estimate without corroboration through actual shipping invoices, import data, or broader market analysis may lead to overstated landed costs. This, in turn, can artificially inflate the calculated price disadvantage and the resulting safeguard duty. That said, in the absence of more reliable, publicly available alternatives, the 9.5% freight and handling rate is provisionally retained in the recalculation below to maintain consistency and comparability with the methodology used in the preliminary report.

*Interested parties concluded that it is clear that the preliminary safeguard duty of 52.34% is based on flawed and outdated inputs, namely an unverified FOB value, an inflated profit margin, omission of the existing 10% duty, and an unsupported freight cost assumption. When recalculated using more representative data and consistent methodology, the resulting safeguard duty falls to **23.82%**. While the 9.5% freight and handling rate is retained here for comparability, it should be explicitly acknowledged as a dated estimate with limited credibility. Going forward, the Commission is urged to prioritise the use of current, and independently verified data, especially for volatile cost components like freight to ensure that safeguard duties are based on realistic and defensible economic conditions. This recalculated safeguard duty is further supported by the fact that the average FOB value from SARS data across all exporters is approximately higher than the value used in the preliminary calculation. Even though China accounts for 99% of the imports, the discrepancy in FOB values is significant and materially affects the duty calculation. In light of the above, it is necessary to request that ITAC reissue the preliminary determination using the corrected and more accurate safeguard duty of 23.82%.*

Commissions consideration

The commission notes that interested parties incorrectly stated that the customs duty was not taken into account in calculating the safeguard margin of 52.34 percent. Further to that, they allege that the Commission made use of the Applicant's export price to China and not the SARS import statistics as per the Commission practice. Based on the calculation on page 107 it is clear that the customs duty was taken into consideration when calculating the landed cost. Further to that, as per the Commission's practice, SARS import statistics for the period May 2023 to April 2024 were used to determine the export price.

The Commission further noted that interested parties also stated that the it used an overinflated profit of 20.75%. They stated that a reasonable profit would be an industry profitability EBITDA margin average of 13.5% according to CSIMarket Inc report used in the Hot rolled products investigation for Hot rolled products. It should be noted that that that is not a realistic representation of the subject product as, based on the financial information supplied by AMSA and SAFAL, the subject product appears to be more profitable than hot rolled products, which are essentially a raw material in the production of the subject product.

Applicant's comments on the essential facts

The Applicant stated that it welcomes the Commission's conclusion that a safeguard duty of 52.34% represents a fair and balanced measure to facilitate the adjustment of the SACU industry in response to the injurious surge in imports.

The Applicant also stated that it notes the pace of liberalisation is proposed at 15% per annum. Whilst this is more liberal than usual, and it may be more appropriate to phase-down at a rate of 5% instead, they believe that the 52% duty will have an immediate positive impact of halting further surges in imports. Secondary impacts include diversion through exempted countries and through the thicker gauge headings which will need to be monitored carefully. The proposed phase-down schedule strikes a critical balance. It is robust enough to keep the surge in imports at bay and allow domestic manufacturers the

necessary breathing space to adjust and regain competitiveness, whilst still preserving the 'temporary' nature of the measure.

Commission's consideration

The Commission noted the Applicant's support for the proposed safeguard duty of 52.34% and its view that this level of protection will provide immediate relief to the domestic industry and halt further import surges. The Commission also acknowledged the Applicant's comment that the proposed liberalization schedule of 15% per annum is more aggressive than typical practice and its suggestion that a slower phase-down rate of 5% may be more appropriate.

As there is no legal guidance or jurisprudence on liberalization, the Commission relied on Article 7.4 of the WTO Agreement on Safeguards, which requires that measures applied for more than one year be progressively liberalized at regular intervals. The proposed 15% annual reduction reflects the intention to ensure that the measure remains temporary, facilitates adjustment, and avoids creating long-term protection inconsistent with provisions of the Safeguard Agreement.

The Commission made a final determination that the safeguard measure was calculated using the most accurate and reliable information available to it. Further to that, it is in the public interest that liberalisation take place at a 15% annually, which will provide relief to importers of the subject product. The Commission therefore made a final determination that the sharp drop in the definitive safeguard measure is necessary and in line with its mandate for public interest.

11. FINAL DETERMINATION

The Commission made a final determination that:

- Events cited are regarded as unforeseen developments that led to the increased volume of imports;
- Surge in volume of imports is recent enough, sudden enough, sharp enough and significant enough;
- The SACU industry is experiencing serious injury; and
- Although there was a contraction in the size of the market, an increase in input costs, an increase in energy costs and transport costs, these factors did not sufficiently detract from the causal link between the serious injury suffered by the Applicant and the surge in volumes of imports resulting from the unforeseen developments.

The Commission therefore made a final determination to recommend to the Minister that the following safeguard measures be imposed on imports of corrosion steel coil of a thickness of less than 0.45mm, classifiable under tariff subheadings 7210.61.20, 7210.61.30, 7225.92.25 and 7225.92.35.

Period	Rate of safeguard measure
Year 1	52.34%
Year 2	37.34%
Year 3	22.34 %

The safeguard measures will be imposed against all countries, except the developing countries identified on page 104 of this report, as the imports from each of these countries do not exceed 3 percent of the total volume of imports or collectively account for more than 9 percent of total imports.

The Commission made a final determination that rebate item 460.15/7210.61/01.06 that allows for the duty-free importation of certain grades of flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated, with aluminium-zinc alloys, of a thickness of less than 0.45mm, including those classifiable under tariff subheadings 7210.61.20 and 7210.61.30 be extended to also allow for the

rebating of the safeguard duties in this investigation.

Furthermore, the Commission determined that the Applicant's prices should be monitored after the imposition of safeguard measures to ensure that the Applicant does not unduly disadvantage the downstream industry by unfairly increasing prices.

DEVELOPING COUNTRIES TO BE EXCLUDED FROM THE DUTY

Name	Name	Name	Name
Afghanistan	Dominican Republic	Malaysia	Saudi Arabia, Kingdom of
Angola	Ecuador	Maldives	Senegal
Antigua and Barbuda	Egypt	Mali	Seychelles
Argentina	El Salvador	Mauritania	Sierra Leone
Angola	Eswatini	Mauritius	Singapore
Armenia	Fiji	Mexico	Solomon Islands
Bahrain, Kingdom of	Gabon	Moldova, Republic of	Sri Lanka
Bangladesh	Gambia	Mongolia	Suriname
Barbados	Georgia	Montenegro	Tajikistan
Belize	Ghana	Morocco	Tanzania
Benin	Grenada	Mozambique	Thailand
Bolivia, Plurinational State of	Guatemala	Myanmar	Timor-Leste
Botswana	Guinea	Namibia	Togo
Brazil	Guinea Bissau	Nepal	Tonga
Brunei Darussalam	Guyana	Nicaragua	Trinidad and Tobago
Burkina Faso	Haiti	Niger	Tunisia
Burundi	Honduras	Nigeria	Türkiye
Cabo Verde	India	North Macedonia	Uganda
Cambodia	Indonesia	Oman	Ukraine
Cameroon	Israel	Pakistan	United Arab Emirates
Central African Republic	Jamaica	Panama	Uruguay
Chad	Jordan	Papua New Guinea	Vanuatu
Chile	Kazakhstan	Paraguay	Venezuela, Bolivarian Republic of
Chinese Taipei	Kenya	Peru	Viet Nam
Colombia	Korea, Republic of (<i>South Korea</i>)	Philippines	Yemen
Comoros	Kuwait, the State of	Qatar	Zambia
Congo	Kyrgyz Republic	Russian Federation	Zimbabwe
Costa Rica	Lao, People's Democratic Republic of	Rwanda	
Cote d'Ivoire	Lesotho	Saint Kitts and Nevis	
Cuba	Liberia	Saint Lucia	
Djibouti	Madagascar	Saint Vincent and the Grenadines	
Dominica	Malawi	Samoa	