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**Council for Trade in Goods
Committee on Safeguards**

Original: English

**NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT
ON SAFEGUARDS OF THE RESULTS OF A MID-TERM
REVIEW REFERRED TO IN ARTICLE 7.4**

VIET NAM

(Certain semi-finished and finished products of alloy and non-alloy steel)

The following communication, dated 30 November 2018, is being circulated at the request of the Delegation of Viet Nam.¹

This notification is made pursuant to paragraph 5 of Article 12 of the Agreement on Safeguards, which sets forth that mid-term reviews, under paragraph 4 of Article 7, shall be notified to the Council for Trade in Goods, in conformity with the format established in document G/SG/1/Rev.1, dated 5 November 2009.

**1 SPECIFY THE MEASURE AND THE PRODUCT SUBJECT TO THE MEASURE FOR WHICH THE
MID-TERM REVIEW WAS CONDUCTED, AND PROVIDE REFERENCE TO THE WTO DOCUMENT
THAT NOTIFIED THE SAFEGUARD MEASURE SUBJECT TO THE REVIEW**

The measure is a tariff on imports of certain semi-finished and finished products of alloy and non-alloy steel. Further details regarding the measure are set out in the notification on definitive measures: G/SG/N/8/VNM/3, G/SG/N/10/VNM/2 and G/SG/N/11/VNM/4 dated 2 August 2016. The Subject Goods under investigation is certain semi-finished and finished products of alloy and non-alloy steel imported into Vietnam.

The steel products covered by the investigation include:

- a. Semi-finished products of iron or non-alloy steel products;
- b. Bars & rods of iron or non-alloy steel.

Certain steel products under HS Code: 7207.11.00; 7207.19.00; 7207.20.29; 7207.20.99; 7224.90.00; 7213.10.00; 7213.91.20; 7214.20.31; 7214.20.41; 7227.90.00; 7228.30.10; 9811.00.00.

2 PROVIDE THE DATES OF INITIATION AND CONCLUSION OF THE REVIEW

On 18 July 2016, Vietnam Competition Authority (now the Trade Remedies Authority of Viet Nam, hereafter referred to as the "Investigating Authority") initiated an investigation to apply a definitive safeguard measure on imports of certain semi-finished and finished products of alloy and non-alloy steel which was imposed on 02 August 2016. In March 2018, the Investigating Authority initiated the mid-term review process and the conclusion of the review was issued on 30 October 2018.

¹ A copy of the decision of the competent authority has been submitted electronically (in Vietnamese only). To consult this document, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) of the Rules Division.

3 DESCRIBE THE RESULTS OF THE REVIEW, PROVIDING SOME DETAIL ON THE BASIS FOR REACHING THOSE RESULTS

In order to review the situation of the domestic industry after the imposition of the safeguard measure, the Investigating Authority conducted analysis focusing on data related to the period from 2015 to March 2018.

The review results are as follows:

- The effective safeguard measure has made a positive impact on the reduction of Semi-finished products of iron or non-alloy steel products imports, which decreased by 86.3% in 2016 compared to 2015, and decreased by 99% in 2017 compared to 2016. On the source of imports, Japan, Taiwan and China are the three main exporters of high quality Semi-finished products of iron or non-alloy steel products into Vietnam.
- The effective safeguard measure has made a positive impact on the reduction of Bars & rods of iron or non-alloy steel imports, decreased by 45% in 2016 compared to 2015, and decreased by 64% in 2017 compared to 2016.
- During the investigation, the domestic industry has made an adjustment plan for 4-5 years. So after 2 years of implementation of the safeguard measure, the domestic industry still needs more time to recover.

The state of production and business of the domestic industry after the safeguard measure took effect:

- Semi-finished products of iron or non-alloy steel products:
 - The production of the domestic industry increased slightly by 6.02% in 2017 compared to 2016, and 1.42% in 2018 compared to 2017.
 - Profit on domestic sales decreased by 1.46% in 2017 compared to 2016 and the trend continued in March 2018.
 - Inventories decreased by 27.72% in 2017 compared to 2016 and 45.78% in March 2018 compared to 2017.
 - The number of employees did not change significantly.
- Bars & rods of iron or non-alloy steel:
 - The production of the domestic industry increased slightly by 6.97% in 2017 compared to 2016, and 2.79% in 2018 compared to 2017.
 - Profit on domestic sales increased by 8.26% in 2017 compared to 2016, and decreased by 8.25% in March 2018 compared to 2017.
 - Inventories decreased by 1.71% in 2017 compared to 2016 and increased by 4.95% in March 2018 compared to 2017.
 - The number of employees did not change significantly.

Overall, the abovementioned production and business indicators showed that the production and business situation of the domestic industry has not significantly improved in the period from 2016 to March 2018.

Therefore, maintaining the safeguard measure is necessary to ensure its effectiveness for the recovery of the domestic industry.

4 CONCLUSION

Based on the result of the mid-term review, the Investigating Authority considers that the imposition of the safeguard duty is still necessary and recommends that the pace of liberalization should remain unchanged.

LEGAL AFFAIRS DIVISION

TRADE REMEDIES AUTHORITY OF VIET NAM – MINISTRY OF INDUSTRY AND TRADE

Address: 25 Ngo Quyen Street, Hoan Kiem District, Hanoi, Vietnam

Phone: (+84 24) 7303.7898 (ext: 130)

Fax: (+84 24) 7303.7897

Email: pvtm@moit.gov.vn