

Notice of Initiation

Of an anti-dumping proceeding based on the application of NNLE “Georgian Manufacturers Association” (I/N 416352146) lodged on April 5, 2024

The Georgian National Competition and Consumer Agency (“The Agency”) has received a written application pursuant to Article 20 of the Law of Georgia "On the Introduction of Anti-Dumping Measures in Trade" (“The Law”), alleging that imports of low-carbon steel reinforcement bars and wire rods, originating from the Russian Federation and Iran, are being dumped and are thereby causing injury to the domestic industry of Georgia

1. Application

Application N01/1994 was lodged on April 5, 2024 (the "Application") by NNLE “Georgian Manufacturers Association” (I/N 416352146) (the "Applicant") regarding the alleged dumping of imports of low-carbon steel reinforcement bars and wire rods, originating from the Russian Federation and Iran, into the customs territory of Georgia.

2. Domestic Industry

Pursuant to Article 2 “a”, the domestic industry constitutes “*all manufacturers who produce like products in the customs territory of Georgia (except for free industrial zones), or a set of manufacturers of like products whose total share of production makes up the main part of total local production, and a set of the rest of manufacturers if the manufacturers of like products are, at the same time, importers of an object of investigation, or persons related to the importer or exporter of an object of investigation.*” The term “main part” is defined as “important, serious, or significant”.¹

Pursuant to Paragraph 3 of Article 20 of the law, also, according to Paragraph 3 of article 5 of the Ordinance No. 249 of the Government of Georgia "On Approving the Rules and Procedures for Conducting the Investigation for the Purpose of Imposing an Anti-Dumping Measures in Trade" ("The rule"), the submitted application shall meet the standing requirement for it to be admissible. Specifically, the application must be supported by those domestic producers whose collective output constitutes more than 50 percent of the total production of the like product produced by that portion of the domestic industry explicitly expressing either support for or opposition to the application. Simultaneously, these supporters shall not account for less than 25 percent of total production of the like product produced by the total domestic industry.

¹ Panel Report, Argentina - Definitive Anti-Dumping Duties on Poultry from Brazil, WT/DS241/R, 22 April 2003, Para. 7.341

The application was submitted to the Agency by NNLE "Georgian Manufacturers' Association" on behalf of two domestic producers, "Rustavi Steel" LLC (I/N 404411908) and "Geosteel" LLC (I/N 216425919). Additionally, the application is accompanied by letters of consent from the domestic industry, LLC "Rustavi Steel Corporation Company" (I/N 416311707) and LLC "Ambicon Steels" (I/N 402114396), supporting the association's application. According to the application, the like product produced by the four companies represent 100% of the total production in Georgia. As a result of the verification of the data submitted by the domestic industry. It was determined that these companies are the main manufacturers of low-carbon steel reinforcement bars and wire rods in Georgia and meet the eligibility criteria.

3. Investigation Period

The investigation of dumping and injury will cover period from January 1, 2023 to January 31, 2024 ("the investigation period"). Further, the examination of injury will cover the period from 2021 to the end of the investigation period ("the period considered").

4. Object of Investigation

The product subject to this investigation is hot-rolled low-carbon steel reinforcement bars, grades B500B and B500C, along with wire rods, produced in the Russian Federation and Iran, imported to Georgia, and used by construction companies in the construction of reinforced concrete structures.

The product under investigation is currently classified under Foreign Economic Activity Commodity Nomenclature codes:

1. 7214200000 – Iron or non-alloy steel; bars and rods, hot-rolled, hot-drawn or hot-extruded, containing indentations, ribs, grooves or other deformations produced during the rolling process or twisted after rolling
2. 7214991000 – Bars and rods of the type used for concrete reinforcement, of iron or non-alloy steel, containing < 0,25% of carbon.
3. 7213911000 - Bars and rods, hot-rolled, of the type used for concrete reinforcement, smooth, of iron or non-alloy steel, in irregularly wound coils, of circular cross-section measuring < 14 mm in diameter.

5. De Minimis volume of import

Pursuant to Article 21 of the law "the investigation authority shall not launch an investigation, or make a decision on the immediate completion of an investigation, if, on the basis of submitted information, it determines that:

- a) the volume of the import of the object of investigation from any country to Georgia is insignificant, i.e. less than 3 percent of the gross import of like products, except for cases when the total share of import from such countries in gross import of like products is more than 7 percent;
- b) a dumping margin is less than 2 percent."

During the application admissibility review stage, the Agency has determined that the alleged dumped imports exceed both the threshold of import volume and the minimum dumping margin.

6. Alleged Dumping

The anti-dumping investigation, as defined by anti-dumping legislation, encompasses three primary stages:

- Determining the presence of dumped imports of the product;
- Determining the injury caused to the domestic industry or the threat of injury;
- Establishing the existence of a causal link between the dumping and injury.

6.1. Like Product

Pursuant to Paragraph “M” of Article 2 of the law like product includes “a product which is identical, that is to say, alike in all respects, to the product under investigation, 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 investigation.

The “like product” to the object of investigation is the hot-rolled low-carbon steel reinforcement bars, grades B500B and B500C, along with wire rods, produced by domestic industry. Furthermore, "like products" encompass imports of the concerned products from other countries, excluding those from the Russian Federation and Iran, imported under the same Foreign Economic Activity Commodity Nomenclature codes.

The determination of the "like product" in exporting countries is based on the information accessible to the Agency during the application admissibility review stage. In the case of the Russian Federation, the "like product" comprises products exported from the country under the same Foreign Economic Activity Commodity Nomenclature codes, thus being identical to the product under investigation. Due to insufficient information to identify a product identical to the object of investigation in all respects, in Iran, the "like product" is defined based on the broader category of steel rebars.

6.2. Import of Object of Investigation

During the considered period, imports of the object of investigation exhibited an increasing trend in both quantity and value. The average unit price (USD/Tonne) for imports from Iran consistently decreased, while the price for imports from Russia increased from 2021 to 2022, but then decreased in 2023 compared to both 2022 and 2021.

In 2023, imports of rebar from Iran totaled 60,291 tonnes, valued at 34.6 million USD, with a weighted average price of 574 USD per tonne. In the same year, imports of rebar from Russia amounted to 86,117 tonnes, valued at 50.5 million USD, with a weighted average price of 586 USD per tonne. In 2023, Russia's share in the total imports of the product concerned was 42%, while Iran's share was 30%.

6.3. Normal Value of the Object of Investigation

Iran

The price of a like product intended for local consumption in Iran is determined based on the information provided in the application. Specifically, the normal value of the product under investigation is calculated according to the average monthly EXW price of rebar available on the website www.irsteel.com. During the relevant period, the average monthly EXW price for steel rebar in the domestic market was 628 USD.

Russian Federation

According to the application submitted by the domestic industry, Russia is considered a non-market economy. The agency evaluated this issue, and along with the U.S. Department of Commerce's decision to revoke Russia's market economy status in anti-dumping investigations, as provided by the domestic industry, the agency also took into account the experiences of other countries. The agency primarily relied on the European Commission's report on the Russian steel industry for its evaluation. Based on the agency's assessment, the information presented in this document is sufficient to classify the Russian steel industry as a market economy. This decision is further supported by recent anti-dumping proceedings conducted against Russia by the European Union and other countries.²

Considering the challenges related to information availability, establishing the normal value of a like product in Russia relies on the EXW price of a like product exported from Russia to a third country.

As per Paragraph "O" of Article 2 of the Law, the normal value is defined as “the price of a like product in the ordinary course of trade intended for local use in an exporting country, and in the case of the absence of such a price, a comparable price of a like product in the ordinary course of trade during export into a corresponding third country”.

Since neither the domestic industry application nor other publicly available sources provided information on the prices of the like product in the Russian domestic market, the value of the product exported from Russia to a third country, specifically Azerbaijan, was utilized to determine the normal value.

To determine the normal value, data from the UN Comtrade database was utilized. It revealed that in 2023, Russian exports to Azerbaijan consisted of 19,041 tonnes of rebar valued at 11.3 million USD. This corresponds to an average price of 594.31 USD per tonne during the investigation period. To ensure a fair comparison of prices, transportation costs were subtracted from the average import value to establish the normal value of the product at the EXW level.

6.4. Export Price of the Object of Investigation

To determine the export price of the object of investigation, we utilized information provided by the revenue service regarding the customs value of the imported products. It's important to note that the Revenue Service data includes INCOTERMS delivery terms CIP (Carriage and Insurance Paid to

² European Union [Anti-dumping proceeding](#) on imports of certain corrosion-resistant steels originating in Russia, Ukraine [Anti-dumping proceeding](#) on wire rods originating in Russia, and Brazil [Anti-dumping proceeding](#) on butyl acrylate originating in Russia.

Indicated Destination) prices. Hence, to align the prices with EXW delivery terms, estimated shipping costs are deducted from the customs value.

Iran - During the investigation period, the weighted average export price of the object of investigation was 520 USD.

Russian Federation - During the investigation period, the weighted average export price of the object of investigation was 516 USD.

6.5. Estimated Dumping Margin

Table N1. Weighted average margin of dumping of the object of investigation imported from Iran during the investigation period

Investigation Period	01/2023-01/2024
Export Price (EXW)	520 USD
Normal Value in Iran	628 USD
Dumping Margin	21%

Table N2. Weighted average margin of dumping of the object of investigation imported from Russian Federation during the investigation period

Investigation Period	01/2023-12/2023
Export Price (EXW)	516 USD
Normal Value in Russia	544 USD
Dumping Margin	5%

7. Alleged Injury and Causation

In the application, the applicant provides information on the total volume of the market of the like product in Georgia, as well as the volume of alleged dumping imports, the cost of production of the like product sold by the applicant in Georgia, and other factors contributing to injury.

The evidence presented and the data examined by the Agency show an annual decline in the sales volume of the domestic industry from 2021 to 2023, occurring concurrently with an increase in the consumption of rebars in Georgia over the same period.

Additionally, it shall be considered that based on the information provided in the application, the sales profit margin of the domestic industry is notably lower compared to previous periods. The information presented in the application indicates the necessity to determine the target price of the domestic industry.

During the application admissibility review stage, the Agency has encountered a lack of sufficient information to ascertain the precise target price of the domestic product for the end consumer. However, an analysis of the selling price compared to the production cost of the product indicates potential injury.

Among other indicators of the development of the domestic industry, the most severe injury is seen in the reduction of the companies' profits, as well as in the decrease of the profit margin between the cost of the product and the selling price.

The change in the structure of imports constitutes as one of the most important factors in determining the causal link between dumping imports and injury to the domestic industry. It shall be noted that the distribution of countries' shares in imports has completely changed in the considered period. The share of Russia and Iran in total imports increased from 4% and 12% in 2021, respectively, to 42% and 30% by 2023 (72% of total imports).

Consequently, the Agency prima facie considers that the injury to the domestic industry is expressed in both volume and price indicators.

Hence, as a result of the assessment of the material admissibility of the application, the Agency considers that the submitted evidence on dumping, injury and causality is sufficient to initiate an anti-dumping investigation.

8. Procedure

Pursuant to Paragraph 3 of Article 6 of the Rule „*In the process of examination, the Investigating Authority shall examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify the initiating of investigation.*”

Having determined by the Agency that the applicant has the standing and having examined the accuracy and adequacy of the information presented in the application, the Agency hereby initiates an investigation pursuant to Article 20 of the Law and Paragraph 1 of Article 6 of the Rule.

The investigation will determine whether the object of investigation originating in the Russian Federation and Iran is being dumped in the customs territory of Georgia and whether the dumped imports have caused injury to the Georgian industry. In case of affirmative conclusions, the investigation will examine whether the imposition of measures would not be against the public interest under Paragraph 4 of Article 18 and Article 23 of the Law, as well as under Article 18 of the Rule.

8.1. Interested Persons

Pursuant to Article 2 of the Law, the interested persons constitute an exporter, an importer, and a foreign manufacturer of an object of investigation; a trade union or a business union with the majority of members being manufacturers, exporters, or importers of an object of investigation; the government of the exporting country of an object of investigation; a local manufacturer of a like product; a customer associations; a manufacturer, who uses the object of investigation in the process of production.

Upon request, the text of application, with due regard paid to the confidential information, can be provided to the interested persons.

8.2. Submission of Information and Comments on the Application and Initiation of the Investigation

Pursuant to Paragraph 7 of Article 20 of the Law, the interested person has a right to apply in writing

to the investigation authority regarding the participation in the investigation within 30 calendar days after the investigation is launched. Interested persons who wish to participate in the investigation process may identify themselves in writing to the Agency within 30 calendar days from the publication of this notice, at the following address:

Aghmashenebeli Ave. 154
Business Centre “Green Office”, 8th floor
0102 Tbilisi, Georgia.

8.3. Possibility for the Hearing

During the process of investigation, at any stage, interested parties have the right to submit a written request to the Agency regarding the appointment of a hearing on the topics of investigation, in accordance with Article 10 of the Rule. Interested parties should present the reasons for the hearing session and the content of the issues to be discussed.

8.4. Procedure for the Assessment of Public Interest

Pursuant to Paragraph 4 of Article 18 of the Rule, *“For the public interest assessment, the interested persons shall submit the relevant opinions and information to the Investigating Authority within the period specified in the notice on the initiation of the investigation.”* Accordingly, the interested persons have the right to submit to the Agency in writing their opinions for the assessment of the public interest.

To participate in the investigation, consumer organizations must demonstrate that there is an objective connection between their activities and the object of investigation.

Information presented on public interest will be taken into account if it is supported by factual evidence at the time of presentation.

8.5. Possibility to Comment on Other Parties' Submissions

All interested persons have the possibility to provide information and comment, including on information submitted by other interested persons. When doing so, interested persons may only address issues raised in the other interested persons' submissions and may not raise new issues.

Any comment on information submitted by other interested persons before the deadline of imposition of provisional antidumping measure should be furnished in writing at the Agency at the latest on day 75 from the date of publication of this notice, and after the preliminary opinion on the imposition of a preliminary anti-dumping measure - within 7 calendar days after the publication of it, unless another term is specified. For the final anti-dumping measure, opinions on the submitted comments will be received within 3 calendar days from the publication of the opinion, unless another deadline is specified. These terms do not deprive the Agency to request additional information from interested persons in duly justified cases.

8.6. Questionnaires

After the publication of this notice, the Agency will send a questionnaire to all known interested persons for a complete investigation. Pursuant to Article 8 of the Rule, interested persons are given 30 days for their replies. Upon substantiated written request for an extension of the 30-day period, an extension for 10 days may be granted. The Agency may request additional information from the person participating in the investigation, as well as not take into account the provided information, in which case the Agency will submit a reasoned refusal and give the party/interested person a reasonable time to submit additional explanations.

Answers to the questionnaire (including in Microsoft Excel format) shall be presented in two versions - confidential and non-confidential. Cooperation is essential in the investigation process.

9. Schedule of the Investigation

Pursuant to Article 20 of the Law, the period of investigation may not exceed 12 months. This period may be extended for not more than six months. This term is counted from the date of publication of this notice.

The preliminary antidumping measure may be introduced no later than 60 calendar days from the initiation of the investigation.

Pursuant to Article 7 of the Rule, the decision of the Agency regarding suspension or elimination of investigation, and on its opinion on the imposition of anti-dumping measures will be published on the website of the Agency and, before referring to the Government of Georgia, will be provided in writing to the interested persons, who may submit comments within 15 calendar days.

The final decision on the introduction of the antidumping measure in trade is taken by the Government of Georgia. The Government of Georgia, if necessary, will invite interested persons to submit additional opinions.

10. Non-cooperation Consequences

Pursuant to Paragraph 9 of Article 8 of the Rule, *“In cases in which a party/ interested person and another natural or legal person refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final determinations may be made on the basis of the facts available.”* Accordingly, in case of non-cooperation, or significantly hindering actions, including submitting the misleading information, the result may be less favourable to that party than if it had cooperated.

11. Processing of Confidential and Personal Data

For the confidential treatment request for the information furnished, the parties/interested persons shall refer to the Agency and, according to Article 22 of the Law, reason their request that the disclosure of such information would give preference to a third person in terms of competition, or will have negative effects on the person submitting the information, or on the person the interested person received such information from.

The Agency is entitled to request the submission of a non-confidential version of the information. The personal data is protected automatically, in accordance with the legislation of Georgia.

Finally, in reviewing the admissibility of the application, it was found that the evidence available to the Agency is sufficient to support the assumption that during the period of investigation there has been the alleged dumped imports of the object of investigation from the countries concerned. Quantitative indicators of those imports and the alleged dumping margin exceed the minimum thresholds provided by law and simultaneously there is a prima facie evidence of injury inflicted to the domestic industry due to dumped imports, which is expressed in both quantitative and price indicators.

In light of above, pursuant to Article 20 of the law the Agency has initiated investigation on the introduction of anti-dumping measures in trade.