



14 January 2021

(21-0438)

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Committee on Safeguards

Original: English

**NOTIFICATION PURSUANT TO ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS
(EXTENSION OF THE EXISTING MEASURE)**

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

TURKEY

Toothbrushes

Supplement

The following communication, dated 13 January 2021, is being circulated at the request of the delegation of Turkey.

We enclose a notification pursuant to Article 7.2, 12.1(c) and Article 9, footnote 2 of the Agreement on Safeguards, on taking a decision to extend a safeguard measure that is being applied against imports of toothbrushes and non-application of the safeguard measure to developing countries. The initial safeguard measure was notified with the documents G/SG/N/8/TUR/16, G/SG/N/10/TUR/16 and G/SG/N/11/TUR/22, dated 17 October 2017. The initiation of a review pursuant to Article 7.2 regarding the extension of a safeguard measure was also notified with the documents G/SG/N/6/TUR/23/Suppl.1 and G/SG/N/14/TUR/11 dated 8 June 2020.

Consistent with Article 12.3 of the Agreement on Safeguards, Turkey is ready to hold consultations with those Members having a substantial interest as exporters of the product concerned.

1 NOTIFICATION UNDER ARTICLES 7.2 AND 12.1(C) OF THE AGREEMENT ON SAFEGUARDS UPON TAKING A DECISION TO EXTEND A SAFEGUARD MEASURE

1.1 Evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof caused by increased imports

The investigation has been conducted by the Turkish Investigating Authority. In order to review the situation of the domestic industry after introduction of the safeguard measure, an evaluation of all relevant factors of an objective and quantifiable nature was undertaken for the period under consideration (PUC), January 2016-June 2020. The data, which were submitted by the applicant companies and used in this analysis, represent major proportion of the total domestic production of the product involved according to the 2019 figures.

(i) *Consumption*

Unit	2016	2017	2018	2019	2019(6)	2020(6)
Consumption (Indexed)	100	106	97	104	100	114

Consumption index increased by 4% from 2016 to 2019. Increase in the index has been 14% in the first 6 months of 2020 compared to the same period of 2019.

(ii) *Production*

Unit	2016	2017	2018	2019	2019(6)	2020(6)
Production(Indexed)	100	113	151	193	100	112

Production index, which increased during the PUC continuously, reached 193 in 2019. In the first 6 months of 2020 it expanded by 12% compared to the same period of 2019.

(iii) *Domestic Sales*

Unit	2016	2017	2018	2019	2019(6)	2020(6)
Domestic Sales (Indexed)	100	132	169	228	100	110

Domestic sales indicate annual increase rates of 32%, 28% and 35% in 2017, 2018 and 2019, respectively. In the first 6 months of 2020, domestic sales increase went up by 10%.

(iv) *Capacity and Capacity Utilization*

Unit	2016	2017	2018	2019	2019(6)	2020(6)
Capacity (Indexed)	100	100	107	129	100	100
CUR(%) (Indexed)	100	113	140	149	100	112

Capacity index reached 107 and 129 in 2018 and 2019, respectively. Capacity utilization ratio (CUR) index continuously increased during the PUC and reached 149 in 2019.

(v) *Employment*

Number of Workers	2016	2017	2018	2019	2019(6)	2020(6)
Employment (Indexed)	100	107	141	160	100	107

Employment index reached 160 in 2019 by following a continuous increase during the PUC. The number of workers increased by 7% in the first 6 months of 2020 compared to the same period of 2019.

(vi) *Productivity*

Unit per Worker	2016	2017	2018	2019	2019(6)	2020(6)
Productivity (Indexed)	100	106	107	121	100	105

Index of labor productivity, which increased during the PUC continuously, escalated to 121 in 2019.

(vii) *Stocks*

Unit	2016	2017	2018	2019	2019(6)	2020(6)
Stocks (Indexed)	100	87	137	96	100	93

The end of period stocks fluctuated during the PUC. In the first 6 months of 2020, the stocks decreased by 7% compared to the same period of 2019.

(viii) *Profitability*

Net Profit/Total Sales	2016	2017	2018	2019	2019(6)	2020(6)
Profitability (Indexed)	100	18	20	91	100	151

Profitability index, which dropped by 82% in 2017, increased in the following years; however, in 2019 it could not reach its level at the beginning of the PUC yet. In the first 6 months of 2020 it increased by 51% compared to the same period of 2019.

(ix) *Conclusion*

During the PUC, the domestic consumption expanded with the exception of the figure in 2018; the production and the domestic sales increased continuously. While the increase rates of these figures are significant in 2019, they indicated more modest growth in the recent period (the first 6 months of 2020). The stocks fluctuated during the PUC.

The domestic industry realized capacity increases by 7% and 20% in 2018 and 2019. In the same period, employment figures also went up. During the PUC, capacity utilization rate and labor productivity increased continuously as a result of new investments and innovation. Developments in effectiveness of production brought about a significant increase in the profitability 2019 and the first 6 months of 2020.

1.2 Information on imports in absolute term and relative to domestic production

An analysis of the increase in imports into Turkey of the product concerned both in absolute and relative terms was carried out over the period from 2016 to 2019 and January-June 2020.

(i) *General View of Imports*

IMPORTS Period	Quantity		Value \$	Unit Price		Change		
	Pcs	Kg		(\$/Pcs)	(\$/Kg)	Pcs	Kg	\$
2016	69,727,895	1,331,304	29,089,941	0.42	21.9	-	-	-
2017	67,436,631	1,337,251	27,706,978	0.41	20.7	-3%	0%	-5%
2018	44,480,686	838,891	20,125,530	0.45	24.0	-34%	-37%	-27%
2019	33,813,414	594,091	17,249,850	0.51	29.0	-24%	-29%	-14%
2019(6)	18,515,521	327,894	9,786,555	0.53	29.8	-	-	-
2020(6)	20,176,981	366,977	8,599,250	0.43	23.4	9%	12%	-12%

Quantity of imports, 69.7 million pcs in 2016 and 67.4 million pcs in 2017, decreased significantly after the entry into force of the safeguard measure in 2018. Decrease rates (in pcs) became 34% and 24% in 2018 and 2019, respectively. During the PUC, import values also continuously decreased.

On the contrary, the most recent import data shows an increasing trend. In the first 6 months of 2020, quantity of imports increased by 9% and 12% in terms of pcs and Kg, respectively, compared to the same period of the previous year.

While unit import price increased in 2018 and 2019 in terms of both \$/Pcs and \$/Kg, it went down in the first 6 months of 2020 under the level of that in 2018.

(ii) *Imports Relative to Domestic Production*

Imports/Production	2016	2017	2018	2019	2019(6)	2020(6)
Index	100	86	42	25	100	98

During the PUC, imports relative to domestic production decreased continuously. The rate of change of imports over production in the first 6 months of 2020 was 2%.

(iii) *Market Share of Imports*

Market Share of Imports	2016	2017	2018	2019	2019(6)	2020(6)
Index	100	91	66	47	100	95

While the index of market share of imports decreased from 100 in 2016 to 47 in 2019, the rate of decrease was 5% in the first 6 months of 2020.

1.3 Precise description of the product involved

The product involved is classified under 12-digit Customs Code 9603.21.00.00.19 in Turkish Customs Tariff Schedule of 2021.

1.4 Description of any part of the imported product that will no longer be subject to the measure in the extension

Not applicable.

1.5 Precise description of the proposed measure

The safeguard measure is proposed to be extended for 3 years until 2 February 2024 (2 February 2024 is included) in the form of fixed duty which will be implemented as shown in the table below.

Turkish Customs Tariff Code	Description of The Product	1st Period (3.2.2021-2.2.2022)	2nd Period (3.2.2022-2.2.2023)	3rd Period (3.2.2023-2.2.2024)
9603.21.00.00.19	Others	0.19 USD/Pcs	0.17 USD/Pcs	0.15 USD/Pcs

1.6 Proposed date of introduction of the measure

The measure will enter into force in 3 February 2021 with the publication of the related Presidential Decree in the Official Gazette.

The related Presidential Decree and the Communiqué are expected to be published in the Official Gazette.

1.7 Expected duration of the measure

The expected duration of the proposed measure is three years.

1.8 Proposed date for the review

Not applicable.

1.9 Expected timetable for progressive liberalization of the measure

The measure is proposed to be liberalized annually as stated in the Section 1.5.

1.10 If the notification relates only to a finding of serious injury or threat thereof, and does not relate to a decision to apply or extend a safeguard measure:

Not applicable.

1.11 Information relating to the extension of a safeguard measure

- (i) *Evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof:*

Following the safeguard measure's entry into force, the quantity of imports of the product concerned decreased and the average unit import price (unit price) increased in 2018 and 2019. In 2019, the unit price hit its highest value during the PUC, 0.51 \$/Pcs and 29 \$/Kg. In this period, while the share of Viet Nam among major exporters (to Turkey) decreased to 6%, the share of China increased to 55%. The economic figures of the domestic industry recovered to some extent, particularly in 2019.

On the other hand, import figures of the recent period point out a reverse trend. Compared to the first 6 months of 2019, the quantity of imports increased and the unit price significantly decreased

to 0.43 \$/Pcs and 23.4 \$/Kg in the first 6 months of 2020. These figures show that the imported products started to strengthen their position in the domestic market in the recent period.

The trend of the unit prices of the products concerned having China and Viet Nam origin states that there exists a harsh price competition between these products and the domestic products. As the products having Viet Nam origin continuously undercut the price of the domestic products during the PUC, price undercutting increased from X % in the first 6 months of 2019 to X % in the first 6 months of 2020. The unit price of the products having China origin converged to the level of the unit price of the domestic products in the recent period. Indeed, the data from International Trade Center (ITC) show that China keeps its position to be capable of exporting toothbrushes in low price levels to other countries, taking into account its annual export volume over 5 billion pcs and the unit price about 0.12 \$/Pcs. These figures point out a high probability for imports from China and Viet Nam to Turkey to increase soon in case the application period of the measure is not extended.

In the first two years in which the measure was applied, the domestic industry made investment plans to improve competitiveness and realized some of them. Unless the measure is extended, there may be a risk for a number of investment plans not to be accomplished.

(ii) Evidence that the industry concerned is adjusting:

After the safeguard measure's entry into force in 2018, the domestic industry increased its production, domestic sales and the capacity utilization rate (CUR). CUR Index (100 in 2016) increased to 140 in 2018 and 149 in 2019. Indeed, the domestic industry increased the labor productivity in this period. Productivity index (100 in 2016) increased to 121 in 2019. The trend of unit commercial cost of the domestic industry at the same period confirms improvement of the domestic industry which utilized the capacity more efficiently and worked with higher productivity. Starting from 2018, the unit commercial cost decreased in each period.

Improvements in economic situation of the domestic industry started in 2018. In 2019, this positive outlook was reflected to profitability that enabled the industry to make new investment plans and to accelerate the innovation activities towards adjustment.

The domestic industry started to establish a more firm and widespread marketing network after 2018 to be able to more competitive with the global companies active in Turkish market. Among the domestic producers, company X allocated a larger budget to new advertisement and marketing activities after 2018 and made an investment in this field amounting X million Turkish Lira in the last three years. Furthermore, company X invested into new machinery after 2018 for the production of toothbrushes in premium segment. Thanks to this investment, the company managed to increase the share of the premium products in its total production X times in the first 6 months of 2020, compared to the same period of the previous year.

Consequently, in the period following the start of application of the measure, the domestic industry increased its capacity, made new investments in production and marketing fields and focused on production in premium segment more. These developments brought about an increase in efficiency and productivity in production, a decrease in commercial costs and an acceptable level of profitability. In this respect, the evidences above indicate that the domestic industry is adjusting.

(iii) Reference to the WTO document that notified the initial application of the measure:

The introduction of the definitive safeguard measure was notified with the document numbered G/SG/N/8/TUR/16, G/SG/N/10/TUR/16 and G/SG/N/11/TUR/22, dated 17 October 2017.

(iv) Duration of the measure from initial application till the date at which it will be extended:

The safeguard measure was initiated on 3 February 2018 and will be in force till 2 February 2021. Turkey now intends to extend the safeguard measure until 2 February 2024.

(v) *Precise description of the measure in place prior to the date of extension:*

The measure in place prior to the date of extension is a specific duty, which was put into force on imports of toothbrushes by the Council of Ministers Decision published in the Official Gazette dated 3 February 2018, no. 30321. The levels of duty are demonstrated in the table below.

Turkish Customs Tariff Code*	Description of The Product*	1 st Period (3.2.2018-2.2.2019)	2 nd Period (3.2.2019-2.2.2020)	3 rd Period (3.2.2020-2.2.2021)
9603.21.00.00.00	Toothbrushes	0.23 USD/Pcs	0.22 USD/Pcs	0.21 USD/Pcs

* Stated in accordance with Turkish Customs Tariff Schedule of 2018.

1.12 Information relating to exporting members

(i) *The major exporting Members of the product concerned to Turkey:*

Countries	Quantity (000 pcs)						Value (000 \$)					
	2016	2017	2018	2019	2019 (6)	2020 (6)	2016	2017	2018	2019	2019 (6)	2020 (6)
China	25.211	22.864	16.349	18.445	9.767	9.685	9.203	9.609	7.515	8.615	5.165	2.150
Ireland	7.104	8.844	8.126	4.660	2.329	3.680	6.470	7.557	4.689	3.224	1.654	2.677
India	6.317	6.583	4.712	4.548	2.631	3.536	2.263	930	1.513	2.153	1.120	1.782
Viet Nam	20.960	17.216	6.814	2.169	1.624	1.520	1.931	1.651	663	232	175	161
Germany	3.073	1.561	844	1.102	498	236	4.620	1.133	905	780	365	310
Other	7.063	10.369	7.636	2.888	1.666	1.520	4.603	6.827	4.841	2.246	1.308	1.519
Total	69.728	67.437	44.481	33.813	18.516	20.177	29.090	27.707	20.126	17.250	9.787	8.599

The main exporter to Turkey for the product concerned is China which had 55% share in total imports (in terms of pcs) in 2019.

(ii) *The exporting Members to which the measure does not apply for any reason other than the application of Article 9.1:*

Not applicable.

1.13 Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority.

The official documents regarding the investigation and the final decision are available in the link below.

<https://ticaret.gov.tr/ithalat/ticaret-politikasi-savunma-araclari/koronma-onlemleri/yururlukteki-onlemler>

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

2.1 The measure

It is proposed to impose safeguard measure as described in Section 1.5.

2.2 The product subject to the measure

The measure is applied to the product described in Section 1.3.

2.3 Developing countries to which the measure is not applied under article 9.1 of the Agreement on Safeguards.

The developing countries which are excluded from the measure as they export in quantities less than 3 per cent of imports to Turkey are listed below.

Afghanistan, Albania, Algeria, Angola, Antigua and Barbuda, Argentina, Azerbaijan, Bangladesh, Barbados, Belarus, Belize, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Burkina Faso, Burundi, Bhutan, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo, Cook Islands, Costa Rica, Cote d'Ivoire, Cuba, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Ethiopia, Fiji, French Polynesia, Gambia, Georgia, Gabon, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Iraq, Iran, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kosovo, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Libya, North Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia (Federated States of), Moldova, Mongolia, Montenegro, Montserrat, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Nicaragua, Niger, Nigeria, Niue, Oman, Pakistan, Palau, Palestine, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Russian Federation, Rwanda, Samoa, Sao Tome and Principe, Senegal, Serbia, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, South Sudan, Sri Lanka, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Sudan, Surinam, Eswatini, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkmenistan, Tuvalu, Uganda, Ukraine, Uruguay, Uzbekistan, Vanuatu, Venezuela, Yemen, Zambia, Zimbabwe.
