

**NOTIFICATION UNDER ARTICLE 12.1 (B) OF THE AGREEMENT ON SAFEGUARDS
ON FINDING A SERIOUS INJURY OR THREAT THEREOF
CAUSED BY INCREASED IMPORTS**

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

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

TÜRKIYE

Other Paper and Cardboard

The following communication, dated and received on 30 June 2024, is being circulated at the request of the delegation of Türkiye.

Concerning imports of other paper and cardboard, Türkiye had notified the initiation of a safeguard investigation with the WTO Document [G/SG/N/6/TUR/31](#), dated 17 January 2024.

Türkiye hereby provides notification to the Committee on Safeguards of findings of serious injury or threat thereof caused by increased imports and notification of a proposed definitive safeguard measure. The public version of the investigation report (in Turkish) together with references and sources can be found at the following internet address (<https://www.resmigazete.gov.tr/eskiler/2024/06/20240628-23.htm>).

Consistent with Article 12.3 of the *Agreement on Safeguards*, Türkiye is prepared to consult with those Members having a substantial interest as exporters of the product concerned.

I. EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

A. EVIDENCE OF SERIOUS INJURY

In order to make a determination of serious injury or threat thereof to the domestic producers of the products concerned, evaluation of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry was undertaken for the investigation period January 2019 - December 2023. Figures on economic indicators of the domestic producers are based on the data submitted by applicant domestic producers and official import statistics. The data, which were submitted by the applicant companies and utilized in this analysis, represent major proportion of the total domestic production of the product involved according to the 2022 figures.

General economic indicators related to the products under investigation are presented with indexed values in the tables below.

(i) Consumption

Consumption	Unit	2019	2020	2021	2022	2023
	Index	100	115	122	105	111

Consumption data was calculated by consolidation of the domestic sales data of the applicant companies and import data.

Consumption index which was 100 in 2019, increased to 122 in 2021 and decreased to 105 in 2022. Afterwards, consumption showed slight increase in 2023 and it was 111 points.

(ii) Production

Production	Unit	2019	2020	2021	2022	2023
	Index	100	112	112	102	97

Production index which was 100 in 2019, increased to 112 in 2021 and started to decline last two years of investigation period and decreased to 97 in 2023.

(iii) Domestic Sales

Domestic Sales	Unit	2019	2020	2021	2022	2023
	Index	100	115	120	101	101

Domestic sales index which was 100 in 2019, increased to 120 in 2021 and started to decline last two years of investigation period. Decreased to 101 in both 2022 and 2023.

(iv) Foreign Sales

Foreign Sales	Unit	2019	2020	2021	2022	2023
	Index	100	97	52	78	51

Foreign sales index which was 100 in 2019 showed a decline during investigation period and dropped to 51 in 2023.

(v) Capacity and capacity Utilization

Years		2019	2020	2021	2022	2023
Capacity	Index	100	100	100	100	103
CUR		100	112	113	102	95

While production capacity for the product concerned did not change remarkably during the investigation period, CUR index which was 100 in 2019, increased to 113 in 2021, then showed decline both in 2022 and 2023. In 2023 it dropped to the lowest level of investigation period to 95.

(vi) Stocks

Stock	Unit	2019	2020	2021	2022	2023
	Index	100	69	66	89	102

Stock index which was 100 in 2019, fluctuated during investigation period and reached to 102 in 2023.

(vii) Employment

Employment	Unit	2019	2020	2021	2022	2023
	Index		100	106	108	112

Employment index which was 100 in 2019, regularly increased during investigation period and reached to 122 in 2023.

(viii) Labour Productivity

Productivity	Unit	2019	2020	2021	2022	2023
	Index		100	105	104	91

Productivity index which was 100 in 2019, increased to 105 in 2020. Then followed a decreasing trend between 2020 and 2023, it decreased to 80 in 2023.

(ix) Profitability

Profitability	Unit	2019	2020	2021	2022	2023
	Index		100	298	704	397

Even if the profitability index which was 100 in 2019, increased to 704 in 2021, there was a decrease in the profitability index after 2021 and a loss was made in 2023, and index degraded to -21.

(x) Conclusion

In conclusion, although certain figures with regard to domestic industry have followed a positive or a horizontal course until 2021, overall picture indicates a situation of serious injury for the domestic industry after this year. Significant deteriorations occurred in indicators such as production, domestic sales, capacity utilization rate and profitability in 2022 and these deteriorations continued in 2023. In addition, profitability ratios, which were previously positive, have recently decreased and turned into negative levels in 2023.

Overall, it has been concluded that there is an absolute and relative increase in imports and that domestic producers have suffered from serious injury due to the increase in imports of the products concerned as a result of the concurrent evaluation of the course of imports for the goods under economic indicators of domestic producers and market conditions for domestic industry.

B. CAUSATION ANALYSIS**1. Analysis of Causation Factors****(a) Effect of Increased Imports**

Although imports of the product concerned showed increasing course from 2019 to 2023, the increase in the amount of imports has especially been remarkable in the recent period of investigation. Amount of imports increased by 37 per cent in 2023 compared to the same period of the previous year and reached to 340,2 thousand tons. In addition, the amount of imports increased by 104 per cent in 2023 compared to 2019.

Likewise, both relative and share of imports increased significantly in the recent period of investigation. The index of relative imports which was 100 in 2019, increased to the highest level during the investigation period with 210 and market share of imports which was 100 in 2019, similarly increased to the highest level during the investigation period with 185 points in 2023.

Therefore, it is concluded that the increase in imports both in absolute and relative terms and the deterioration in economic indicators of the domestic industry followed a similar pattern throughout the period analyzed.

On the other hand, the unit prices of imported and domestic products are compared with a view to assess the conditions of competition in the domestic market.

Unit Price Comparison (USD/ton)	2019	2020	2021	2022	2023
Unit Domestic Ex-Works Sales Price of the Domestic Product	X	X	X	X	X
Constructed Unit Price of the Domestic Product (Unit Commercial Cost + 10% Profit Margin)	X	X	X	X	X
Weighted Average Cost of the Imported Product	408	412	606	767	451
Price Undercutting	-X	-X	X	-X	X
Price Suppression	-X	-X	-X	-X	X
Price Depression (Real Price of the Domestic Product)	X	X	X	X	X

The investigation authority found out that the price of imported products undercut the price of domestic products in the period both 2021 and 2023. However, the gap between the unit prices of imported products and unit prices of domestic products began to narrow as a result of the significant decrease in unit prices of imports in 2023.

On the other hand, the constructed unit price of the domestic product is calculated by adding a reasonable profit rate of 10% to commercial costs of applicant companies. According to these figures, compared to the constructed unit price of the domestic product with unit prices of weighted average cost of the imported product, imported products create a price suppression on the domestic prices of the applicant companies in 2023.

For the foregoing reasons, it is concluded that there is a correlation between the increase in imports and the serious injury that the domestic industry is exposed to.

(b) Coinciding Trends

It is understood that there is parallelism between the all-relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry such as the decline in production, domestic sales, productivity, capacity utilization rate, profitability and the recent increase in the imports of the product concerned in absolute and relative terms and the increase in the market share of the imports.

Moreover, while the imports increased significantly, the production decreased harmoniously with the capacity utilization ratio in the recent year of investigation period.

Because of these evaluations, it is concluded that the surge in the imports of the concerned product and the serious injury on its domestic producers are simultaneous.

(c) Other Factors

It is concluded that the injury suffered by the domestic production due to the sudden and sharp increase in imports is not caused by other factors. Evaluations of these possible factors are presented below.

Decrease in export: Exports do not constitute a significant enough portion of total sales within the domestic production sector to cause damage within that sector. In fact, Türkiye has a thriving domestic paper market, where consumption is high, and exports are not a priority for the domestic production sector. Therefore, any potential harm is not caused by a decrease in export sales.

Decrease in consumption: Türkiye's total consumption has been continuously increased during investigation period, except for the year 2022. Furthermore, total consumption showed an 11% increase in 2023 compared to 2019.

Excessive production capacity surpassing domestic demand: Despite the production capacity of the domestic production sector exceeding domestic market demand, operations were conducted without incurring losses at reasonable capacity utilization rates until the recent increase in imports. Additionally, capacity remained relatively unchanged during the investigation period. Therefore, the observed losses are not attributable to excessive production capacity surpassing demand in the domestic market.

Development of alternative products/failure to keep up with emerging technologies: The domestic production sector is capable of producing the subject products competitively against imports, and there have been no alternative products or technologies introduced during this period. Furthermore, products not produced by the domestic production sector in terms of quality and technical specifications were excluded from the investigation scope.

Increase in financial expenses, depreciation expenses, or other expenses: The share of financial, depreciation, and operating expenses in the total commercial cost has remained at the same level throughout the investigation period.

Effects of earthquake: Level of imports increased regularly throughout the investigation period. The import volume, which was at the level of 166.4 thousand tons in 2019, increased by %15 to 190.5 thousand tons in 2020, by %23 to 233.8 thousand tons in 2021, by %6 to 248 thousand tons in 2022, and by %37 to 340.2 thousand tons in 2023. Therefore, the increase in imports is not unique to the last year. However, despite Kipaş and Kahramanmaraş Paper, located in the earthquake-affected region, experiencing some production losses due to the earthquake, the production capacities of other domestic producers were sufficient to meet internal demand. Along with the stocks carried over from 2022, the goods allocated for export were supplied to the domestic market in 2023. Therefore, it is assessed that the increase in imports is not due to a supply-side shortage.

2. Conclusion on Causation

It is concluded that there is a recent, sudden, sharp and significant increase in imports, both in absolute terms and relative to domestic production. Simultaneously with the increase in imports, in absolute terms or relative to the domestic production, significant deteriorations occurred in indicators such as production, domestic sales, productivity and profitability. Capacity utilization level has decreased significantly in parallel with the deterioration in other economic indicators of domestic producers.

Having concluded that there is a correlation between the increase in imports and the serious injury that the domestic industry is facing; having examined the effects of other known factors and having determined that no injurious effects resulted from these; the investigating authority reached to the conclusion that there is a causal link between increased imports and serious injury that the domestic industry is exposed to.

II. INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

1. Unforeseen Developments

Turkish investigation authority examined the unforeseen developments those have caused sharp and significant increase in imports.

During the investigation period, it was determined that there was an annual increase in Türkiye's imports of the subject goods compared to the previous year. Additionally, it was observed that eight out of the top ten countries with the largest share of imports were EU member states.

On the other hand, some research reports on the paper industry indicate that there is a growing demand from end-users worldwide in sectors such as food and beverage, consumer products, paper, and packaging. This increasing demand is driving and is expected to continue driving the demand for types of paper commonly used in packaging, wrapping, and logistics, such as fluting and testliner papers. ([Testliner and Fluting Paper Market Size In 2023: Share, Trends, Opportunities Analysis Forecast Report By 2030](#))

In another sectoral news report related to the paper industry, it is stated that some European producers initiated new investments in 2018. With these investments, the production capacity for fluting and testliner papers in Europe is expected to reach 3.2 million tons in the coming period. ([Corrugated board attracts big European investments](#))

According to information on the 'Packaging Gateway' website, which provides information about the packaging sector, the German company 'Smurfit Kappa' is set to increase its paper production capacity from 70,000 tons to 450,000 tons with a \$42.2 million investment in 2022. ([Smurfit Kappa invests in German paper mill site](#))

Investments in the paper sector have notably increased, especially in European countries, leading to an excess production capacity over domestic demand.

Data from Trade Map indicates that following the Russia-Ukraine crisis in the early months of 2022, the export of fluting and testliner from EU countries to Russia significantly decreased, and it appears that the export of these products shifted to our country.

On the other hand, examining Eurostat data reveals that the export of the subject goods from EU countries to China experienced a significant decline due to China's divergence from other countries during the pandemic by adopting strict lockdown and zero COVID policies. This led to a decrease of %71 in 2021 compared to the previous year and a further decline of %81 in 2022, reaching a level of 29.8 thousand tons. During this period, it was observed that some of the exports of EU-origin goods were redirected to our country at lower unit prices.

Therefore, the rapid and high-rate increase in investments in fluting and testliner in Europe, especially since 2020, along with the closure of potential markets such as Russia due to the Russia-Ukraine war and the decline in EU exports to China as a result of China's adoption of strict lockdown and zero COVID policies during the pandemic, are considered unforeseen developments for Türkiye.

2. Increase in Imports

Based on the information from official sources, the course of absolute and relative imports for the product subject to the investigation is given below. 2019-2023 full year periodic import data were used. Since the product classified HS code under 4805.11 was completely excluded from the scope of the investigation.

Total imports of the products concerned are indicated at the table below.

Years	Quantity (tons)	Value (thousand \$)	U.P. (\$/tons)	Change %		
				Quantity	Value	U.P.
2019	166.403	67.882	408	-	-	-
2020	190.584	78.527	412	15%	16%	1%
2021	233.802	141.613	606	23%	80%	47%
2022	248.068	190.216	767	6%	34%	27%
2023	340.265	153.596	451	37%	-19%	-41%

The amount of product concerned imports, which was 166,4 thousand tons in 2019, increased %15 in 2020 to 190,5 thousand tons, by %23 in 2021 to 233,8 thousand tons, by %6 in 2022 to 248 thousand tons, by %37 in 2023 to 340,2 thousand tons.

The increase in the amount of imports has especially been remarkable in the recent period of investigation. Imports increased by 37 per cent in 2023 compared to the previous year and reached 340,2 thousand tons. In addition, the amount of imports increased by %104 in 2023 compared to 2019.

On value basis, import value showed a consistent increase throughout the investigation period except for 2023. The import value, which was 67.8 million \$ in 2019, increased by %16 to 78.5 million \$ in 2020, by %80 to 141.6 million \$ in 2021, and by %34 to 190.2 \$ million in 2022. However, despite a %37 increase in import quantity compared to the previous year, the import value decreased by %19 to \$153.6 million in 2023, mainly due to a significant %41 decrease in import unit prices.

Furthermore, the import value, which was at the level of \$67.8 million in 2019, increased by %126 to reach \$153.6 million in 2023, marking a substantial increase over the investigation period's first year.

Referring to the ratio of imports to domestic production, the data on relative imports takes place in the table below in the form of indexed values.

Imports/Domestic Production	Unit	2019	2020	2021	2022	2023
	Index		100	102	125	146

Relative imports showed an increase throughout the investigation period. The index, which was at 100 in 2019, increased to 102 in 2020, 125 in 2021, 146 in 2022, and significantly rose to 210 in 2023. Additionally, in relative imports, there was a %110 increase in the last year of the investigation period compared to the first year.

It is concluded that there is a recent, sudden, sharp and significant increase in imports, both in absolute terms and relative to domestic production, on the basis of the analyses of imports of subject to investigation for the period of 2019-2023.

III. PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

Products subject to definitive safeguard measure are other paper and cardboard, currently classified in the Turkish Customs Tariff Schedule under the customs tariff codes 48.05 and are listed in Annex to this Notice.

IV. DESCRIPTION OF THE PROPOSED MEASURE

Definitive safeguard measure is in the form of specific additional financial duty which will be implemented as shown in the table of Annex.

The developing countries which are excluded from the definitive safeguard measure as they export in quantities less than 3 per cent of imports to Türkiye are listed below under Article 9.1 of the Agreement on Safeguards.

Islamic Republic of Afghanistan, Republic of Angola, Argentine Republic, Republic of Albania, Republic of Azerbaijan, Belize, Republic of Benin, Republic of Belarus, Kingdom of Bhutan, Plurinational State of Bolivia, Bosnia And Herzegovina, Republic of Botswana, Burkina Faso, Republic of The Union of Myanmar, Republic of Burundi, Republic of Cabo Verde, People's Democratic Republic of Algeria, Republic of Djibouti, Cook Islands, Republic of Chad, Democratic Republic of Timor-Leste, Dominican Republic, Commonwealth of Dominica, Republic of Ecuador, Republic of Equatorial Guinea, Republic of El Salvador, State of Eritrea, The Kingdom of Eswatini, Federal Democratic Republic of Ethiopia, Republic of Fiji, Republic of Côte D'Ivoire, Republic of The Philippines, State of Palestine, Gabonese Republic, The Republic of The Gambia, The Republic of Ghana, Republic of Guinea, Republic of Guinea-Bissau, Grenada, Republic of Guatemala, Republic of South Sudan, Republic of Haiti, Republic of Honduras, Republic of Iraq, Islamic Republic of Iran, Jamaica, Kingdom of Cambodia, Republic of Cameroon, Republic of Kazakhstan, Republic of Kenya, Kyrgyz Republic, Republic of Kiribati, Republic of Colombia, Union of The Comoros, Republic of The Congo, Democratic Republic of The Congo, Republic of Kosovo, Republic of Costa Rica, Democratic People's Republic of Korea, Republic of Cuba, Lao People's Democratic Republic, Kingdom of Lesotho, Republic of Liberia, State of Libya, Lebanese Republic, Republic of Madagascar, Republic of Malawi, Republic of Maldives, Republic of Mali, Republic of The Marshall Islands, Federated States of Micronesia, Mongolia, Republic of Moldova, Islamic Republic of Mauritania, Republic of Mauritius, Republic of Mozambique, Republic of Namibia, Federal Democratic Republic

of Nepal, Republic of Niger, Federal Republic Of Nigeria, Republic of Nicaragua, Niue, Central African Republic, Republic of Uzbekistan, Islamic Republic of Pakistan, Republic of Palau, The Independent State of Papua New Guinea, Republic of Paraguay, Republic of Peru, Republic of Rwanda, Independent State of Samoa, Democratic Republic of Sao Tome And Principe, Republic of Senegal, The Republic of Sierra Leone, Solomon Islands, Federal Republic of Somalia, Democratic Socialist Republic of Sri Lanka, Saint Lucia, Saint Vincent And The Grenadines, Republic of The Sudan, Republic of Suriname, Republic of Tajikistan, United Republic of Tanzania, Togolese Republic, Kingdom of Tonga, Tuvalu, Turkmenistan, The Republic Of Uganda, Hashemite Kingdom Of Jordan, Republic of Vanuatu, Bolivarian Republic of Venezuela, Republic of Yemen, Republic of Zambia, Republic of Zimbabwe.

V. PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The measure will enter into force on 28 July 2024. The related Presidential Decree was published in the Official Gazette on 28 June 2024.

VI. EXPECTED DURATION OF THE MEASURE

The expected duration of the proposed definitive measure is three years.

VII. PROPOSED DATE FOR THE REVIEW

Not applicable.

VII. EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

In order to induce adjustment, the proposed measure will be subject to liberalization on a regular basis following its imposition, thereby ensuring that there is a strong incentive for domestic producers to undertake progressively the necessary restructuring and adjustment programs. The proposed measure is to be progressively liberalized as indicated in the table of Annex.

IX. INFORMATION RELATING TO THE EXTENSION OF A SAFEGUARD MEASURE

Not applicable.

ANNEX - PRODUCTS SUBJECT TO DEFINITIVE SAFEGUARD MEASURE

Customs Tariff Statistics Code	Product Description	PROPOSED MEASURE (US \$/Ton)		
		1st Period	2nd Period	3rd Period
4805.12.00.00.00	Straw fluting paper	87	86	85
4805.19.10.00.00	Wellenstoff			
4805.19.90.00.00	Other			
4805.24.00.00.00	Weighing 150 g/m ² or less			
4805.25.00.00.00	Weighing more than 150 g/m ²			