

**NON CONFIDENTIAL SUMMARY OF
APPLICATION FOR EXTENSION OF
THE SAFEGUARD MEASURE IN
IMPLEMENTATION ON IMPORTS OF
COTTON YARN**

1. APPLICATION DETAILS

1.1. Applicants

The application for extension of the safeguard measure which is in implementation in imports of cotton yarn was filed by Industrialists Association and the domestic producers whose names are listed in Annex-I

1.2. Representation of domestic production

Among the applicants, the domestic producers which provided the Undersecretariat with data produce 83 % of cotton yarn produced in Turkey.

1.3. Definition and customs tariff subheading of the subject goods

The subject goods are defined as cotton yarn (other than sewing) which are classified under the Turkish Customs Tariff Schedule as following.

Position No	Description
52.05	Cotton yarn (other than sewing)

1.4. Existing safeguard measure

The Council of Ministers decision no. 2008/14234 on the definitive safeguard measure was published in the Official Gazette dated 21/10/2008, no. 27031. A safeguard measure in the form of additional financial liability in amounts given below has been implemented on imports of cotton yarn by the said decision.

CN CODE	Additional Financial Liability (%)		
	15/7/2008–14/7/2009	15/7/2009–14/7/2010	15/7/2010–14/7/2011
52.05 (except for 5205.12; 5205.22; 5205.32; 5205.42)	%20 Max 1,00 US Dollars/Net Kg Min 0,35 US Dollars/Net Kg	%19 Max 0,95 US Dollars/Net Kg Min 0,33 ABD Doları/Net Kg	%18 Max 0,90 US Dollars/Net Kg Min 0,31 US Dollars/Net Kg
5205.12 5205.22 5205.32 5205.42	%15 Max 1,00 ABD Doları/Net Kg Min 0,35 ABD Doları/Net Kg	%14 Max 0,95 US Dollars/Net Kg Min 0,33 US Dollars/Net Kg	%13 Max 0,90 US Dollars/Net Kg Min 0,31 US Dollars/Net Kg

2. IMPORTS OF SUBJECT GOODS

2.1 Course of total imports

Overall data on imports of cotton yarn are illustrated below and import data by countries of origin are given in Annex-II.

Year	Quantity(tons)	Value(USD)	Unit Price (USD/kg)
2006	101.686	286.347.564	2,82
2007	182.342	547.002.823	3,00
2008	128.997	407.477.521	3,16
2009	94.586	276.275.755	2,92
2010	149.253	545.017.836	3,65
2010 (1-4)	54.807	171.220.643	3,12
2011 (1-4)	42.789	233.093.291	5,45

With the impact of the measure put into force in 2008, imports of the product concerned dropped in 2009, but it sharply increased by 58 % in 2010 and reached to the level of 149.253 tons in 2010 from the level of 94.586 in 2009.

2.2 Market share of imported and domestically produced goods

Market share (%)	2006	2007	2008	2009	2010
Market share of domestically produced goods	73	60	65	72	64
Market share of imported goods	27	40	35	28	36

While, and probably under the influence of the safeguard measure put into force in 2008, the market share of imports decreased to the level of 28 % in 2009, it increased to the level of 36 % in 2010.

2.3 Ratio of imports to the quantity of domestic production

Imports/Dom.Production	2006	2007	2008	2009	2010
%	27	46	35	28	39

While the ratio of imports to domestic production decreased after the safeguard measure has been initiated in 2008, it increased to the level of 39 % in 2010 from the level of 28 % in 2009.

3. DETAILS OF DOMESTIC PRODUCTION OF SUBJECT GOODS

Details of domestic production were compiled by bringing together the economic figures of applicants which provided adequate information as part of the inquiry.

3.1 Production

Production	2006	2007	2008	2009	2010
Unit (tons)	380.788	398.530	366.238	342.701	387.704

Quantity of production by applicants has increased in 2010. However, it could no more reach to its 2007 level.

3.2 Consumption

Consumption	2006	2007	2008	2009	2010
Unit (tons)	376.738	457.114	368.633	335.526	410.884

The consumption figures above signify the total of imported goods and domestic sales of domestic producers in general. Consumption of the product concerned decreased in 2009. However, domestic consumption is estimated to increase in 2010.

3.3 Capacity and Capacity Utilization Rate (CUR)

	2006	2007	2008	2009	2010
Capacity (tons)	448.681	484.711	487.887	490.663	485.886
CUR (%)	85	82	75	70	80

The yearly production capacity of applicants has pursued a fluctuating path since 2008. Despite the relative increase in 2009, the volume of capacity has decreased in 2010. Regarding the capacity utilization rate, it has also pursued a fluctuating path and increased from the level of 70% in 2009 to the level of 75 % in 2010.

3.4 Domestic sales

Domestic sales	2006	2007	2008	2009	2010
Unit (tons)	275.052	274.772	239.636	240.940	261.631

Domestic sales of the applicants increased after the initiation of safeguard measure in 2008. However, it could no more reach to its 2007 level.

3.5 Inventories

Inventories	2006	2007	2008	2009	2010
Unit (tons)	32.866	57.395	45.872	30.731	26.259

Inventories of applicants decreased between 2008 and 2010.

3.6 Employment

Employment	2006	2007	2008	2009	2010
Persons	19.729	20.216	19.690	18.337	22.121

While the number of direct workers of applicants decreased in 2009, it increased in 2010.

4. CONCLUSION

Safeguard measure has been applied on the imports of subject goods since 14/7/2008. While imports figure decreased significantly after this date, it started to increase in 2010 reaching about 149.253 tons.

Some economic figures of domestic producers indicate a positive trend after 2008. However, figures of ratio of imports to domestic production and market share demonstrate that domestic production couldn't complete its adaptation process into market situations yet. The dynamics of the market in this period demonstrate that domestic producers made attempt on their ways towards adjusting themselves into the competitive environment in general.

On the other hand, cotton prices have pursued a fluctuating path and continues to do so in such a way that an effective analysis about necessity and relevance of extension of the measure in force requires an overall evaluation of all external and domestic economic indicators. This, in turn, necessitates the competent authority to carry out an extension investigation.

Consequently, rapidly increasing imports continue to cause serious injury while domestic producers are still in adjustment process. Within this circumstance, domestic producers demand the extension of current safeguard measure and initiation of a safeguard investigation for extension. In addition, a provisional measure should be applied during the investigation period.

ANNEX-I: APPLICANT DOMESTIC PRODUCERS

1	Kayseri Chamber of Industry
2	Malatya Chamber of Commerce and Industry
3	Kahramanmaraş Chamber of Commerce and Industry
4	Gaziantep Chamber of Industry
5	Adıyaman Chamber of Commerce and Industry
6	Isparta Chamber of Commerce and Industry
7	Niğde Chamber of Commerce and Industry
8	Şanlıurfa Chamber of Commerce and Industry
9	Adana Chamber of Industry
10	Denizli Chamber of Industry
11	Isparta Mensucat Industry and Trade Inc.
12	Koç Maddecilik Tekstil İnşaat Industry and Trade Inc.

ANNEX-II: IMPORT STATISTICS BY COUNTRY OF ORIGIN

Country	Imports (kg)	2006	2007	2008	2009	2010	2010 (1-4)	2011(1-4)
Uzbekistan	Imports	34.492.775	46.323.624	33.459.970	32.226.090	33.659.486	11.410.615	9.203.832
India	Imports	10.400.583	58.566.166	39.673.133	13.643.034	31.355.034	10.747.093	6.576.002
Turkmenistan	Imports	23.414.366	20.181.471	20.543.645	16.371.443	31.081.178	10.573.110	11.702.338
Syria	Imports	86.989	7.252.141	3.810.733	5.681.214	20.046.520	11.039.020	4.528.131
Egypt	Imports	2.147.546	5.809.477	6.340.742	6.563.696	11.127.129	3.961.732	3.351.951
Vietnam	Imports	0	84.732	239.230	1.471.917	7.080.943	1.923.031	1.103.286
Pakistan	Imports	13.769.784	27.189.66	14.462.099	11.023.838	5.691.088	1.763.921	2.994.526
Indonesia	Imports	21.893	114.939	194.080	1.054.410	2.268.249	758.401	500.085
Thailand	Imports	18.041	157.367	314.058	1.174.083	2.027.618	812.940	696.404
Ethiopia	Imports			29.720	2.262.961	1.245.946	527.347	562.445