

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

**2012**

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## 1. APPLICATION DETAILS

### 1.1. Applicant

The application for extension of the safeguard measure which is in implementation in imports of matches was filed by Malazlar Kibrit Sanayi ve Ticaret A.Ş. The application was supported by Swedish Match Kibrit ve Çakmak Endüstri A.Ş. The two domestic producers represent the entire domestic production of the product subject to application.

### 1.2. Definition and customs tariff subheading of the subject product

The product subject to application is “matches” (other than pyrotechnic articles of heading 36.04) classified under Turkish Customs Code 3605.00.00.00.00.

## 2. IMPORTS OF SUBJECT PRODUCT

### 2.1. Course of total imports and unit prices

Year	Quantity (Kg)	Change (%) (Quantity)	Value(USD)	Unit Price (\$/Kg)	Change (%) (U.P.)
2007	637.041		1.112.195	1,75	-
2008	1.228.574	93	1.815.732	1,48	-15
2009	1.660.368	35	2.564.083	1,54	4
2010	75.676	-95	330.531	4,37	183
2011	86.995	15	330.257	3,80	-13

Import data of the subject product for the period 2007-2011 is demonstrated above. When the course of imports of last 5 years is analyzed, it can be seen that the imports, which were increasing rapidly before the safeguard measure, have decreased significantly following the entry into force of the measure in June 2009. On the other hand, after the imposition of the measure the import unit prices have been higher compared to the period prior to the measure. The average import unit price have increased to 3,8 \$/Kg in 2011 from its level of 1,48 \$/kg in 2008, due to the fact that the cheap imports coming especially from India and Indonesia stopped completely.

When the statistics of the last two years are analyzed, it can be seen that the imports have decreased 95% in 2010 compared to the previous year but increased by 15% in 2011, while the average import unit price declined by 13% in 2011 compared to 2010.

### 2.2. Ratio of imports to domestic production

The figures relating to the proportional import figures and the market share of imports are indexed due to the demand by one of the domestic producers, Swedish Match Kibrit ve Çakmak Endüstri A.Ş., in order to protect their confidential business information. When the figures are indexed, any figure in the base period of 2007 is given a value of 100.

Imports to domestic production index	2007	2008	2009	2010	2011
	100	511	15.184	18	22

There has been a significant, sharp and sudden increase in the index of the ratio of imports to domestic production during the period of 2007-2009; however the index declined sharply in 2010 and 2011, and it is well below its level when the measure was not in force.

### 2.3. Market share of imports

Market share of imported products	2007	2008	2009	2010	2011
Market Share Index	100	204	315	18	27

Market share of the imported products increased significantly in 2008 and continued to rise in 2009 despite the measure which entered into force in June 2009. However the index which declined sharply in 2010, had a value of 27 in 2011.

### 2.4. Import data by country of origin

Import statistics by country of origin are presented in ANNEX-I. When the figures are analyzed, it can be seen that the share of countries in match imports have shifted significantly following the imposition of the safeguard measure. The importation of goods originating from Indonesia which had a rising share within imports during the period of 2007-2009, has stopped completely following the safeguard measure.

Likewise, there were no imports from India in 2010 and 2011, which was an important supplier country before the safeguard measure. On the other hand, Poland and Germany were the first and second suppliers in 2011, while there were limited imports in 2008 and 2009 from these two countries.

## 3. DETAILS OF DOMESTIC PRODUCTION OF SUBJECT PRODUCT

Details of domestic production below are the compilation of the data of the 2 domestic producers which provided information as part of the inquiry. Figures relating to domestic production are also indexed, as one of the domestic producers, Swedish Match Kibrit ve Çakmak Endüstri A.Ş., requested that its business information be kept confidential. When the figures are indexed, the levels of any figure in the base period of 2007 are given a value of 100.

### 3.1. Consumption

Consumption	2007	2008	2009	2010	2011
Index	100	94	83	67	51

Annual domestic consumption index has been declining steadily since 2007 and had a level of 51 in 2011.

### 3.2. Production

Production	2007	2008	2009	2010	2011
Index	100	38	2	67	62

The production index which was 100 in 2007 declined to 38 in 2008 and to 2 in 2009 then increased substantially in 2010 to 67. The production index declined 5 points in 2011 becoming 62.

### 3.3. Domestic sales

<b>Domestic sales</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	71	41	80	60

Domestic sales index declined to 71 and to 41 in 2008 and 2009 respectively, and increased to 80 in 2010. The index decreased again in 2011 becoming 60.

### 3.4. Capacity and Capacity Utilization Rate

<b>Capacity</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	100	100	100	100

<b>Capacity Utilization</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	38	2	67	62

The capacity of the domestic producers remained unchanged during the period of 2007-2011. The capacity utilization rate index however declined substantially during 2007-2009 period becoming 2 in 2009. In 2010, due to the effect of the safeguard measure, the index increased to 67, and later declined to 62 in 2011.

### 3.5. Employment

<b>Employment</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	42	21	81	76

The employment index which declined during 2007-2009 period, increased to 81 in 2010, and later declined to 76 in 2011.

### 3.6. Productivity

<b>Productivity</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	89	8	83	82

The index relating to productivity, which is calculated as the production in tons per worker, have declined to 8 in 2009, but rebounded to 83 in 2010 following the safeguard measure, and had a level of 82 in 2011.

### 3.7. End of period inventories

<b>Inventories</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	72	28	36	60

While inventories index of domestic producers decreased to its lowest point of 28 in 2009, it increased to 60 in 2011 following an increase during the period of 2010-2011.

### 3.8. Profitability

<b>Gross Profitability</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Index	100	55	104	132	117

The gross profitability index of the domestic production declined to 55 in 2008, but increased in 2009 and 2010 becoming 132 the same year. Even the profitability index declined in 2011 to 117, it still remained above its level in 2007.

## 4. DOMESTIC INDUSTRY'S ADJUSTMENT PLAN

One of the domestic producers, Malazlar Kibrit Sanayi ve Ticaret A.Ş., presented its adjustment plan implemented during the period of the safeguard measure. According to this plan, the firm, in order to reduce costs and increase energy efficiency, has completely converted its energy system to natural gas. For this purpose, a substantial investment compared to the company's annual turnover was made for expenses for boiler, infrastructure and other parts. If the measure had not been taken, aside from this investment, the plant had to be scrapped.

In order to reduce chemical usage some studies were made on production development. In this way, besides providing some reduction in the amount of chemicals used, the company benefited in terms of quality and cost.

In order to do the same job with fewer workers, work-time studies were carried out. For this purpose, goals were determined for each unit and with new producing techniques it has become possible to make the same work with less labor.

The company is still analyzing the benefits of moving to another area where labor and raw materials are cheaper and there are other incentives. This decision is still pending for the 2012 incentive system to be announced and the study will be completely refreshed. As a result of this decision, it is expected to save particularly on energy, labor and raw materials costs.

## 5. CONCLUSION

The safeguard measure is in force since 6/6/2009 in the imports of the product subject to the application. Imports of the product subject to the safeguard measure decreased radically by 95% to 76 tons in 2010, following the imposition of the safeguard measure. The imports started to increase in 2011, but it is still well below the levels before the measure was imposed.

The average import unit price on the other hand, declined to its lowest point of 1,48 \$/kg in 2008 and have increased substantially in the following years becoming 3,8 \$/Kg in 2011.

The ratio of imported products to domestically produced ones have reached its highest point in 2009, but declined substantially in the following years due to the sharp decline in imports.

The economic indicators of the domestic producers such as production, capacity utilization rate, domestic sales and employment displayed improvements following the imposition of the safeguard measure; but these figures have deteriorated in 2011. The gross profitability index of the domestic producers had a steady course during the period of 2007-2011 except for 2008.

Consequently, taking into consideration that the domestic producers are still in the process of adjustment, the extension of the existing measure is considered to be necessary in order to prevent or remedy serious injury.

## ANNEX-I: IMPORT STATISTICS BY COUNTRY OF ORIGIN

Country of Origin	2007			2008			2009			2010			2011		
	Quantity	Value	Unit Price (\$/kg)	Quantity	Value	Unit Price (\$/kg)	Quantity	Value	Unit Price (\$/kg)	Quantity	Value	Unit Price (\$/kg)	Quantity	Value	Unit Price (\$/kg)
USA	34	5.404	158,94	-	-	-	-	-	-	-	-	-	-	-	-
GERMANY	64.101	162.611	2,54	40.682	99.733	2,45	29.054	134.938	4,64	22.905	126.713	5,53	22.815	76.298	3,34
BULGARIA	18.341	42.150	2,30	18.605	46.551	2,50	4.555	16.041	3,52	6.653	26.609	4,00	13.259	50.155	3,78
INDONESIA	110.700	140.228	1,27	911.988	1.201.050	1,32	1.382.150	1.836.420	1,33	-	-	-	-	-	-
INDIA	282.866	380.064	1,34	190.362	288.428	1,52	97.860	141.751	1,45	-	-	-	-	-	-
HUNGARY	72	1.205	16,74	-	-	-	31	1.165	-	-	-	-	-	-	-
POLAND	44.181	109.945	2,49	22.347	56.857	2,54	47.725	174.722	3,66	33.544	112.997	3,37	37.541	137.590	3,67
RUSSIAN FED.	17.966	20.628	1,15	-	-	-	-	-	-	-	-	-	-	-	-
CHECH REP.	76.000	148.748	1,96	-	-	-	9.923	29.895	-	-	-	-	-	-	-
CHINA	18.471	82.452	4,46	34.543	82.912	2,40	75.177	171.922	2,29	546	6.416	11,75	1.090	14.831	13,61
UNITED KINGDOM	14	296	21,14	205	690	3,37	-	-	-	-	-	-	-	-	-
SPAIN	15	327	21,80	-	-	-	-	-	-	-	-	-	-	-	-
SWEEDEN	4.280	18.137	4,24	9.674	38.660	4,00	13.673	52.864	3,87	12.028	57.796	4,81	12.290	51.383	4,18
AUSTRIA	-	-	-	46	420	9,13	40	813	20,33	-	-	-	-	-	-
JAPAN	-	-	-	122	431	3,53	105	2.888	27,50	-	-	-	-	-	-
THE NETHERLANDS	-	-	-	-	-	-	75	664	8,85	-	-	-	-	-	-
<b>ALL COUNTRIES</b>	<b>637.041</b>	<b>1.112.195</b>	<b>1,75</b>	<b>1.228.574</b>	<b>1.815.732</b>	<b>1,48</b>	<b>1.660.368</b>	<b>2.564.083</b>	<b>1,54</b>	<b>75.676</b>	<b>330.531</b>	<b>4,37</b>	<b>86.995</b>	<b>330.257</b>	<b>3,80</b>