

**UNOFFICIAL TRANSLATION**

**NON-CONFIDENTIAL SUMMARY OF SAFEGUARD  
MEASURE APPLICATION FILED BY DOMESTIC  
MANUFACTURERS REGARDING IMPORTS OF  
FRAMES AND MOUNTINGS FOR SPECTACLES**

## GENERAL INFORMATION ON APPLICATION

### 1.1. Subject matter of application

Frames and mountings for spectacles

### 1.2. Applicants

The Organisation of Spectacle Manufacturers on behalf of the domestic producers listed in the Annex I

### 1.3. Representation of domestic production by applicants

Applicants constitute majority of domestic production of the product under examination.

## 2. DETAILS ON SUBJECT PRODUCT

### 2.1. Product description

Subject matter of application is the frames and mountings for spectacles and included in the heading of 90.03 of the Turkish customs code. Products under the sub-heading 9003.90.00.00.00 are not included in the application.

### 2.2. Background on production process

Spectacles are produced through the methods of cutting acetate blocks, injection or processing metal raw material. Acetate blocks are cut in the shape of ready casts and by making other necessary modifications the main part of the spectacle is prepared. This is the part of the spectacle where the glasses are attached. The stick becomes a spectacular stick through the cutting of acetate raw materials and throwing the metal strings in it.

In injection method the granule shaped raw material is first put into the injection machine and after being melted, it is poured into the tablet, which forms the spectacles.

For making up a metal spectacular first metal raw material is made available for the mounting of the sticks by curling and welding with machines. After mounting of the sticks remedies of them are rubbed and the spectacles are polished and veneered.

### 2.3. Field of use

The spectacles are used, after attaching the optical glasses, for correcting the defects of eyesight.

## 2.4. Regulations

The imports of the product concerned is subject to surveillance *erga omnes* Directive no 2004/10 on Surveillance and Safeguard Measures on Imports published in Official Gazette dated 18/4/2004 and no 25437

### 2.4.1. Customs duties

In the framework of the Import Regime 2007, customs duties applied in importing of the product concerned are shown below.

Customs Code	Customs Duty Rate (%)				
	EU and EFTA	GSP Countries			
		L.D.S.	S.I.A.C	D.C.	OTHER
90.03	0	0	0	0	2,2

## 3. COURSE OF IMPORTS

### 3.1. Overall imports

The statistics regarding the imports of the product concerned are presented in the table below.

General Imports		
Years	Volume (million Pcs.)	Value (million \$)
2001	2,7	9,3
2002	3,0	9,3
2003	1,3	14,5
2004	2,9	24,5
2005	5,3	33,3
2006(1-6)	3,2	18,2

As seen in the table, there is a trend of increase in imports from the beginning of 2001. Imports were suddenly and dramatically increased especially in 2005, and continued to increase in the first six months of 2006.

### 3.2. Imports by countries

The statistics regarding the imports of the product concerned by countries are presented in the table below. Turkey has imported spectacles from 31 countries since 2001. Among these countries imports originated in People's Republic of China (PRC)

consisted 81% of the total imports while originated in Italy 12% and originated in South Korea 2% of the total imports realized in the first six month period of 2006.

### 3.3. Market share of imports

Market share (%)	2001	2002	2003	2004	2005	2006(1-6)
General Imports	60	69	57	65	70	81

Market share of general imports increased from 60% in 2001 to 81% in the first six month period of 2006.

### 3.4. Imports relative to domestic production

	2001	2002	2003	2004	2005	2006(1-6)
Import/Production (%)	153	220	124	165	262	377

The ratio of the imports of the product concerned increased during 2001-2006 except the years of 2003 and 2004. The ratio that was 153% in 2001 has increased to 377% in the first six month period of 2006.

### Import by countries (Shares:% , Unit Price: USD/Pcs)

	2001		2002		2003		2004		2005		2006(1-6)	
	U.P	Volume %	U.P	Volume %	U.P	Volume %	U.P	Volume %	U.P	Volume %	U.P	Volume %
<b>Total Imports</b>	<b>3,3</b>	<b>100,0%</b>	<b>3,1</b>	<b>100,0%</b>	<b>11,0</b>	<b>6,3</b>	<b>100,0%</b>	<b>100,0%</b>	<b>6,3</b>	<b>100,0%</b>	<b>5,6</b>	<b>100,0%</b>
PRC	1,3	82,4%	1,3	85,3%	4,6	4,2	62,6%	22,5%	4,2	62,6%	3,9	81,4%
Italy	14,5	9,7%	15,0	7,8%	14,1	14,8	13,4%	34,2%	14,8	13,4%	11,8	12,2%
South Korea	3,0	1,1%	3,4	0,2%	3,6	4,6	4,5%	18,8%	4,6	4,5%	4,1	2,4%
France	10,2	1,2%	26,7	0,8%	30,0	39,3	0,9%	1,4%	39,3	0,9%	30,9	0,9%
Germany	15,0	1,1%	23,8	0,8%	13,0	7,7	6,3%	7,0%	7,7	6,3%	23,7	0,8%
Netherlands	62,3	0,2%	22,3	0,3%	4,2	3,2	3,6%	5,3%	3,2	3,6%	3,6	1,5%
Austria	35,7	0,4%	49,4	0,4%	48,9	51,0	0,3%	0,6%	51,0	0,3%	51,7	0,3%
Japan	14,3	0,6%	21,2	0,1%	36,4	25,1	0,1%	0,3%	25,1	0,1%	29,3	0,1%
Hong Kong	4,3	3,0%	1,8	3,2%	3,9	4,7	0,7%	0,4%	4,7	0,7%	8,5	0,2%
Spain	31,8	0,0%	35,6	0,0%	38,1	41,9	0,0%	0,1%	41,9	0,0%	36,1	0,1%
Malta	---	---	27,3	0,0%	---	48,0	0,0%	0,0%	48,0	0,0%	64,2	0,0%
Denmark	16,9	0,1%	24,4	0,1%	65,2	88,0	0,0%	0,1%	88,0	0,0%	88,7	0,0%
USA	22,4	0,0%	46,4	0,0%	36,8	26,1	0,1%	0,0%	26,1	0,1%	9,4	0,0%
Canada	---	---	---	---	---	---	---	---	---	---	---	---
Israel	---	---	---	---	---	---	---	---	---	---	29,3	0,0%
England	39,7	0,0%	27,2	0,0%	---	---	---	0,0%	---	---	27,7	0,0%
Czech Republic	---	---	7,3	0,0%	---	54,3	0,0%	0,0%	54,3	0,0%	---	---
Poland	---	---	---	---	---	---	---	---	---	---	13,4	0,0%
Switzerland	26,6	0,0%	92,3	0,0%	3,1	---	---	0,1%	---	---	18,8	0,0%
Ege free zone	---	---	---	---	---	3,0	3,3%	3,0%	3,0	3,3%	---	---
Indonesia	1,0	0,0%	---	---	5,6	3,2	2,7%	0,2%	3,2	2,7%	---	---
Chinese Taiwan	0,4	0,0%	4,3	0,3%	3,2	3,3	1,5%	3,2%	3,3	1,5%	---	---
Greece	---	---	---	---	9,7	15,5	0,0%	0,3%	15,5	0,0%	---	---
Belgium	---	---	---	---	---	21,9	0,0%	---	21,9	0,0%	---	---
Sweden	28,6	0,1%	---	---	---	63,8	0,0%	0,0%	63,8	0,0%	---	---
Brazil	---	---	---	---	22,9	---	---	---	---	---	---	---
Singapore	15,6	0,0%	2,7	0,7%	1,4	---	---	---	---	---	---	---

Benelux	54,4	0,0%	---	---	---	---	---	---	---	---	---	---
Ireland	5,8	0,0%	---	---	---	---	---	---	---	---	---	---
Unknown	---	---	22,6	0,0%	---	---	---	---	---	---	---	---
Luxembourg	---	---	16,9	0,0%	---	---	---	---	---	---	---	---
Malasia	---	---	---	---	---	---	2,6	2,6%	---	---	---	---
Jordan	---	---	---	---	---	---	7,5	0,0%	---	---	---	---

Regarding the unit import prices, it seems that the lowest unit price was 3 \$/pcs of the imports originating in Indonesia, Chinese Taiwan and Netherlands in 2005. The unit price of PRC originated imports was 4,2 \$/pcs, of South Korea originated imports 4,6 \$/pcs, and of Hong Kong originated imports 4,7 \$/pcs in 2005.

#### 4. UNFORESEEN DEVELOPMENTS

The revaluation of the TRY resulted from the inflation-dropping tight monetary and fiscal policies in implementation in recent years has made the importation profitable. Although inflation rate is relatively low in our country compared to previous years due to the stabilization policies implemented in Turkey, it is still at a high level. While not being able to add the necessary cost increases to the sales price, the domestic producers has also faced a continued decrease of their sales in domestic market.

#### 5. DETERMINATION OF SERIOUS INJURY

##### 5.1. Production

The total quantity of the production of the spectacles produced by the applicant domestic producers increased from 993 thousand pieces in 2001 to 1.340 thousand pieces in 2005. In the first six month period of 2006, 870 thousand pieces has produced.

	2001	2002	2003	2004	2005	2006(1-6)
Production (thousand pieces)	993	737	932	1.284	1.340	870

##### 5.2. Capacity and capacity utilization

The production capacity of the domestic producers was 4.497 thousand pieces in 2001 and 2002. The capacity has reached to 5.082 thousand pieces in 2003. The increase in capacity has continued during the years of 2004 and 2005, yet it has decreased in 2006 because of the closing of some of the firms.

Although the capacity has decreased, the capacity utilization rates has increased due to the increase of the production quantities of the domestic producers. The capacity utilization which was 22% in 2001 has become 16%, 18%, 23% and 25 % in the period of 2002-2005. Because of the incompatibility of the data the applicants were not able to provide a calculation for the capacity utilization in 2006.

	2001	2002	2003	2004	2005	2006
Capacity (thousand pcs)	4.497	4.497	5.082	5.492	5.265	3.922

CUR (%)	22	16	18	23	25	-
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### 5.3. Domestic Sales

The domestic sales of the product concerned has increased in the period under examination except the year of 2002. The domestic sales which was 996 thousand pieces in 2001 has reached to 1.493 thousand pieces in 2005 and 794 thousand pieces in the first six month of 2006 by increasing at the rates of %-28, %24, %29 ve %31 during the period of 2002-2005.

	2001	2002	2003	2004	2005	2006 (1-6)
Domestic Sales ( thousand pcs.)	996	713	884	1.144	1.493	794

### 5.4. Employment

The employment figures have increased from 2002 to 2003 and stayed stable in 2004 and increased in 2005 and 2006. The figures in 2006 was even less than the figures occurred in 2001 because of the closing of some firms.

	2001	2002	2003	2004	2005	2006 (1-6)
Employment (Persons)	264	244	335	334	323	246

### 5.5. Productivity

The productivity of the domestic production decreased in 2001-2003 and has increased from the beginning of the year of 2004. The productivity in 2006 could not be calculated through the data obtained from the domestic producers.

	2001	2002	2003	2004	2005	2006 (1-6)
Productivity(Pcs/Person)	3.762	3.022	2.782	3.846	4.150	-

### 5.6. Profitability

The average profitability rate of domestic producers was positive until 2004, however it has become negative in 2004 and occurred as -5 in 2005 and -1 in 2006.

	2001	2002	2003	2004	2005	2006 (1-6)
Profitability %	9	8	10	6	(5)	(1)

### 5.7. Market share of domestic production

The market share of domestic production has had a trend of constriction since 2002 and it has dropped by %36 from 2005 to 2006.

	2001	2002	2003	2004	2005	2006 (1-6)
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Market share of domestic production (%)	40	31	43	35	30	19
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### 5.8. Price Undercutting

The data obtained from the domestic producers shows that the low unit prices of the imported products are approximately 3,5 USD/pcs were lower than the ones of the domestic sales prices of the domestic producers.

### 5.9. Evaluation Causality Link

There has been negative developments at the indicators of production, domestic sales and inventories of domestic producers since 2005. Although domestic consumption has increased during the period under examination the market share of the production has decreased while the share of the imports has increased. Employment has decreased constantly since 2004.

As it can be understood from the above specified reasons there has been negative developments of the fundamental indicators of the domestic producers due to the increase in imports.

## 6. CONCLUSION

It has been determined that the imports of product concerned has increased significantly in absolute and relative terms in the period of 2001-2005.

On the other hand, it has been specified that there has been negative developments of the indicators of the domestic producers during the period under examination. Domestic producers request a measure in the form of additional duty of 4 USD /pcs in order to eliminate the serious injury resulted from the increase in imports.

## List of the Applicants

No	Title of the firm
1	Seda Metal Gözlük San. ve Tic. Ltd. Şti.
2	Kutlu Optik
3	Metalin Gözlük Sanayi Tic. Ve Paz. A.Ş.
4	Prestij Optik Gözlük San. ve Tic. Ltd. Şti.
5	Atılım Gözlük Sanayi ve Dış Tic. A.Ş.
6	İnan Optik San. ve Tic. A.Ş.
7	Venüs Optil Gözlük San. ve Tic. Ltd. Şti.
8	Saray Optik San. ve Tic. A.Ş.
9	Sezer Plastik
10	Gözlük İş
11	Gold Optik Gözlük Sanayi ve ticaret A.Ş.
12	Cenk Optik San. ve Tic. Ltd. Şti.
13	Optifashion Optik San. ve Tic. A.Ş.
14	Rengin Gözlük San. ve Tic. A.Ş.
15	Aytekinler Gözlük Sanayi