

**NON-CONFIDENTIAL SUMMARY OF
THE APPLICATION FOR
IMPLEMENTATION OF A SAFEGUARD
MEASURE ON IMPORTS OF
PORCELAIN AND CERAMIC
TABLEWARE AND KITCHENWARE**

1. INFORMATION ABOUT THE APPLICATION

1.1. Applicants

Application for the safeguard measure on imports of porcelain and ceramic tableware and kitchenware was made by two domestic producers, namely Heriř Seramik and Turizm Sanayi A.ř. (Güral Porselen) and Kütahya Porselen A.ř. Both companies stated that they constitute 75% of the domestic porcelain tableware and kitchenware production. Of the applicants, Heriř Seramik ve Turizm A.ř. does not produce ceramic tableware and kitchenware and Kütahya Porselen A.ř. stated that it produces 60% of the domestic ceramic tableware and kitchenware production. Estimated market shares of the applicants and other domestic producers in porcelain and ceramic tableware and kitchenware production are illustrated in the following tables.

6911.10	Market Share %
Kütahya Porselen Sanayi A.ř.	40
Porland Porselen San. Ve Tic. A.ř.	25
Heriř Seramik ve Turizm San. A.ř.	35

6912.00	Market Share %
Kütahya Porselen Sanayi A.ř.	60
Sanat Toprak Ürünleri A.ř.	12,5
Keramika Seramik	15
Porser Porselen ve Seramik San. Tic. Ltd. řti	12,5

1.2. Definition and customs tariff subheading of the subject products

Position No.	Description
6911.10	Porcelain tableware and kitchenware
6912.00	Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain

1.3. Description and Fields of Use

Porcelain and ceramic kitchenware enjoy a wide range of use, and are essentially used for food and beverage service and cooking. Porcelain and ceramic kitchenware are subdivided to types according to usage, including service plate, bowl, pastry plate, platter, service pot, pepper castor, salt cellar, tea pot, sugar bowl, compote bowl, coffee cup and saucer, tea cup and saucer, milk jug, sauce bowl, napkin holder, egg cup, ashtray, candle holder, vase, etc. In general, market demand concentrates on decorous and 12-person tableware sets and individual products, coffee-tea sets and products for hotels and restaurants.

The products reach to retailers via wholesalers and to consumers via the companies' own shops. Distribution channels of the imported products and domestic products are similar.

1.4. Production Process

Production process of porcelain and ceramic tableware consists of seven stages: preparation of raw material/masse, first firing, glazing, second firing (firing of the glazed product), plate grinding and quality control, decorating and decoration firing.

Basic difference in production process of the porcelain and ceramic articles appears in the stages of raw material preparation and forming. At raw material preparation stage of the porcelain article production, raw material in form of clay is mixed in such a way that it is made ready for forming. Since minerals such as kaolin, feldspar, clay, quartz as raw material of the porcelain are entered into production directly from the field, they contain iron ores, and when these iron ores are fired at 1400°C, black spots appear in the body of the white porcelains. These products are classified as second quality or broken and thrown to the field depending on the extent of such black spots. Raw material ready for forming and will be used in the forming department is obtained from the raw material plant of the company and/or by external purchase. Masse, the raw material of the ceramic kitchenware, consists of three types. Granular masse is obtained by granulation of the slurry. Plastic masse, damp by 20%, is obtained by pressing the slurry until it gets form of cake and then deflated by passing through the vacuum presses. And the slurry is the first production form of the masse and used in the forming process by casting.

The forming stage of the ceramic kitchenware is divided into 3, i.e., turning, casting and isostatic pressing. Granular raw material is used at the isostatic presses; raw material in slurry is used in case of turning and liquid raw material is used in the forming by casting. In forming by way of casting, forming of the porcelain, which is not possible through turning lathes (platter, soup bowl, teapot, milk jug, etc.), is performed manually by filling liquid raw material into the plaster moulds. Casting durations are important for production of the finished products, as thickness and quality as desired are clearly linked to those durations. When granular mask is employed for forming of the ceramic kitchenware, the granular mask with the humidity rate of 2% is formed at isostatic presses under high pressure. Plates and bowls are formed according to this method. Through draining of the plastic masse at the drying chamber, products such as teacups and coffee cups are formed. As for the forming by casting, slurry masse is used in plaster moulds.

At the first firing stage of the porcelain article, the formed products are formed into biscuit by firing at the first firing oven at 1100°C. Semi-products gained the form of biscuit are those which have high glazing absorption and which do not carry any content of humidity. At the glazing stage, the porcelain enamel to cover the surface of the semi-finished products obtained by way of casting, pressing and turning is prepared and applied to the biscuit semi-finished products. Semi-finished products glazed at the second firing stage are subject to the second firing in the glazing ovens operating at 1400°C to get white porcelain product. The stage of plate grinding and quality control is the phase in which porcelain articles are sorted out according to their quality and their feed in contact with the oven car in the process of glaze firing are ground and any burrs are removed.

The first firing process of the ceramic article is performed for long time at 1130°C in order to remove any undesired gases and chemicals out of the raw materials. In the production of ceramic articles, the glaze stained by oxide dyes at the stage of glazing is applied on the product by various types of application machines and then it is dried and delivered to the

second firing unit. The products covered by glazing are subject to the second firing again at 1130°C.

After the glazing stage, porcelains may be released to the market either as white or by decoration. At the stage of decoration and decoration firing, the contours and internal walls of the white porcelain products, glazed and fired in the glazing kiln, are patterned by gilt and paint. This operation is partly performed manually and partly by the automatic netting machines. Market demand is for netting in case of all decorated products. The decorated product is made ready for use by firing at the decoration kiln. At the packaging stage, the finished product from the decoration kiln is subject to the controls as per the standard of the Turkish Standards Institute and European Norms (EN). Thereafter, they are classified and packed by sets, and are delivered to the storage unit for market release. The quality control and packaging stages do not differ for the porcelain and ceramic kitchenware.

2. IMPORTS OF THE SUBJECT GOODS

2.1. Course of General Imports

6911.10	IMPORTS		CHANGE (%)	
	Quantity (tons)	Value	Quantity	Value
		(USD)		
2010	32.144	102.711.348		
2011	34.282	125.274.000	7	22
2012	29.941	119.497.805	-13	-5
2013	33.300	129.189.386	11	8
2014	44.563	180.206.600	34	39

It is seen that total imports of the porcelain tableware and kitchenware increased by 7% in 2011 compared to 2010 on quantitative basis, and it decreased by 13% in 2012 compared to 2011. Compared to the previous years, porcelain kitchenware imports increased by 11% and 34% in the years 2013 and 2014 respectively, reaching to 44.563 tons in 2014. Imports of porcelain tableware and kitchenware increased totally by 39% in 2014 compared to 2010.

6912.00	IMPORTS		CHANGE (%)	
	Quality (tons)	Value	Quantity	Value
		(USD)		
2010	9.759	14.085.131		
2011	8.122	17.168.928	-17	22
2012	5.655	13.522.083	-30	-21
2013	7.083	17.279.654	25	28
2014	9.075	26.374.450	28	53

Total imports of the ceramic kitchenware classified under decreased on quantitative basis between the years 2010 and 2013 and has begun to increase since 2013. Imports increased by 25% and 28% in 2013 and 2014 respectively, reaching to 9.075 tons in 2014.

2.2. Ratio of Imports to Domestic Production (%)

6911.10	2010	2011	2012	2013	2014
Total imports/domestic production (Index)	100	85	77	83	105
Market share of general imports (Index)	100	98	92	94	103
Market share of domestic production (Index)	100	103	113	110	95

While index on ratio of the porcelain kitchenware imports to the domestic production was 100 in 2010, in 2011 and 2012 it went down to 85 and 77 points respectively. Index reached to the levels of 83 points in 2013 and to 105 points in 2014. Compared to 2010, index on the ratio of imports to domestic production increased by 5 points in 2014.

While the index on market share of the porcelain kitchenware imports in domestic consumption was 100 in 2010, in 2011 and 2012 it receded to 98 and 92 points respectively. Index on market share of imported products increased to 94 points in 2013 and 103 points in 2014. Compared to 2010, Index on market share of porcelain tableware and kitchenware increased by 3 points in 2014. Market share index of the domestic production increased from 2010 to 2012 and decreased in the following years. Market share index of the domestic production reduced to 95 points in 2014, which reveals a 5 points decrease in 2014 compared to 2010.

6912.00	2010	2011	2012	2013	2014
Total imports/domestic production (Index)	100	68	29	35	42
Market share of general imports (Index)	100	92	88	91	94
Market share of domestic production (Index)	100	417	602	455	331

While index on ratio of the ceramic kitchenware import to domestic production was 100 in 2010, in 2011 and 2012 it receded to 68 and 29 points respectively. Index on the ratio of imported products to domestic production increased in 2013 and 2014, reaching to the level of 42 points in 2014.

While index on market share of imports was 100 in 2010, in 2011 and 2012 it decreased to 92 and 88 points. In 2013 and 2014, index on market share of imports increased to 91 and 94 points respectively. Market share index of the domestic production, which was 100 in 2010, increased between the years 2010 and 2012, and decreased in the following years, reaching to the level of 331 points in 2014.

2.3. Imports by countries of origin

Major countries which rank as the first ten exporters of porcelain and ceramic tableware and kitchenware are illustrated in the tables below. Country ranking has been made on basis of quantity of imports in 2014.

Data analysis reveals that, in the period 2010-2014, China became the first country on Turkey's imports of porcelain tableware and kitchenware. While China's share in total porcelain kitchenware imports was 87 % in 2010, it increased to 89% in 2014. In 2014 country ranking, China is followed by Bangladesh and Egypt by import shares of 4 % and 2 % respectively. Imports from the first ten countries illustrated in the table accounts for 99% of the total porcelain tableware and kitchenware imports.

6911.10	2010	2011	2012	2013	2014
Country	Share %	Share %	Share %	Share %	Share %
CHINA	87	76	69	79	89
BANGLADESH	2	3	5	8	4
EGYPT	1	2	4	3	2
U.A.E.	1	1	1	1	1
TUNISIA	3	2	2	1	1
POLANT	2	2	2	2	1
THAILAND	1	1	1	1	1
GERMANY	0	1	1	1	0
U.K.	0	0	0	0	0
IRAN	1	2	1	1	0
Total	99	91	87	96	99
Other Countries	1	9	13	4	1
Grand Total	100	100	100	100	100

When Turkey's imports of ceramic tableware and kitchenware is concerned, it is seen in the period 2010-2014 that China ranks as the first country. While China's share in total imports was 47% in 2010, it increased to 85% in 2014. In 2014 country ranking, China is followed by Thailand and Portugal by imports shares of 4% and 3%, respectively. While Indonesia ranked first together with China among the suppliers in 2010, however, Indonesia's share in the imports of ceramic tableware and kitchenware decreased steadily in the following years, going down to 1% in 2014.

6912.00	2010	2011	2012	2013	2014
Country	Share %	Share %	Share %	Share %	Share %
CHINA	47	46	33	62	85
THAILAND	2	4	6	5	4
PORTUGAL	1	3	3	1	3
ROMANIA	1	1	2	2	2
VIETNAM	2	1	3	3	2
U.K.	0,1	1	1	1	1
ITALY	0,05	0,3	0,1	0,1	1
INDONESIA	47	40	41	20	1
FRANCE	0,1	0,1	0,2	1	1
GERMANY	0,1	0,1	0,2	0,1	0,2
Total	100	98	90	95	99
Other Countries	0	2	10	5	1
Grand Total	100	100	100	100	100

3. DETAILS ON DOMESTIC PRODUCTION OF THE SUBJECT GOODS

In this section, consumption data given under the heading 3.1 illustrates sum of the estimated sale figures of all domestic producers operating in Turkey and the total imports, which represents the entire consumption in Turkey. The data under the heading 3.2 and the subsequent headings have been obtained by combination of the economic indicators of the

applicant domestic producers whose data was used in the scope of this evaluation and which account for major proportion of the domestic production. In this context, evaluation has been made separately for each product group and the economic indicators of the domestic production are illustrated in the following tables.

3.1. Consumption

6911.10	2010	2011	2012	2013	2014
Index	100	109	101	110	135

Except for the decrease in 2012, consumption of porcelain tableware and kitchenware had a tendency to increase in the period 2010-2014. While consumption index was 100 in 2010, it increased by 35 points in 2014 compared to 2010.

6912.00	2010	2011	2012	2013	2014
Index	100	90	66	79	99

Estimated consumption of the ceramic tableware and kitchenware increased in the period 2010-2014, except for decrease in the years 2011 and 2012. While consumption index was 100 in 2010, in 2011 and 2012 it went down to 90 and 66 points respectively. In 2013 and 2014, consumption index increased to 79 and 99 points respectively.

3.2. Production

6911.10	2010	2011	2012	2013	2014
Index	100	126	121	124	132

Except for the decrease in 2012, index on domestic porcelain tableware and kitchenware production increased during the period 2010-2014. Production index, which was 100 in 2010, increased to 126 points in 2011 and reduced to 121 points in 2012. In 2013 and 2014, production index increased to 124 and 132 points respectively. Compared to 2010, production index increased by 32 points in 2014

6912.00	2010	2011	2012	2013	2014
Index	100	122	198	206	223

Domestic production of the ceramic tableware and kitchenware increased in the period 2010-2014. Compared to 2010, production index increased by 123 points in 2014 and reached to the level of 223 points.

3.3. Domestic Sales

6911.10	2010	2011	2012	2013	2014
Index	100	112	114	121	128

Domestic porcelain tableware and kitchenware sales of the applicants increased during the period 2010-2014. Compared to the base year 2010, in years 2011, 2012, 2013 and 2014, domestic sales quantity index increased by 12, 14, 21 and 28 points respectively and reached to the level of 128 points in 2014.

6912.00	2010	2011	2012	2013	2014
Index	100	376	398	361	326

Domestic ceramic tableware and kitchenware sales quantity index, which was 100 in 2010, increased to 376 and 398 points in the years of 2011 and 2012. In 2013 and 2014, index decreased to 361 and 326 points respectively.

3.4. Exports

6911.10	2010	2011	2012	2013	2014
Index	100	110	151	156	161

Porcelain tableware and kitchenware exports of the applicant companies regularly increased during the period 2010-2014. Compared to 2010, exports index increased by 61 points in 2014 and reached to the level of 161 points.

6912.00	2010	2011	2012	2013	2014
Index	100	90	187	207	233

Except for 2011, exports of the ceramic tableware and kitchenware increased during the period 2010-2014. Compared to the base year, in which index was 100 points, export quantity index increased by 133 points in 2014, and reached to the level of 233 points.

3.5. Capacity and Capacity Utilization Rate (CUR)

6911.10	2010	2011	2012	2013	2014
Capacity Index	100	100	100	114	128
CUR Index	100	126	121	109	103

Capacity of the applicant companies for production of the porcelain tableware and kitchenware did not change until 2013. Compared to 2010, in 2013 and 2014 capacity index increased by 14 and 28 points respectively.

While the index on capacity utilization rate for the porcelain tableware and kitchenware was 100 in 2010, it increased to 126 in 2011 and decreased in 2012, 2013 and 2014, going down to 121, 109 and 103 points, respectively.

6912.00	2010	2011	2012	2013	2014
Capacity index	100	100	100	100	100
CUR index	100	122	198	206	223

Production capacity for the ceramic tableware and kitchenware did not change in the period 2010-2014. Index on capacity utilization rate of ceramic tableware and kitchenware constantly increased and while CUR index was 100 in 2010, it increased by 123 points in 2014, and reached to the level of 223 points.

3.6. Inventories

6911.10	2010	2011	2012	2013	2014
Index	100	124	106	115	163

Except for the decrease in 2012, end of period inventories regarding the porcelain tableware and kitchenware increased in the period 2010-2014. While inventory index was 100 in 2010, it increased by 24 points in 2011, reaching to 124 points and it decreased to 106 points in 2012. In 2013 and 2014, inventory index increased to 115 and 163 points respectively. Compared to 2010, index on end of period inventories increased by 63 points in 2014, and reached to the level of 163 points.

6912.00	2010	2011	2012	2013	2014
Index	100	139	167	180	195

End of period inventories regarding the ceramic tableware and kitchenware increased in the period 2010-2014. Compared to the base year 2010, index on inventories increased by 95 points in 2014, and reached to the level of 195 points.

3.7. Employment

6911.10	2010	2011	2012	2013	2014
Index	100	121	134	137	122

Number of persons employed in production of the porcelain tableware and kitchenware increased until 2013 and slightly decreased in 2014. While the employment index was 100 in 2010, it reached to the level of 137 points in 2013, and decreased to 122 points in 2014.

6912.00	2010	2011	2012	2013	2014
Index	100	99	124	125	128

Except for the decrease in 2011, number of people employed in production of ceramic tableware and kitchenware increased during the period 2010-2014. While employment index was 100 in 2010, it went down to 99 points in 2011. Compared to 2010, in 2012, 2013 and 2014, employment index increased by 24, 25 and 28 points respectively.

3.8. Productivity

6911.10	2010	2011	2012	2013	2014
Index	100	104	90	91	108

Representing production quantity of porcelain tableware and kitchenware per person, productivity index increased by 4 points in 2011 compared to 2010. Index on productivity decreased to 90 points in 2012. Productivity index increased to 91 points in 2013, and to 108 points in 2014.

6912.00	2010	2011	2012	2013	2014
Index	100	123	160	165	174

Productivity in production of the ceramic tableware and kitchenware increased in the period 2010-2014. While the productivity index was 100 in 2010, it increased by 74 points in 2014 compared to 2010.

3.9. Profitability

6911.10	2010	2011	2012	2013	2014
Profitability index	100	126	70	-32	-16

Profitability rates from porcelain tableware and kitchenware sales of the applicants followed a positive trend until 2013 and began to follow a negative trend after 2013. While profitability index was 100 in 2010, it reduced by 116 points in 2014 compared to 2010.

6912.00	2010	2011	2012	2013	2014
Profitability index	-100	-135	-355	-281	-15

Profitability rates from the ceramic tableware and kitchenware sales followed a negative path during the period 2010-2014. Compared to the base year 2010, in which index was -100, profitability index increased by 85 points in 2014. Nevertheless, domestic production still showed loss in 2014 and profitability index became -15 in 2014.

4. CONCLUSION

In order to eliminate serious injury on domestic production, which was brought about by increasing imports, implementation of a safeguard measure on imports of porcelain and ceramic tableware and kitchenware is requested.

ANNEX: Import Statistics By Country of Origin

6911.10	2010		2011		2012		2013		2014	
Country	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD
CHINA	27.968.140	80.796.433	26.045.190	88.612.702	20.611.850	81.850.934	26.149.626	98.770.959	39.495.318	153.164.426
BANGLADESH	580.564	3.201.905	903.373	4.202.629	1.590.169	6.194.376	2.689.947	8.763.982	1.615.561	7.180.724
EGYPT	443.545	1.030.455	734.827	1.601.797	1.160.892	2.221.507	867.815	1.873.973	887.444	1.861.093
UAE.	202.012	761.739	390.720	1.648.974	341.228	1.444.459	343.256	1.557.852	514.249	2.197.363
TUNISIA	1.066.278	3.769.138	809.951	2.951.381	511.345	1.728.781	312.864	942.292	374.432	1.412.965
POLAND	601.998	3.013.914	737.309	3.873.818	621.736	2.909.077	512.695	2.652.796	323.815	1.754.180
THAILAND	252.469	2.134.018	311.325	2.076.919	244.302	1.901.858	185.041	1.546.633	299.346	2.154.880
GERMANY	81.512	1.774.599	251.798	4.087.148	426.895	3.755.037	256.908	3.220.883	194.813	2.799.277
U.K.	59.104	639.355	166.329	1.516.362	90.510	916.071	163.874	1.561.750	184.307	2.059.435
IRAN	433.859	1.594.583	791.109	2.762.640	388.946	1.114.237	421.097	848.761	133.088	264.403
INDONESIA	78.291	890.866	612.700	2.625.372	160.654	1.445.998	63.258	1.022.697	116.762	1.274.711
S. KOREA	31.981	291.469	39.006	450.432	52.486	558.318	72.024	952.047	78.923	1.026.942
MALAYSIA	13.505	92.004	1.928.280	4.711.560	2.219.295	6.099.123	938.955	2.559.010	59.080	238.568
FRANCE	29.291	761.689	38.479	955.856	23.013	470.051	63.011	750.479	53.453	775.603
INDIA	5.090	30.175	36.317	339.019	38.995	251.693	24.112	158.610	50.415	250.303
ITALY	30.130	369.010	26.608	443.568	22.268	246.622	45.848	329.996	50.377	407.027
PORTUGAL	115.226	625.379	108.937	589.977	24.934	296.181	34.683	298.939	31.999	285.326
CZECH REP..	27.969	129.542	27.069	196.999	18.113	139.264	28.644	239.145	30.854	250.732
SRI LANKA	20.259	75.646			4.988	102.270	10.421	193.223	24.165	235.362
JAPAN	7.203	90.401	12.307	150.831	24.815	205.339	5.975	79.669	19.798	311.217
Total	32.048.426	102.072.320	33.971.634	123.797.984	28.577.434	113.851.196	33.190.054	128.323.696	44.538.199	179.904.537
Other Countries	95.986	639.028	310.089	1.476.016	1.363.697	5.646.609	110.095	865.690	24.969	302.063
Grand Total	32.144.412	102.711.348	34.281.723	125.274.000	29.941.131	119.497.805	33.300.149	129.189.386	44.563.168	180.206.600

6912.00	2010		2011		2012		2013		2014	
Country	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD	Quantity (kg)	USD
CHINA	4.600.854	8.292.347	3.719.255	9.486.119	1.857.103	6.516.463	4.408.986	11.416.066	7.681.724	20.731.125
THAILAND	194.038	631.360	362.186	1.212.783	357.271	1.412.051	349.981	1.194.096	349.246	1.426.090
PORTUGAL	71.517	272.000	282.743	1.480.339	182.849	921.968	78.546	332.995	286.219	1.390.323
ROMANIA	67.055	161.871	93.896	202.221	94.582	215.060	133.029	320.996	195.759	442.924
VIETNAM	188.498	271.690	72.819	114.169	174.350	300.452	195.419	333.993	149.642	275.676
U.K.	7.356	55.063	73.109	416.363	43.089	329.026	85.635	601.543	123.427	940.031
ITALY	4.548	85.201	21.523	234.883	8.293	97.746	6.206	80.657	90.630	320.455
INDONESIA	4.591.191	3.973.021	3.287.367	3.085.874	2.332.964	2.378.004	1.444.142	1.522.767	76.462	82.369
FRANCE	8.187	149.633	8.399	139.674	11.100	176.843	56.469	234.364	52.556	268.936
GERMANY	5.836	53.998	11.914	48.779	12.428	42.468	5.454	29.446	14.699	59.195
SPAIN	29	722	25	1.458	117	2.734	17.973	125.118	10.971	88.910
MALAYSIA	19	802	97.374	213.115	552.608	982.767	274.779	862.046	10.320	45.873
USA.	444	15.849	149	6.249	34	296	5.186	38.159	7.001	56.572
INDIA	1.260	19.604	11.777	144.067	4.246	25.255	1.656	30.196	5.539	56.519
BRAZIL					8	412			5.253	72.177
BULGARIA	5.400	10.878	370	834					4.400	3.568
TAIWAN	4.753	39.190	70.837	276.187	8.889	69.857	11.514	112.821	3.550	24.912
POLAND	1.140	8.973	3.841	32.406	2.221	17.326	609	6.734	2.128	34.283
JAPAN	127	2.579	138	3.184	279	5.436	263	3.089	1.653	28.786
NETHERLANDS	650	6.472	227	3.751	523	8.360	52	1.438	1.031	1.873
Total	9.752.902	14.051.253	8.117.949	17.102.455	5.642.954	13.502.524	7.075.899	17.246.524	9.072.210	26.350.597
Other Countries	5.645	33.878	4.536	66.473	11.788	19.559	6.834	33.130	2.635	23.853
Grand Total	9.758.547	14.085.131	8.122.485	17.168.928	5.654.742	13.522.083	7.082.733	17.279.654	9.074.845	26.374.450