

WORLD TRADE ORGANIZATION

G/SG/N/7/EGY/4
G/SG/N/11/EGY/2
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Committee on Safeguards

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NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS BEFORE TAKING A PROVISIONAL SAFEGUARDS MEASURE REFERRED TO IN ARTICLE 6

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

EGYPT

Cotton Yarn

The following notification, dated 29 December 2011, is being circulation at the request of the Delegation of Egypt.

We enclose a notification pursuant to article 12.4 of the agreement on safeguards, before taking a provisional safeguard measure against imports of cotton yarn; and a notification pursuant to Article 9, footnote 2 of the agreement on safeguards, on taking a decision not to apply the measure to products originating in developing countries.

NOTIFICATION UNDER ARTICLE 12.4 BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE

1. The product subject to the proposed provisional safeguard measure

The product subject to the proposed provisional safeguard measure is cotton yarn. The product concerned is currently classified under the customs tariff subheadings 52.05, 52 06 and 52 07 within the Egyptian Customs Tariff Classification.

2. The proposed provisional safeguard measure

It is proposed to impose a provisional safeguard measure in the form of additional duty 3.33 EGP/kg.

3. Entry into force of the proposed provisional safeguard measure

The provisional safeguard measure is proposed to enter into force, with the publication of the decree of the Minister of Foreign Trade and Industry, which was issued on 29/12/2011, in the Official Gazette.

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4. The expected duration of the provisional safeguard measure

The provisional safeguard measure will be applied for 200 days from the date of publication in the Official Gazette.

5. The basis for:

5.1 Making a preliminary determination, as provided for in Article 6 of the Agreement on Safeguards, that increased imports are causing or threatening to cause serious injury:

Increase in imports

A preliminary analysis of the increase in imports into the Egyptian market of the subject product has been carried out over the period 2007/2008 to 2010/2011, both in absolute terms, and relative to domestic production. The analysis found that imports of the product concerned increased considerably in that period.

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Imports volume /tonne	55,124	101,467	101,012	142,289
Change %		84	—	41
Change Imports/Domestic Production		99	(3)	72

The information indicates an increase in imports by 84 per cent in 2008/2009 when compared to 2007/2008, and an increase by 41 per cent in 2010/2011 when compared to 2009/2010.

The information further indicates that the change of imports as a percentage of domestic production increased by 99 per cent in 2008/2009 when compared to 2007/2008, and decreased by 3 per cent in 2009/2010 when compared to 2008/2009, and increased by 72 per cent in 2010/2011 when compared to 2009/2010.

Serious injury

In order to make a preliminary determination of serious injury to the domestic industry producing the like or directly competitive product, an evaluation of all relevant factors on an objective and quantifiable basis having a bearing on its situation has been undertaken.

1. Market share

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Change in Market share of the Domestic Industry	-	(39)	28	(50)
Change in Market share of imports		27	(9)	24

The market share of the domestic industry decreased by 39 per cent in 2008/2009 when compared to 2007/2008; increased by 28 per cent in 2009/2010 when compared to 2008/2009, and then decreased by 50 per cent in 2010/2011 when compared to 2009/2010. At the same time, the market share of imports increased by 27 per cent in 2008/2009 when compared to 2007/2008; decreased by 9 per cent in 2009/2010 when compared to 2008/2009, and then increased by 24 per cent in 2010/2011 when compared to 2009/2010.

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2. Domestic sales

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Change in Sales volume		(11)	42	(46)

The domestic industry's sales decreased by 11 per cent in 2008/2009 when compared to 2007/2008, then increased by 42 per cent in 2009/2010 when compared to 2008/2009; and decreased by 46 per cent in 2010/2011 when compared to 2009/2010.

3. Production

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Change in Production volume		(7)	2	(18)

Production decreased by 7 per cent in 2008/2009 when compared to 2007/2008; then it increased by 2 per cent in 2009/2010 when compared to 2008/2009, and finally decreased by 18 per cent in 2010/2011 when compared to 2010/2011.

4. Productivity

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Change in Productivity		—	15	(20)

Productivity increased by 15 per cent in 2009/2010 when compared to 2008/2009 and decreased by 20 per cent in 2010/2011 when compared to 2009/2010

5. Capacity utilisation rate

	2007/2008	2008/2009	2009/2010	2010/2011
Change in Capacity utilization	-	(2)	15	—

The capacity utilisation decreased by 2 per cent in 2008/2009 when compared to 2007/2008; then increased by 15 per cent in 2009/2010 when compared to 2008/2009, and in 2010/2011 the capacity utilisation remain stable when compared to 2009/2010.

6. Profit and Loss

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Change in Losses	-	10	(64)	12

Losses increased by 10 per cent in 2008/2009 when compared to 2007/2008; then it decreased by 64 per cent in 2009/2010 when compared to 2008/2009. Finally, in 2010/2011 losses increased by 12 per cent when compared to 2009/2010.

7. Employment

(year/year percentage)	2007/2008	2008/2009	2009/2010	2010/2011
Number of employees		(6)	(9)	—

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The number of employees decreased by 6 per cent in 2008/2009 when compared to 2007/2008, then it decreased by 9 per cent in 2009/2010 when compared to 2008/2009. In 2010/2011 the Employment remain stable when compared to 2009/2010.

Conclusion

There has been a significant increase in imports of the product concerned in year 2010/2011 in both absolute and relative terms, which led to a deterioration of the indices of the domestic industry represented in a decline in the domestic sales and their market share, a decline in the production and productivity, in addition to an increase in the inventory volume and, realization of losses.

Causation

For the foregoing reasons, the preliminary conclusion is that there is a correlation between the significant increase in imports and serious injury suffered by the domestic industry.

5.2 Determining the existence of critical circumstances where delay would cause damage, which will be difficult to repair

A preliminary determination has been made that critical circumstances exist in which delay would cause damage which would be difficult to repair.

As indicated above, the serious injury suffered by the domestic industry has worsened during the 2010/2011 with the ever continuing increase in the volume of imports. Given the rate of increase of imports and the situation of the domestic industry, it is considered that the latter will suffer damage, which will be difficult to repair, in the absence of a provisional safeguard measure.

6. Offer of Consultations under Article 12.4

Consistent with Article 12.4 of the Agreement on Safeguards, Egypt is prepared to consult on the provisional safeguard measure with those Members having a substantial interest as exporters of the subject products.

NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2 UPON TAKING A DECISION NOT TO APPLY THE PROVISIONAL SAFEGUARD MEASURE TO CERTAIN PRODUCTS ORIGINATING IN DEVELOPING COUNTRIES

1. Developing Countries Exempted from the Safeguard Measure

Imports from developing country Members shall not be subject to the proposed provisional safeguard measure as long as each Member's imports do not exceed three per cent of total imports into Egypt and the share of the Members with less than a three per cent import share do not collectively account for more than nine per cent of total imports into Egypt.

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