

**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE
AGREEMENT ON SAFEGUARDS ON FINDING A SERIOUS INJURY
OR THREAT THEREOF CAUSED BY INCREASED IMPORTS**

**NOTIFICATION PURSUANT TO ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS**

Statement and Follow-Up Questions Posed by HUNGARY
Regarding the Notification of EGYPT¹

The following communication, dated 17 May 2000, has been received from the Permanent Mission of Hungary.

Let me first thank the delegation of Egypt for the answers² to our questions³ and for providing them well in advance of this meeting.

Since, despite the replies, we are still unclear about whether the introduction of the safeguard measure was justified under the Agreement on Safeguards, we would like to pose five follow-up as well as two new questions.

We provided these questions before this meeting to the Egyptian delegation:

Ad R1. Could you be more specific on these unforeseen developments?

Ad R2. The reply more or less reproduces section 1 of Part II of the notification which contains the summary of the conclusions reached during the investigation of serious injury but does not seem to answer our question that is how the causal link between increased imports and serious injury was established and particularly how the authorities did ascertain that the parallel movement of imports and the decline in the relevant injury factors are not coincidental?

Ad R3. Could Egypt explain what the periods mean for which import data were given and provide the import figures for the same period on a calendar year basis as well?

Ad R5. Could Egypt explain what the periods mean for which relative figures were given and provide indexes on the relative increase of imports for the same period on a calendar year basis as well?

¹ G/SG/N/8/EGY/2-G/SG/N/10/EGY/2 & Suppl.1

² G/SG/Q2/EGY/7

³ G/SG/Q2/EGY/6

Ad R6. We would like to clarify our original question. In essence what we did request were statistics (absolute or at least relative figures) on a calendar year basis to get a better picture of the situation of the domestic industry.

New Question 1

Could Egypt provide us with data and information on the development of productivity and employment which notwithstanding the relevant provision of the Agreement seems to be missing from the notification.

New Question 2

In light of the second criterion set out in Articles 2.1 and 4.2(a) of the Agreement on Safeguards, could you please indicate those conditions which together with the increased imports caused serious injury?

After having gone through our questions let me emphasize that they have been drawn up with the aim of getting a better understanding of the circumstances that led to the imposition of the safeguard measure on fluorescent lamps which is affecting the Hungarian export of these products since the information contained in notification G/SG/N/8/EGY/2-G/SG/N/10/EGY/2 did not seem to be sufficiently detailed to come to any well-founded conclusion regarding the consistency of the safeguard measure with the relevant provisions of the Agreement on Safeguards.

There is, however, one aspect of the safeguard measure, its product coverage, where we have serious doubts about whether the relevant rules of the Agreement have been fully abided by.

While the way in which Egypt has presented the import figures makes their proper interpretation somewhat difficult, there is at least one very specific category of fluorescent lamps, those with a diameter of 38 mm where we have information which points to the fact that imports have remained stable in recent years. Moreover, these lamps are not being produced domestically and they are destined to a specific segment of the Egyptian market thus they are not competing with lamps of a different diameter. We therefore consider that under the relevant provisions of the Agreement on Safeguards there is no justification to retain this product category within the scope of the safeguard measure.

In this context, let me state that we welcomed the recent notification by Egypt (G/SG/N/8/EGY/2/Suppl.1-G/SG/N/10/EGY/2/Suppl.1) according to which the scope of the safeguard measure has been limited to fluorescent lamps of length 60 and 120 cm. This did provide comfort to us that the Egyptian authorities are well aware of the need for a very careful definition of the scope of a safeguard measure in order to avoid the inclusion of products the importation of which are not among the causes of serious injury being faced by the domestic industry.

Therefore, we would like to express our sincere hope that the Egyptian authorities will revise the scope of the safeguard measure and within a short period of time remove the above-mentioned products therefrom since their imports could clearly not have contributed in any way to the serious injury faced by the domestic industry according to Egypt.
