

**NOTIFICATION UNDER ARTICLE 12.1(a) OF THE AGREEMENT
ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION
AND THE REASONS FOR IT**

VENEZUELA

The following communication, dated 18 November 2002, has been received from the Permanent Mission of Venezuela.

I have the honour to inform you that the Technical Secretariat of the Anti-Dumping and Subsidies Commission (CASS), by way of Decision No. ST-S-AP002/02 of 23 September 2002, has agreed to initiate a safeguards investigation into imports of footwear falling under Venezuelan Customs Tariff headings 6401.91.00, 6401.92.00, 6401.99.00, 6402.19.00, 6402.20.00, 6402.91.00, 6402.99.00, 6403.19.00, 6403.20.00, 6403.40.00, 6403.51.00, 6403.59.00, 6403.91.00, 6403.99.00, 6404.11.00, 6404.19.00, 6404.20.00, 6405.10.00, 6405.20.00, and 6405.90.00.

To that effect and in compliance with Article 12.1(a) of the Agreement on Safeguards, I enclose the notification of the initiation of the above investigation, in accordance with the notification format agreed by the WTO Committee on Safeguards, for prompt information to the Members.

Pursuant to Article 12.1(a) of the WTO Agreement on Safeguards, and taking into account the model proposed by the Committee on Safeguards (G/SG/N/6, dated 7 February 1995), the Committee is hereby informed that the competent Venezuelan authority has initiated the following safeguards investigation.

1. Date of initiation of the investigation: By means of Decision No. ST-S-AP002/02, dated 23 September 2002¹, the Technical Secretariat of the Anti-Dumping and Subsidies Commission agreed to initiate a safeguards investigation into the imports specified below. The Technical Secretariat initiated the investigation pursuant to Order No. ST-ST-001/02 of 21 October 2002

2. Products subject to the investigation: Footwear falling under Venezuelan Customs Tariff headings 6401.91.00, 6401.92.00, 6401.99.00, 6402.19.00, 6402.20.00, 6402.91.00, 6402.99.00, 6403.19.00, 6403.20.00, 6403.40.00, 6403.51.00, 6403.59.00, 6403.91.00, 6403.99.00, 6404.11.00, 6404.19.00, 6404.20.00, 6405.10.00, 6405.20.00, and 6405.90.00.

¹ The text of Decision No. ST-S-AP002/02 of 23 September 2002 was published in Official Journal of the Republic of Venezuela No. 37.550 of 16 October 2002.

3. Reasons for initiation of the investigation:

- (i) The investigation was initiated through an official notification from the Ministry of Production and Trade ordering the verification body, namely the Technical Secretariat of the Anti-Dumping and Subsidies Commission (CASS), to initiate an *ex officio* safeguards investigation into footwear imports.
 - (ii) The Technical Secretariat of the Anti-Dumping and Subsidies Commission opened the investigation on the basis of a technical report by the Directorate-General of Industrial Sectors of the Vice-Ministry of Industry of the Ministry of Production and Trade, which concludes that there is sufficient evidence of increased imports of footwear, of injury to a significant portion of the domestic industry, and of a causal link between the two. The Technical Secretariat also analysed the information in the above report, noting that there was sufficient evidence of a substantial increase in footwear imports, of a decline in the variables of domestic production, and of a causal relationship. On the basis of the supplementary information provided by the Ministry of Production and Trade on the current situation of the domestic industry, the Technical Secretariat likewise noted that there was sufficient evidence in terms of the number of enterprises in the footwear sector having ceased operations, loss of employment in that sector, decline in the economic variables of domestic footwear production, and agreements between enterprises in the footwear sector and workers' unions tending to increase flexibility in working hours and in the payment of workers' wages. The Technical Secretariat thus assessed the merits of initiating the investigation and considered that there was sufficient evidence of increased imports and serious injury to the domestic industry as a result of such an increase.
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