

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

COSTA RICA

The following communication, dated 13 March 2002, has been received from the Permanent Mission of Costa Rica.

In accordance with the notification format adopted by the Committee on Safeguards in document G/SG/1 of 1 July 1996, attached please find the notification from Costa Rica under Article 12.4 of the Agreement on Safeguards, establishing a provisional safeguard measure against the importation of pounded rice and rice in the husk in the manner described therein.

COSTA RICA

Notification under Article 12.4 of the Agreement on Safeguards Before Taking a Provisional Safeguard Measure Referred to in Article 6

Pursuant to Article 12.4 of the Agreement on Safeguards, and in accordance with the notification format adopted by the Committee on Safeguards in document G/SG/1 of 1 July 1996, the Government of Costa Rica hereby announces that the Ministry of the Economy, Industry and Trade (MEIC) decided to recommend that a provisional safeguard measure be applied to imports of rice in the husk and pounded rice, pursuant to Resolution 19-2002 of 7 March 2002. This resolution is being issued in connection with the investigation initiated on 4 March 2002.

1. Description of the products subject to the proposed provisional measure

- Rice in the husk not intended for sowing, classified under tariff code 1006.10.90 in the Central American Tariff System (SAC);
- pounded rice, semi-milled rice (including polished or glazed rice), classified under tariff code 1006.30.00 in the Central American Tariff System (SAC).

2. Proposed provisional measure

The safeguard measure recommended by the Ministry of the Economy, Industry and Trade consists of *ad valorem* tariff surcharges which will be applied in the following manner:

- 27.11 per cent for imports of rice in the husk, tariff item 1006.10.90 in the Central American Tariff System.
- 20.70 per cent for imports of pounded rice, tariff item 1006.30.10 in the Central American Tariff System.

3. Date set for the introduction of the provisional safeguard measure

The measure will take effect on 12 March 2002.

4. Envisaged duration of the provisional safeguard measure

The provisional safeguard measure will be applied for a maximum period of 200 days.

5. Bases for the preliminary determination of an increase in imports that has caused or threatens to cause serious injury

The Ministry of the Economy, Industry and Trade found that the volume of imports of these products has increased in absolute terms, and in an unexpected and unforeseeable manner, as described in the notification pertaining to the initiation of the investigation. Furthermore, it was found that in relative terms, these imports would go from representing 29 per cent to 70 per cent of domestic production. The resolution concluded that these imports threaten to cause serious injury to the domestic industry, *inter alia* on account of the fact that these items would inflict serious damage on producers' incomes. This is because a significant increase in the total supply of rice would inevitably trigger a considerable downturn in domestic producer prices, which would then fall short of domestic producers' costs, thereby wiping out any possible profits. Additional factors highlighting the threat of

injury are as follows: the sharp increase in the tempo of imports; the fact that imports would displace domestic production by a figure amounting to almost 31 per cent of consumption; and the fact that producers would have their sales to manufacturers sharply curtailed, with the resulting loss of jobs. Finally, the resolution establishes that there is a causal link between the increase in imports and the threat of injury.

6. Bases for determining the existence of critical circumstances where delay would cause damage which it would be difficult to repair

The Ministry of the Economy, Industry and Trade found that according to information analysed in the first instance, critical circumstances are present in which any delay in introducing the provisional safeguard measure would cause damage for the domestic industry which it would be difficult to repair. This conclusion reflects the adverse impact which the imports would have on producer prices, which would in turn be reduced to a level below production costs. As a result, producers would sustain financial losses which they would find it impossible to recoup.
