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**Committee on Safeguards**

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**NOTIFICATION UNDER ARTICLE 7.2 AND 12.1(C) OF THE AGREEMENT ON  
SAFEGUARDS (EXTENSION OF THE EXISTING MEASURE)****NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2,  
OF THE AGREEMENT ON SAFEGUARDS**

MADAGASCAR

*Pasta*

The following communication, dated and received on 20 July 2023, is being circulated at the request of the delegation of Madagascar.

Pursuant to Articles 7.2 and 12.1(c) of the Agreement on Safeguards, the Committee on Safeguards is hereby notified of the outcome of the review investigation in respect of the extension of the safeguard measure on imports of pasta into Madagascar.

Pursuant to Article 12.3 of the Agreement on Safeguards, Madagascar is prepared to consult with those Members having a substantial interest as exporters of the product concerned.

**1 NOTIFICATION UNDER ARTICLES 7.2 AND 12.1(C) OF THE AGREEMENT ON  
SAFEGUARDS UPON TAKING A DECISION TO EXTEND A SAFEGUARD MEASURE****1.1 Evidence that the safeguard measure continues to be necessary to remedy or prevent  
serious injury and that the industry concerned is adjusting**

In order to determine whether the safeguard measure continues to be necessary to prevent or remedy serious injury, and whether the domestic industry has made adjustments, the National Authority for Trade Remedies (ANMCC) conducted a comprehensive analysis of relevant indicators having a bearing on the economic situation of the domestic pasta industry, as well as import trends over the period of application of the measure.

**a. Import trends**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Imports (in tonnes)	30,039	21,900	26,756	14,268
Imports (index base 100 = 2019)	100	73	89	47
Imports/production (Index base 100 = 2019)	100	58	48	28

In absolute terms, pasta imports fell 27 index points for the first year in which the safeguard measure was applied. Pasta imports increased from 21,900 tonnes to 26,756 tonnes between 2020 and 2021, an increase of 16 index points. Imports fell sharply again in 2022. Relative to domestic production, pasta imports fell a considerable 72 index points during the period under review. The largest fall occurred in the first year in which the safeguard measure was applied, when imports fell 42 index points.

## b. Situation of the domestic industry

To evaluate the economic situation of the domestic industry, import trends and other relevant data were analysed. The ANMCC reviewed the data for the period under review:

	2019	2020	2021	2022
Consumption (index base 2019 = 100)	100	94	132	99
Market share of imports (index base 100 = 2019)	100	78	68	48
Domestic production (index base 100 = 2019)	100	126	184	167
Production capacity (index base 100 = 2019)	100	126	126	194
Production capacity utilization rate	54%	54%	79%	47%
Production capacity utilization rate (index base 100 = 2019)	100	100	146	86
Sales (index base 100 = 2019)	100	123	193	172
Turnover (index)	100	145	221	249
Inventory volume (index base 100 = 2019)	100	196	105	383
Employment (index base 100 = 2019)	100	141	164	165
Productivity (index base 100 = 2019)	100	90	112	101
Financial results (index base 100 = 2019)	100	134	111	155

Although domestic consumption was not stable over the analysis period, it did not fall significantly.

The market share taken by imports decreased 52 index points during the period under review.

The volume of pasta produced by the domestic industry increased by 67 index points over the whole period of application of the measure. However, the 17% fall in production in 2022 relative to 2021's production volume is a new source of concern for the domestic industry.

Production capacity in the domestic industry increased 94 index points during the period under review. As the volume of production increased up until 2021, the domestic industry's production capacity utilization rate followed this upward trend for the same period. However, in 2022, this rate fell sharply due to the decline in domestic production, which has not kept pace with the increase in production capacity.

Sales volumes are following the same trend as that of domestic production. A steady rise was recorded for the first three years period of application of the measure before a significant fall of 21 index points in 2022.

Turnover in the domestic industry rose by 149 index points during the period under review.

The volume of inventories in the sector rose by 283 index points during the period under review, reflecting difficulties in selling products, particularly in 2022, when sales fell.

The level of employment increased 41 index points in 2020 compared to 2019, and 23 index points between 2020 and 2021. During the period under review, from 2019 to 2022, the number of employees in the domestic production sector increased 65 index points.

Productivity in the domestic industry remained largely stable, despite a fluctuation in 2020 and 2021. The increase in the workforce does not correlate with the increase in the volume of pasta produced. It was for this reason why productivity fell 10 and 11 index points in 2020 and 2022, respectively, compared to previous years.

Profitability of the domestic industry improved considerably. There was an increase of 55 index points between 2019 and 2022. However, compared to 2020, a fall of 23 index points was recorded in 2021.

The indicators discussed above demonstrate the effectiveness of the measure applied since 2019 which led to an improvement in the domestic industry's performance. However, the injury it has suffered has not been fully repaired in terms of certain indicators such as inventories and profitability.

## 1.2 Description of the product subject to the safeguard measure

Pasta in the form of spaghetti, macaroni, noodles or in any other form, classified under tariff headings: **1902 11 00**, **1902 19 00**, **1902 20 00** and **1902 30 00** of Madagascar's customs tariff codes.

## 1.3 Description of the proposed measure

The proposed measure is in the form of tariff quotas with an annual fixed quota of 15,000 tonnes and an additional duty of 27% of the c.i.f. value for out-of-quota imports.

## 1.4 Proposed date of introduction of the measure

The proposed measure will enter into force on 1 August 2023.

## 1.5 Expected duration of the measure

The expected duration of the proposed measure is four (4) years.

## 1.6 Expected timetable for progressive liberalization of the measure

Period	Quota	Additional duty
1 August 2023 to 31 July 2024	15,000 tonnes	27%
1 August 2024 to 31 July 2025		26%
1 August 2025 to 31 July 2026		25%
1 August 2026 to 31 July 2027		24%

## 1.7 If the notification relates only to a finding of serious injury or threat thereof, and does not relate to a decision to apply or extend a safeguard measure

Not applicable.

## 1.8 If the notification relates to a decision to apply or extend a safeguard measure, Members are encouraged to provide the following information:

### a. The major exporting Members of imports of the product involved

The main countries exporting pasta to Madagascar are Egypt, Indonesia and Tunisia.

### b. If there are any exporting Members to which the measure does not apply for any reason other than the application of Article 9.1, the names of such exporting Members and reasons for non-application of the measure

Not applicable.

## 1.9 Information relating to the extension of a safeguard measure

### a. Evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof

Following the application of the safeguard measure, the economic indicators of the domestic industry improved significantly as of 2019. However, the situation of the domestic industry remains fragile. If the measure is therefore not extended, the increase in imports will surge, again threatening domestic industries. This is why the safeguard measure continues to be necessary.

### b. Evidence that the industry concerned is adjusting

The domestic industry has implemented its adjustment plan aimed at increasing production capacity, improving production processes, product quality and cost control, and strengthening the workforce, staff technical capacity and trade strategy.

The improvement seen in most of the economic indicators analysed as part of the review investigation is clear evidence of the adjustments undertaken by the domestic industry. However, the early stage of this situation means that the measure must be maintained.

**c. Reference to the WTO document that notified the initial application of the measure**

WTO documents containing the original measure are: G/SG/N/8/MDG/4 - G/SG/N/10/MDG/4 - G/SG/N/11/MDG/4/Suppl.1 and G/L/1362 - G/SG/247.

**d. Duration of the measure from initial application until the date at which it will be extended**

Madagascar applied a safeguard measure on imports of pasta for a period of four years, from its entry into force on 1 August 2019 to 31 July 2023. Madagascar plans to extend this safeguard measure for a further four years.

**e. Precise description of the measure in place prior to the date of extension**

The latest version of the measure in force can be found in notification: G/1/1423 - G/SG/N/13/MDG/3.

**f. Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority.**

The official documents regarding the investigation and the final decision can be found at: [www.anmcc.mg](http://www.anmcc.mg).

## **2 NOTIFICATION UNDER ARTICLE 9.1, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS**

### **2.1 Description of the product subject to the safeguard measure**

Pasta in the form of spaghetti, macaroni, noodles or in any other form, classified under tariff headings: **1902 11 00, 1902 19 00, 1902 20 00** and **1902 30 00** of Madagascar's customs tariff codes.

### **2.2 Description of the proposed measure**

The proposed measure is in the form of tariff quotas with an annual fixed quota of 15,000 tonnes and an additional duty of 27% of the c.i.f. value for out-of-quota imports.

### **2.3 Developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards**

*Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia, Plurinational State of; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Central African Republic; Chad; Chile; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; India; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Malaysia; Maldives; Mali; Marshall Islands; Mauritania; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; North Macedonia; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Samoa; Saudi Arabia; Senegal; Seychelles; Sierra Leone; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Uganda; Ukraine; United Arab Emirates; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.*

### **3 OFFER OF CONSULTATIONS UNDER ARTICLE 12.3**

Pursuant to Article 12.3 of the Agreement on Safeguards, Madagascar is ready to hold consultations on the proposed safeguard measure with those Members having a substantial interest as exporters of the product concerned.

### **4 FURTHER INFORMATION**

Further information may be obtained from:

Director-General of the National Authority for Trade Remedies (ANMCC)  
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