

15 January 2021

(21-0512)

Page: 1/4

Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT
THEREOF CAUSED BY INCREASED IMPORTS****NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE****NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2
OF THE AGREEMENT ON SAFEGUARDS**

UKRAINE

fresh cut roses

The following communication, dated 14 January 2021, is being circulated at the request of the Delegation of Ukraine.

Pursuant to Article 12.1(b) of the Agreement on Safeguards, Ukraine notifies on finding a serious injury or threat thereof to the domestic industry producing fresh cut roses and on proposed safeguard measures. This notification contains all pertinent information relating to the proposed safeguard measures in accordance with Article 12.2 of the Agreement on Safeguards and an offer for consultations pursuant to Article 12.3 of the Agreement on Safeguards.

On 22 May 2020 the Interdepartmental Commission on International Trade (hereinafter referred as the Commission) took the decision "On initiation and conduction of safeguard investigation on imports to Ukraine of fresh cut roses regardless of country of origin and export" No. SP-449/2020/4411-03 (G/SG/N/6/UKR/18 of 12 June 2020). On 28 May 2020 the abovementioned decision was published in the official newspaper "Uryadovyi Courier" No. 100.

The investigation had been initiated pursuant to the application of the domestic industry in particular by LLC "Askania-Flora" (hereinafter referred as the Applicant).

**1 PROVIDE EVIDENCE, CITING RELEVANT DATA AND THE APPLICABLE PERIOD OF
INVESTIGATION OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED
IMPORTS**

The period of investigation: 2017, 2018, 2019, 1 July 2019 – 30 June 2020.

The results of the analysis of the Applicant's economic situation show that during the investigation period:

- production volumes decreased by 26.32%;
- the sales of the product on the domestic market decreased by 25.34%;
- the loss from the sale of the product on the domestic market increased 3 times;
- sales prices of the Applicant's of the product on the domestic market increased by 14.86%;

- profitability from the sale of the product on the domestic market is negative and had increased 2.5 times;
- the level of labor productivity decreased by 24.96%.
- the cost of the product increased by 23.05%;
- stocks at the end of the period decreased by 0.71%;
- liquidity conditions decreased by 57.89%;
- the investments decreased in the last period by 22.38%;
- the employment decreased by 1.75%.

Taking into account the peculiarities of statistical observation of production volumes in Ukraine that are carried out on the basis of annual reports, the analysis of the Applicant's share in consumption of goods in Ukraine was conducted for calendar periods (1st, 2nd, 3rd periods).

In the third annual period compared to the first annual period, the Applicant's share in consumption decreased by 26.40% with an increase in apparent consumption of goods in Ukraine by 40.11%.

The cumulative assessment of the above factors led to the findings of the material injury to the national producer.

2 PROVIDE INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

According to the results of the analysis, it was found that during the investigation, imports of goods into Ukraine in absolute terms increased by 71.37%.

Taking into account the peculiarities of statistical monitoring of production volumes in Ukraine that are carried out on the basis of annual reports, the analysis of consumption in Ukraine, as well as the share of imports in production and consumption in Ukraine was conducted for calendar periods (1st, 2nd and 3rd periods).

In the third annual period, compared to the first annual period, the share of imports in relation to production increased by 72.33%, and in consumption by 40.11%.

The major exporting countries of imports of the product involved

Countries of imports	1st period	2nd period	3rd period	4th period
fresh cut roses imports, thousand units				
Ecuador	18 276	22 506	30 877	31 140
Kenya	2 758	4 087	5 460	6 509
Colombia	4 626	6 077	7 750	8 890
Netherlands	7 041	8 058	11 146	9 757

Based on the above-mentioned, it was found that during the investigation period there was a significant increase in volume of the import of goods to Ukraine.

In accordance with Article XIX:1 of the GATT 1994, the investigating authority has considered unforeseen developments that led to a significant increase in volume of the import of goods, which caused significant injury to the domestic industry producing the like product.

Throughout the investigation period, there was a significant, sudden, recent and sharp increase in import that could not have been foreseen by the domestic producer. In the 4th period compared to the 1st the import of the product increased by 71.37%; compared to the 2nd period – by 24.90%; compared to the 3rd period – by 35.06%. Thus, it can be stated that the growth of import was recent and sharp to comply with the provisions of WTO agreements.

The import volumes increased due to unforeseen circumstances such as call for the introduction of quarantine measures by the Russian Federation (hereinafter referred as Russia) regarding the import of flowers from the countries of the European Union (here in after referred as the EU).

During 2015-2019, the volume of export of fresh cut roses from the EU to Russia has halved both in quantity (from 186 million units to 89 million units) and in terms of value (from 61,404 thousand euros to 34,017 thousand euros).

In the same period of time, the consumption of the product in European countries decreased from 4 to 16% due to stagnation in the economy and due to rising other costs (food, utilities, etc.).

As a result of a combination of factors, foreign producers began to reorient their markets that directly affected the volume of import of the product to Ukraine.

Thus, there is a reason to believe that there are facts about probable unpredictable, recent, sudden and sharp growth of imports, and, as a consequence, causing significant harm to domestic producers and the development of imbalances in favor of foreign producers-suppliers of the product to Ukraine.

3 PROVIDE PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

Fresh roses, suitable for bouquets or for ornamental purposes that can be classified under to the UKTZED code 0603 11 00.

4 PROVIDE PRECISE DESCRIPTION OF THE PROPOSED MEASURE

Safeguard duty of 139.7%.

5 PROVIDE PROPOSED DATE OF INTRODUCTION OF THE MEASURE

February 2020.

6 PROVIDE EXPECTED DURATION OF THE MEASURE

Safeguard measures are planned to be imposed for a period of three years.

7 PROVIDE FOR A MEASURE WITH A DURATION OF MORE THAN THREE YEARS THE PROPOSED DATE FOR THE REVIEW (UNDER ARTICLE 7.4) TO BE HELD NOT LATER THAN THE MID-TERM OF THE MEASURE, IF SUCH A DATE FOR THE REVIEW HAS ALREADY BEEN SCHEDULED

Not applicable.

8 IF THE EXPECTED DURATION IS OVER ONE YEAR, TO PROVIDE EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

The level of the duty should be decreased by 5% annually during measures validity.

1st year (from the date of application) – 139,7%.

2nd year (12 months from the date of application) – 132,7%;

3rd year (24 months from the date of application) – 126,1%.

9 TO PROVIDE INFORMATION RELATING TO THE EXTENSION OF A SAFEGUARD MEASURE

Not applicable.

10 EXCLUSION OF CERTAIN COUNTRIES FROM THE SCOPE OF THE DEFINITIVE MEASURES

According to the Article 9.1 of the Agreements on Safeguards (List of the Least Developed Countries of the United Nations), Free Trade Agreement between the EFTA States and Ukraine dated 24.06.2010, Free Trade Agreement between the Government of Ukraine and the Government of

Montenegro dated 18.11.2011, Free Trade Agreement of the Commonwealth of Independent States, dated 18.10.2011 and taking into account Chapter 8 of the Article XXIV of the General Agreement on Tariffs and Trade 1994 imports of goods described in paragraph 3 of this notification to Ukraine originating from the following countries should be excluded from the application of the definitive measures: the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Swiss Confederation, the Republic of Montenegro, the Republic of Azerbaijan, the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Republic of Kyrgyzstan, the Republic of Moldova, the Republic of Uzbekistan, the Republic of Tajikistan, Turkmenistan, the Islamic Republic of Afghanistan, the Republic of Angola, the People's Republic of Bangladesh, the Republic of Benin, the Kingdom of Bhutan, the Republic of Burkina Faso, the Republic of Burundi, the Kingdom of Cambodia, the Central African Republic, the Republic of Chad, the Union of the Comoros, the Democratic Republic of the Congo, the Republic of Djibouti, the State of Eritrea, the Federal Democratic Republic of Ethiopia, the Islamic Republic of Gambia, the Republic of Guinea, the Republic of Guinea-Bissau, the Republic of Haiti, the Republic of Kiribati, the Lao People's Democratic Republic, the Kingdom of Lesotho, the Republic of Liberia, the Republic of Madagascar, the Republic of Malawi, the Republic of Mali, the Islamic Republic of Mauritania, the Republic of Mozambique, the Republic of the Union of Myanmar, the Federal Democratic Republic of Nepal, the Republic of Niger, the Republic of Rwanda, the Democratic Republic of Sao Tome and Principe, the Republic of Senegal, the Republic of Sierra Leone, Solomon Islands, the Federal Republic of Somalia, the Republic of South Sudan, the Republic of the Sudan, the Democratic Republic of Timor-Leste, the Republic of Togo, Tuvalu, the Republic of Uganda, the United Republic of Tanzania, Vanuatu, the Republic of Yemen, the Republic of Zambia.

11 PROCEDURES RELEVANT TO THE DECISION ON APPLICATION OF THE MEASURES AND INFORMATION REGARDING PROCEDURES FOR PRIOR CONSULTATIONS WITH THOSE MEMBERS HAVING A SUBSTANTIAL INTEREST AS EXPORTERS OF THE PRODUCT CONCERNED

As a measure to prevent the extension of COVID-19, Ukraine proposes, if necessary, to hold the consultations in the form of an exchange of views by providing the information in writings or by means of videoconference.

Members having a substantial interest as exporters of the product subject to the investigation that would like to consult with Ukraine shall send their position papers to the meconomy@me.gov.ua (for official registration) and to the email addresses of the responsible for the investigation persons demchik@me.gov.ua and suhanov@me.gov.ua or request videoconference to be held till **21.01.2021**.
