

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

REPUBLIC OF MOLDOVA

(Cane or Beet Sugar)

The following communication, dated 16 August 2007, is being circulated at the request of the Delegation of Moldova.

Pursuant to Article 12.1(a) of the Agreement on Safeguards and using the format adopted by the Committee on Safeguards (G/SG/N/6), the Republic of Moldova hereby gives notification of the initiation of a safeguards investigatory process, as follows:

1. Date investigation was initiated

On 27 July 2007, the Investigation Authority of the Republic of Moldova decided to initiate an investigation process relating to import of sugar.

2. Products subject to investigation

- Cane or beet sugar and chemically pure sucrose, in solid form – tariff lines:

1701 11 100	1701 12 100	1701 91 000
1701 11 900	1701 12 900	1701 99 100
		1701 99 900

- Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form – tariff lines: 1702 90 790
1702 90 990

3. Reasons for initiation of the investigation

The investigation was initiated by the Investigation Authority of the Republic of Moldova on the basis of a petition submitted by the Union of Sugar Producers from Moldova representing the interests of all Moldovan sugar producers and beet growers.

The Investigation Authority was requested to notice attention to the threat of vast flow of sugar imports after the date of 15 February 2008 when the Law nr.8-XV from 05.02.2004 concerning the application for safeguard measure will lose its force. Thus, will damage the investment programme of the industry, which is in process of resuscitation from injury caused in the period before February 2004.

Safeguard measures adopted through the Law nr. 8-XV from 5 February 2004 as a special duty at the sugar import will expire on 15 February 2008. During the 4 years of implementation of this measure, the industry succeeds to register progresses on the efficiency development and on competitiveness. The situation of agricultural farms was improved through the implementation of advanced technologies of beet sugar cultivation. Thus, the harvest of beet of 2006 year reached 32.5 tonnes/ha comparing to 17 tones/ha in 2003. The created conditions resulted from safeguards application permitted to sugar producers to invest more then 200 mil. MDL (€12 mil.) that have as result the reduction of energy consumption with 24 per cent and production loses with 18 per cent.

The sugar industry during fifteen years before the safeguard measure did not benefit of any investments and of development conditions and the caused injury was too significant for being eliminated in just four years period of safeguards.

The branch investment programme for the next 5-8 years requires a financial effort of €75 mil. The mentioned programme foresees investment both in the industrial sector and agricultural one. The purpose of the investments is to improve the beet processing efficiency, the reduction of ecological risks and the implementation of advanced technologies in the agriculture.

After further examination of the petition, the Investigation Authority has decided to initiate the safeguard investigation.

Statistical data

		2002	2003	2004	2005	2006	2007
Internal Production	1000 tons	114	83	111	133	148	123
Import	1000 tons	72	74	0	8	0	0
Export	1000 tons	38	26	5	13	32	60
<i>Incl.</i>							
Romania		5	27	5	9	14	
Russia		12	0	0	4	18	
Others		21	-	-	-	-	
Sales on internal market	1000 tons	150	105	101	114	86	90
Sugar stocks at the end of the year	1000 tons	63	73	71	83	111	84

		2002	2003	2004	2005	2006	2007 est.	2006 as to 2003
Area under beet cultivation	(1000 ha)	52	39	38	32	33	31	-15.4%
Harvest	(t beets/ha)	21.9	17.0	24.9	30.8	32.5	29.0	91.2%
Sugar content at the reception	(%)	13.90%	16.50%	15.40%	16.80%	17.00%	16.90%	3.0%
Harvest per hectare	(t sugar/ha)	3.0	2.8	3.8	5.2	5.5	4.9	96.4%
Beets collected	1000 tons	1 141	662	944	986	1 074	899	62.2%
Beets processed	1000 tons	1 123	650	927	975	1 062	890	63.4%

		2002	2003	2004	2005	2006	2007 est.	2006 as to 2003
Losses at the reception	%	-1.62%	-1.90%	-1.80%	-1.10%	-1.10%	-1.00%	-42.1%
Sugar extraction	%	10.14%	12.76%	11.95%	13.66%	13.98%	13.80%	9.6%
Productions losses	%	3.76%	3.71%	3.45%	3.10%	3.02%	3.10%	-18.6%
Energy consumption	kWatt / t sugar t		3 674	3 404	2 942	2 785	2 550	-24.2%
Productivity	Sugar/employee	31	28	39	52	63	56	125.0%
Daily processing capacity	t beets/day	21 000	21 000	21 000	18 000	18 000	18 000	-14.3%
Capacity utilization	%	59%	34%	49%	60%	66%	55%	
