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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS
(EXTENSION OF THE EXISTING MEASURE)**

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2
OF THE AGREEMENT ON SAFEGUARDS**

MOROCCO

(Wire Rods and Reinforcing Bars)

Supplement

The following communication, dated 17 December 2015, is being circulated at the request of the delegation of Morocco.

Pursuant to Article 12.1(c) of the Agreement on Safeguards, Morocco hereby notifies the extension of the safeguard measure on imports of wire rods and reinforcing bars.

1 DESCRIPTION OF THE PRODUCT SUBJECT TO THE SAFEGUARD MEASURE

The products subject to the safeguard measure are wire rods with a diameter of 5.5 to 14 millimetres and reinforcing bars with a diameter ranging from 5.5 to 40 millimetres. These products are imported under Moroccan Harmonized System tariff subheadings 7213.91.90.00 (wire rods) and 7214.20.90.00 and 7214.99.91.00 (reinforcing bars).

2 DESCRIPTION OF THE PROPOSED MEASURE

The safeguard measure consists of an additional specific duty of DH 0.55/kg applicable to imports in excess of the quotas of 121,000 tonnes for wire rods and 72,600 tonnes for reinforcing bars.

3 PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The definitive safeguard measure will enter into force on the day immediately following that on which the order imposing this measure is published in Morocco's Official Journal.

4 EXPECTED DURATION OF THE MEASURE

The Moroccan Ministry of Foreign Trade (MCE) plans to renew the safeguard measure for an additional duration of three years, i.e. until 31 December 2018.

5 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

The level of the quota will continue to increase by 10% each year in order to meet the liberalization requirement, in accordance with Article 65 of Law No. 15-09 on trade defence measures and Article 7.4 of the WTO Agreement on Safeguards.

Table 1: Annual quota levels for wire rods and reinforcing bars

(In tonnes)

	From the date of the entry into force of the measure until 31 December 2016	From 1 January 2017 to 31 December 2017	From 1 January 2018 to 31 December 2018
Wire rods	121,000	133,100	146,410
Reinforcing bars	72,600	79,860	46

6 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 remedy or prevent serious injury and whether the Moroccan industry is adjusting in accordance with Article 69 of Law No. 15-09 and Article 7.2 of the WTO Agreement on Safeguards, the MCE examined whether the safeguard measure was still needed to remedy serious injury. In this connection, it examined wire rod and reinforcing bar import trends and the Moroccan industry's economic indicators. The MCE then examined whether the safeguard measure continued to be necessary to prevent serious injury. The examination focused, for that purpose, on the foreseeable and imminent behaviour of the imports and their effects on the Moroccan wire rod and reinforcing bar industry after the lifting of the safeguard measure. The MCE also examined this industry's restructuring programme.

6.1 The safeguard measure continues to be necessary to remedy or prevent serious injury

In order to determine whether the safeguard measure continues to be necessary to remedy serious injury, the MCE examined the domestic industry's economic indicators, namely production, production capacity, rate of capacity utilization, sales, production costs, profitability, inventories, productivity and employment. A slight, but nevertheless very fragile, improvement in the situation of the Moroccan wire rod and reinforcing bar industry was observed.

Table 2: Overview of indicators* of serious injury suffered by the domestic wire rod and reinforcing bar industry

Index: 2011 = 100; 2014 (first half) = 100

		2011	2012	2013	2014	2014 (first half)	2015 (first half)
Imports (tonnes)	Wire rods	72,846	134,146	183,021	165,035	85,970	75,207
	Reinforcing bars	32,973	65,480	179,698	136,996	54,357	52,109
Imports/ Production	Wire rods	100	314	616	526	100	102
	Reinforcing bars	100	250	800	600	100	89
Production (tonnes)	Wire rods	100	59	41	43	100	86
	Reinforcing bars	100	92	83	80	100	103
Production capacity	Wire rods	100	97	97	97	100	100
	Reinforcing bars	100	102	116	116	100	120
Rate of capacity utilization	Wire rods	100	60	42	44	100	86
	Reinforcing bars	100	89	71	69	100	86
Sales (tonnes)	Wire rods	100	56	36	41	100	104
	Reinforcing bars	100	96	86	82	100	109
Turnover (DH thousand)	Wire rods	100	53	35	37	100	95
	Reinforcing bars	100	94	83	76	100	98

		2011	2012	2013	2014	2014 (first half)	2015 (first half)
Average price (DH/T)	Wire rods	100	94	96	90	100	91
	Reinforcing bars	100	96	97	91	100	90
Production costs (DH/T)	Wire rods	100	100.12	91.14	88.47	100	94.13
	Reinforcing bars	100	99.92	92.16	92.96	100	89.57
Results (DH thousand)	Wire rods	100	-67	65	27	100	53
	Reinforcing bars	100	-124	15	15	100	76
Profitability	Wire rods	100	-133	167	67	100	67
	Reinforcing bars	100	-100	18	21	100	100
Final inventories (tonnes)	Wire rods	100	115	94	91	100	30
	Reinforcing bars	100	89	83	104	100	212
Productivity tonne/employee	Wire rods	100	61.43	45.71	51.43	100	90.91
	Reinforcing bars	100	105.86	97.07	93.95	100	99.62
Employment	Wire rods	100	95.84	89.89	84.83	100	96.13
	Reinforcing bars	100	86.48	85.16	85.42	100	104.01

* Source: Data compiled from Foreign Exchange Board statistics and results of a survey for domestic producers.

6.2 Determination as to whether the safeguard measure continues to be necessary to prevent serious injury

In order to determine whether the safeguard measure continues to be necessary to prevent serious injury, the MCE examined the risk that imports would continue to increase in the coming years due to factors such as the following:

- Global (in particular European) over-capacity;
- The threat posed by Chinese exports;
- Measures taken by a number of countries that put further pressure on the international market; and
- The dramatic fall in the price of iron ore.

Having examined the above factors, Morocco concluded that there is a real and imminent risk of imports of wire rods and reinforcing bars increasing once the safeguard measure is lifted, most notably due to the over-capacity of European and Chinese producers.

6.3 Domestic industry adjustment plan

The Moroccan wire rod and reinforcing bar industry has provided evidence showing that it has instituted a structural adjustment plan aimed at increasing the competitiveness of the Moroccan steel sector. However, other adjustment measures are being implemented, which require the application of the safeguard measure for an additional period.

In light of the above-mentioned evidence, Morocco concludes that the safeguard measure continues to be necessary to remedy or prevent serious injury to the domestic wire rod and reinforcing bar industry and that the Moroccan wire rod and reinforcing bar industry is making adjustments to improve its competitiveness.

7 REFERENCE TO THE WTO DOCUMENT THAT NOTIFIED THE INITIAL APPLICATION OF THE MEASURE

The WTO document containing the most recent Article 12.1(c) notification is document G/SG/N/8/MAR/3/Suppl.1 – G/SG/N/10/MAR/3 – G/SG/N/11/MAR/2/Suppl.1, dated 20 December 2013, and the amendment thereto, published on 26 May 2014 in document G/SG/N/8/MAR/3/Suppl.1/Corr.1 – G/SG/N/10/MAR/3/Corr.1 – G/SG/N/11/MAR/2/Suppl.1/Corr.1.

8 THE DURATION OF THE MEASURE FROM INITIAL APPLICATION UNTIL THE DATE ON WHICH IT WILL BE EXTENDED

Morocco applied a provisional safeguard measure to imports of wire rods and reinforcing bars, which entered into force on 30 May 2013. This measure was applied definitively, for a period of two years, on 21 March 2015 and should expire on 31 December 2015. Morocco now intends to extend this safeguard measure until 31 December 2018.

9 DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS

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