



26 September 2016

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Committee on Safeguards

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

CHINA

(Sugar)

The following communication, dated 22 September 2016, is being circulated at the request of the Delegation of China.

1. Date investigation was initiated

22 September 2016.

2. Product under investigation

Sugar is the collective name of any sugar of which sucrose (molecular formula $C_{12}H_{22}O_{11}$) is the main component, consisting of raw sugar and refined sugar. Raw sugar refers to the kind of raw material sugar, made from sugar cane or sugar beets through processing, which is not directly edible or can not be used as additives. Refined sugar refers to any sugar made from sugar cane or sugar beets or raw sugar through processing, which is directly edible or can be used as additives, such as white granulated sugar, brown granulated sugar, superfine sugar, brown sugar, etc.

This product is classified under the following code of the *Customs Import and Export Tariff of the People's Republic of China*: 17011200, 17011300, 17011400, 17019100, 17019910, 17019920, 17019990 (among which code 17011300 and 17011400 is classified under code 17011100 in the 2011 version of the *Customs Import and Export Tariff of the People's Republic of China*).

3. Reasons for initiation of investigation

(i) Sugar Industry Association of Guangxi Zhuang Autonomous Region (hereinafter referred to as the Applicant), on behalf of the domestic industry of sugar, submitted the application for safeguard investigation to the Ministry of Commerce of the People's Republic of China (hereinafter referred to as MOFCOM) on 27 July 2016. The Applicant submitted the information on the product under application for investigation, information on the like product or directly competitive products in China, information on the quantity increase of the product under application for investigation, information on the impact of the product under application for investigation on the domestic industry and the relevant evidences.

(ii) Evidence on the basis of which the investigation was initiated.

Information provided by the Applicant indicated a recent dramatic increase in imports of sugar under application for investigation (Annex 1).

Information provided by the Applicant indicated decline on relevant productive and economic indices, such as operating rate, sales volume, market share, revenue and profit before tax, which showed domestic industry suffered serious injury (Annex 2).

Information provided by the Applicant included analysis of the reasons on import increase of the product under application for investigation, of which unforeseen development was mentioned.

Information provided by the Applicant indicated a causal link exists between import increase of the product under application for investigation and serious injury suffered by the domestic industry.

4. Point of contact

Trade Remedy and Investigation Bureau
Ministry of Commerce
The People's Republic of China
2, Dong Chang An Street, Beijing, China
Tel: 0086-10-65198757, 65198412
Fax: 0086-10-85093401
Websites: <http://trb.mofcom.gov.cn>
<http://www.cacs.mofcom.gov.cn>

5. The deadlines and procedures for interested parties to present evidence and their comments

(i) Comments on initiation of investigation: Interested parties may submit written comments to Trade Remedy and Investigation Bureau of MOFCOM within 20 days from the Initiation Notice publication day if they wish to comment on the product under investigation, standing of the applicant, or any other related matters.

(ii) Registration for participating in the safeguard investigation: Any interested parties may register to participate in the safeguard investigation at Trade Remedy and Investigation Bureau of MOFCOM within 20 days from the publication day of this notice.

(iii) Hearing: Interested parties may apply to Trade Remedy and Investigation Bureau of MOFCOM for holding a hearing, and may inquire relevant information of hearings on relevant websites.

6. Further information

A copy of the Public Notice on Initiation of Safeguard Investigation will be submitted to the WTO Committee on Safeguards for reference.¹

¹ A copy of the Public Notice has been submitted electronically (in Chinese only). To consult this document please contact Ms. Budd (Hilary.Budd@wto.org) or Ms. Richards (Anne.Richards@wto.org) of the Rules Division.

ANNEX 1**1.1 Sugar Import Volume Change in Absolute Value**

Period	Import Volume (10 Kilo-Tons)
2011	291.94
2012	374.74
2013	454.55
2014	348.58
2015	484.59

Period	Import Volume (10 Kilo-Tons)
1st Quarter of 2011	7.93
1st Quarter of 2012	49.93
1st Quarter of 2013	52.88
1st Quarter of 2014	86.36
1st Quarter of 2015	99.97
1st Quarter of 2016	60.54

1.2 Sugar Import Volume Change Compared to Total Volume of Production of China

Period	Import Volume (10 Kilo-Tons)	Total Volume of Production of China (10 Kilo-Tons)	Percentage
2011	291.94	1066.66	27.37%
2012	374.74	1178.8	31.79%
2013	454.55	1283.93	35.40%
2014	348.58	1248.26	27.93%
2015	484.59	1026.16	47.22%

Period	Import Volume (10 Kilo-Tons)	Total Volume of Production of China (10 Kilo-Tons)	Percentage
1st Quarter of 2011	7.93	686.2	1.16%
1st Quarter of 2012	49.93	774.09	6.45%
1st Quarter of 2013	52.88	859.04	6.16%
1st Quarter of 2014	86.36	917.76	9.41%
1st Quarter of 2015	99.97	734.08	13.62%
1st Quarter of 2016	60.54	607.96	9.96%

1.3 Sugar Import Volume Change Compared to Total Consumption of China

Period	Import Volume (10 Kilo-Tons)	Total Consumption of China (10 Kilo-Tons)	Market Share
2011	291.94	1,374.91	21.23%
2012	374.74	1,403.92	26.69%
2013	454.55	1,494.34	30.42%
2014	348.58	1,504.84	23.16%
2015	484.59	1,510.00	32.09%
1st Quarter of 2015	99.97	396.65	25.20%
1st Quarter of 2016	60.54	397.44	15.23%

ANNEX 2

Item	Unit	2011	2012	2013	2014	2015	1st Quarter of 2015	1st Quarter of 2016
Consumption Volume	10 Kilo-Tons	1,374.91	1,403.92	1,494.34	1,504.84	1,510.00	396.65	397.44
Utilization of Capacity	%	69.96%	77.66%	81.33%	81.70%	63.97%	66.66%	55.81%
Volume of Production	10 Kilo-Tons	601.02	662.51	709.35	728.47	580.33	444.25	371.14
Sales Volume	10 Kilo-Tons	581.82	704.68	702.00	735.08	598.31	183.54	111.43
Closing Inventory	10 Kilo-Tons	108.91	69.40	80.70	77.43	63.88	339.13	314.26
Market Share in China	%	42.32%	50.19%	46.98%	48.85%	39.62%	46.27%	28.04%
Domestic Sales Value	100 Million RMB	358.16	372.24	327.98	286.71	259.97	73.71	51.60
Domestic Sales Price	RMB/Ton	6,155.90	5,282.30	4,672.01	3,900.37	4,345.12	4,015.87	4,630.77
Profit before Tax	100 Million RMB	55.59	11.25	-12.03	-36.12	-0.11	-4.48	-4.42
Return on Investemnts	%	12.45%	2.28%	-2.43%	-6.57%	-0.02%	-0.80%	-0.78%
Net Cash Flow	100 Million RMB	62.42	47.65	-0.97	-47.28	-18.73	-71.37	-95.96
Employment	Person	47,129	47,474	47,409	46,326	44,886	47,717	47,378
Average Wage	RMB/Year (Quarter) /Person	32,910	32,704	33,419	35,068	35,909	12,718	12,534
Productivity	Ton/Year (Quarter) /Person	127.53	139.55	149.62	157.25	129.29	93.10	78.34