

6 December 2019

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Committee on Safeguards

Original: Spanish

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

ECUADOR

(Smooth ceramics)

The following communication, dated 6 December 2019, is being circulated at the request of the delegation of Ecuador.

1. Date when the investigation was initiated

The safeguards investigation concerning imports of smooth ceramics was initiated by the Ministry of Production, Foreign Trade, Investment and Fisheries (MPCEIP) under Resolution No. MPCEIP-2019-0009-R of 28 October 2019.¹ The Resolution was published in Official Journal No. 88 of 26 November 2019.

2. Precise description of the product involved

The products involved are smooth ceramics classified under the following subheadings of the Ecuadorian customs tariff: 6907.21.00.90 "- - - Other"; 6907.22.00.90 "- - - Other"; and 6907.23.00.90 "- - - Other".

3. Reasons for the initiation of the investigation

The investigating authority initiated a safeguards investigation after examining a properly documented application filed by the domestic smooth ceramics industry, whose output constitutes a major proportion of the total domestic production of the products concerned.

The applicant claims that serious injury has been caused by increased imports into Ecuador of the product in question. According to the domestic industry, the main factors that have contributed substantially to the deterioration of the industry include the following:

- Regarding the increase in imports, an analysis of the annual change in imports in terms of USD c.i.f. value shows growth of 79% in 2017 in relation to 2016, of 26% in 2018 in relation to 2017, and of 28% in 2019 (January-April) in relation to the same period in 2018. An analysis of the trend in imports over the period 2016-2018 shows growth of 126%.

¹ The Resolution initiating the investigation may be viewed by clicking on the following link: <http://defensacomercial.produccion.gob.ec/> (once the page has opened, go to: *Mecanismos de Defensa - Medidas de Salvaguardia - Investigaciones en curso - Cerámica plana clasificada en las subpartidas arancelarias: 6907.21.00.90 "- - - Los demás"; 6907.22.00.90 "- - - Los demás"; 6907.23.00.90 "- - - Los demás" del Arancel del Ecuador*).

- The performance of domestic production in terms of volume (thousands of kg) shows signs of fluctuation: production rose by 11% in 2017 in relation to 2016, fell by 2% in 2018, and rose by 3% in the period January-April 2019 in relation to the same period the previous year. Capacity utilization has also tended to fluctuate.
- Total sales in terms of value (thousands of USD) rose by 2% in 2017 in relation to 2016, but fell by 9% in 2018 in relation to 2017, and by 1.3% in 2019 (January-April) in relation to 2018.
- There has been a significant loss in the market share of the domestic product, which fell from 76% in 2016 to 61% in 2018 and 57% in the period January-April 2019.

Accordingly, it has been found, *prima facie*, that increased imports of the product concerned have caused or are threatening to cause serious injury to domestic producers of that product, and it is therefore considered that sufficient evidence exists to initiate a safeguards investigation.

3. Provide a point of contact for the investigation and identify the preferred means for corresponding

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4. Provide the deadlines and procedures for importers, exporters and other interested parties to present evidence

All interested parties should note that, pursuant to Article 4 of Resolution No. MPCEIP-2019-0009-R of 28 October 2019, published in Official Journal No. 88 of 26 November 2019, the deadlines for the investigation are as follows:

- i. Initiation of investigation:** the date on which the Resolution is published in the Official Journal.
- ii. Registering as interested parties:** other parties interested in the investigation must register as interested parties, and justify this status, with the investigating authority, within 30 days from the date of initiation of the investigation.
- iii. Presentation of information:** the investigating authority will receive information relating to the investigation up to 60 days from the date of its initiation.
- iv. Adjustment plan:** the domestic industry applying for the measure must submit confidential and non-confidential versions of an adjustment plan to the investigating authority within 60 days from the date of initiation of the investigation.

- v. Hearings:** a hearing will be held for all interested parties within a period of four months from the initiation of the investigation, in accordance with Article 16 of COMEX Resolution No. 43-2012; however, where considered appropriate, the investigating authority may hold separate hearings, of which the parties will be previously informed. The notice convening the hearing will be published in a timely manner on the investigating authority's website: <http://defensacomercial.produccion.gob.ec>.
 - vi. Investigation period:** the investigating authority has eight months, from the date of publication of the initiating Resolution in the Official Journal, to conclude the investigation. In exceptional cases, this period may be extended by four months at the discretion of the investigating authority.
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