



2 September 2014

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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**

ECUADOR

(Wood and Bamboo Flooring and Accessories Thereof)

The following communication, dated 2 September 2014, is being circulated at the request of the delegation of Ecuador.

Pursuant to Article 12.1(a) of the Agreement on Safeguards, Ecuador hereby notifies Resolution No. 026-2014 of the Committee on Foreign Trade (COMEX)¹, which concerns the initiation of a safeguard investigation into imports of wood and bamboo flooring and accessories thereof.

1 DATE WHEN THE INVESTIGATION WAS INITIATED

The investigation was initiated on 28 August 2014 (date of publication of Resolution No. 026-2014 in the Second Supplement to Official Journal No. 321).

2 PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

The products subject to the investigation are "wood and bamboo flooring and accessories thereof", classified under tariff subheadings 4409101000 "Strips and friezes for parquet flooring, not assembled"; 4409102000 "Moulded (beaded) wood"; 4409109000 "Other"; 4409210000 "Of bamboo"; 4409291000 "Strips and friezes for parquet flooring, not assembled"; 4409292000 "Moulded (beaded) wood"; and 4409299000 "Other", of Ecuador's national import tariff.

3 REASONS FOR THE INITIATION OF THE INVESTIGATION

The investigation was initiated following the examination of a safeguard application filed by the domestic industry alleging serious injury and a threat thereof as a result of increased imports of the product subject to investigation in Ecuador.

According to the domestic industry, the main factors that have contributed substantially to the deterioration of the domestic industry include:

- A massive increase in imports, calculated at 71.5%, from 1,381 metric tonnes in 2010 to 2,370 metric tonnes in 2013. In c.i.f. value terms, the increase is more pronounced (103%), from 1,258,000 dollars in 2010 to 2,553,000 dollars in 2013.
- A substantial reduction in domestic production, which fell by 20% in the last year, and a reduction in the utilization of installed capacity.

¹ A copy of the Resolution was submitted (in original language only) in electronic form. To consult this document, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) in the Rules Division.

- A significant decrease in domestic industry sales, which fell from 58% in 2010 to 39% in 2013.
- A considerable loss in the market share of the domestic product. The domestic industry made a profit in the years 2010-2012 and a loss in 2013.

Accordingly, it has been found, *prima facie*, that increased imports of the product subject to investigation are causing or threatening to cause serious injury to the domestic industry, and it has therefore been decided to initiate a safeguards procedure.

4 POINT OF CONTACT

Coordinación de Defensa Comercial - Autoridad Investigadora
Subsecretaría de Defensa Comercial y Normatividad
Ministerio de Comercio Exterior del Ecuador
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Tel.: +593-2 393-5460, Ext. 301.

Contact via email would be preferable: defensacomercial@comercioexterior.gob.ec

5 ADDITIONAL INFORMATION

Pursuant to Article 5 of COMEX Resolution No. 026-2014, published in the Second Supplement to Official Journal No. 321 of 28 August 2014, the tentative schedule for the investigation is as follows:

- i. Initiation of investigation: the date on which the present 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 of 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 an adjustment plan to the Investigating Authority within an additional 60 days from the date of initiation of the investigation.
 - v. Provisional safeguard: in the event of a finding of critical circumstances, the provisional measure must be adopted, through a COMEX resolution, within a period not exceeding four months from the date of initiation of the investigation.
 - vi. Consultations: consultations will take place immediately after any provisional measures are taken, as stipulated in Article 12.4 of the WTO Agreement on Safeguards.
 - vii. 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; however, where considered appropriate, the Investigating Authority may hold separate hearings, of which the parties will be previously informed.
 - viii. Investigation period: the Investigating Authority has eight months, from the date of publication of the present 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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