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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS  
BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE  
REFERRED TO IN ARTICLE 6**

ECUADOR

*(Wood and Bamboo Flooring and Accessories Thereof)*

The following communication, dated 20 October 2014, is being circulated at the request of the delegation of Ecuador.

Pursuant to Article 12.4 of the WTO Agreement on Safeguards, the Republic of Ecuador hereby notifies the decision to apply a provisional safeguard measure to imports of wood and bamboo flooring and accessories thereof.

The initiation of this investigation was notified in documents G/SG/N/6/ECU/9 of 2 September 2014 and G/SG/N/6/ECU/9/Corr.1 of 9 September 2014.

**1 PRODUCT SUBJECT TO THE PROPOSED PROVISIONAL SAFEGUARD MEASURE**

The products under investigation and subject to the provisional safeguard measure are wood and bamboo flooring and accessories thereof, classified under the following tariff subheadings of Ecuador's National Customs Tariff:

**Table No. 1**

<b>Product</b>	<b>Tariff subheading</b>	<b>Product description</b>
WOOD AND BAMBOO FLOORING AND ACCESSORIES THEREOF	4409.10.10	- - Strips and friezes for parquet flooring, not assembled
	4409.10.20	- - Moulded (beaded) wood
	4409.10.90	- - Other
	4409.21.00	- - Of bamboo
	4409.29.10	- - - Strips and friezes for parquet flooring, not assembled
	4409.29.20	- - - Moulded (beaded) wood
	4409.29.90	- - - Other

## 2 PROPOSED PROVISIONAL SAFEGUARD MEASURE

The measure consists of the application of a specific tariff of US\$1.50 per kg of imports, as follows:

**Table No. 2**

<b>Tariff subheading</b>	<b>Product description</b>	<b>Unit</b>	<b>Safeguard</b>
4409.10.10	- - Strips and friezes for parquet flooring, not assembled	kg	US\$1.50
4409.10.20	- - Moulded (beaded) wood	kg	US\$1.50
4409.10.90	- - Other	kg	US\$1.50
4409.21.00	- - Of bamboo	kg	US\$1.50
4409.29.10	- - - Strips and friezes for parquet flooring, not assembled	kg	US\$1.50
4409.29.20	- - - Moulded (beaded) wood	kg	US\$1.50
4409.29.90	- - - Other	kg	US\$1.50

## 3 PROPOSED DATE OF INTRODUCTION OF THE PROVISIONAL SAFEGUARD MEASURE

Within the next few days.

## 4 EXPECTED DURATION OF THE PROVISIONAL SAFEGUARD MEASURE, IF ANY DECISION ON THE DURATION OF THE MEASURE HAS BEEN MADE

A maximum of 200 calendar days.

## 5 THE BASIS FOR:

- i. Making a preliminary determination, as provided for in Article 6, that increased imports have caused or are threatening to cause serious injury; and
  - In the period under review (2010-2013), imports recorded a significant increase of 117% in value and 71.8% in kilogrammes. Imports reached a value of US\$2.6 million in 2013.
  - As a result of competition from imported products, production in 2013 corresponded to 11% of installed capacity.
  - The share of the domestic industry in the Ecuadorean market was 58% in 2010. This share has plummeted, accounting for barely 40% in 2013, as against 60% held by imports.
  - The workforce was reduced by 21 people or 17% during the investigation period.
  - Productivity was at its lowest level in 2013, down 15.4% in terms of value and 19.5% in terms of volume.
  - Wood flooring production sector profits have shown a downward trend since 2012, a trend that gained momentum in 2013 with losses amounting to US\$302,000.
  - For the above reasons, the preliminary conclusion is that there is a causal link between the significant increase in imports and the serious injury suffered by the domestic industry, given that it has been demonstrated that 2013 was the most critical year for the applicants as well as the year when imports peaked.
- ii. Determining that there are critical circumstances where delay would cause damage which it would be difficult to repair.
  - Imports totalled 65,600 kg in the first five months of 2010 and surged to almost 257,000 kg in 2014, i.e. a growth of 291%.

- Taking 2010 as the reference year, the increase in 2014 is 499% in c.i.f. value terms.
- The market share shrank from 58% to 40% in 2014.
- The gross profit margin was negative in 2013 (18.34%).
- Capacity utilization declined from 17% to 11% in 2013.
- Employment levels decreased 17% in the period under consideration.
- Productivity was at its lowest level in 2013, down 15.4% in terms of value and 19.5% in terms of volume.

#### **6 OFFER OF CONSULTATIONS UNDER ARTICLE 12.4**

In accordance with Article 12.4 of the Agreement on Safeguards, the Republic of Ecuador is prepared to hold consultations on the provisional safeguard measure, once the measure has been adopted, with those Members have a substantial interest as exporters of the product concerned.

**NOTIFICATION TO THE COMMITTEE ON SAFEGUARDS OF NON-APPLICATION OF  
A SAFEGUARD MEASURE TO DEVELOPING COUNTRIES UNDER ARTICLE 9.1  
OF THE AGREEMENT ON SAFEGUARDS**

The Republic of Ecuador hereby notifies the non-application of a provisional safeguard measure to imports of wood and bamboo flooring and accessories thereof originating in developing country Members, in accordance with Article 9.1 and Article 9, footnote 2, of the WTO Agreement on Safeguards.

**1 PROPOSED PROVISIONAL SAFEGUARD MEASURE**

The measure consists of the application of a specific tariff of US\$1.50 per kg of imports, as follows:

**Table No. 1**

<b>Tariff subheading</b>	<b>Product description</b>	<b>Unit</b>	<b>Safeguard</b>
4409.10.10	- - Strips and friezes for parquet flooring, not assembled	kg	US\$1.50
4409.10.20	- - Moulded (beaded) wood	kg	US\$1.50
4409.10.90	- - Other	kg	US\$1.50
4409.21.00	- - Of bamboo	kg	US\$1.50
4409.29.10	- - - Strips and friezes for parquet flooring, not assembled	kg	US\$1.50
4409.29.20	- - - Moulded (beaded) wood	kg	US\$1.50
4409.29.90	- - - Other	kg	US\$1.50

**2 PRODUCT SUBJECT TO THE PROPOSED PROVISIONAL SAFEGUARD MEASURE**

The products under investigation and subject to the provisional safeguard measure are wood and bamboo flooring and accessories thereof, classified under the following tariff subheadings of Ecuador's National Customs Tariff:

**Table No. 2**

<b>Product</b>	<b>Tariff subheading</b>	<b>Product description</b>
WOOD AND BAMBOO FLOORING AND ACCESSORIES THEREOF	4409.10.10	- - Strips and friezes for parquet flooring, not assembled
	4409.10.20	- - Moulded (beaded) wood
	4409.10.90	- - Other
	4409.21.00	- - Of bamboo
	4409.29.10	- - - Strips and friezes for parquet flooring, not assembled
	4409.29.20	- - - Moulded (beaded) wood
	4409.29.90	- - - Other

**3 COUNTRIES NOT SUBJECT TO THE MEASURE**

Imports of wood and bamboo flooring and accessories thereof originating in the developing countries listed in the table below are exempt from the provisional safeguard measure.

**Table No. 3**

<b>COUNTRY</b>	<b>% share (tonnes)</b>
Brazil	1.76%
Chile	0.66%
Mexico	0.30%
Colombia	0.11%
Panama	0.00%
<b>Total</b>	<b>2.81%</b>