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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON SAFEGUARDS  
ON FINDING SERIOUS INJURY OR THREAT THEREOF  
CAUSED BY INCREASED IMPORTS**

ECUADOR

*(Wood and Bamboo Flooring and Accessories Thereof)*

The following communication, dated 23 April 2015, is being circulated at the request of the delegation of Ecuador.

Pursuant to Article 12.1(b) of the WTO Agreement on Safeguards, Ecuador hereby provides notification of a preliminary determination on whether serious injury or threat thereof has been caused by increased imports of wood and bamboo flooring and accessories thereof.

This communication is a follow-up to Ecuador's notification of the initiation of a safeguard investigation concerning imports of wood and bamboo flooring and accessories thereof, contained 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, and its notification of the adoption of a provisional measure, contained in documents G/SG/N/7/ECU/3 of 23 October 2014, G/SG/N/7/ECU/3/Corr.1 of 29 October 2014 and G/SG/N/7/ECU/3/Suppl.1 of 7 November 2014.

**1 EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS**

The Investigating Authority found that the domestic industry producing wood and bamboo flooring and accessories thereof was suffering serious injury. On the basis of the elements received, there was deemed to be sufficient evidence of serious injury to the domestic industry.

During the period covered by the investigation, i.e. 2010 to 2013, the volume of imports into Ecuador of the products concerned increased considerably in absolute terms.

The rise in imports has been recorded from 2012. In that year, imports increased by 59% in terms of US\$ CIF and 60% in terms of kilograms. Growth continued in the following year, with a 45% increase in US\$ CIF and a 25% increase in kilograms. An analysis of end points shows that growth amounts to 116% in dollars and 71.5% in terms of weight.

The increase in imports has caused serious injury to the domestic industry producing wood and bamboo flooring and accessories thereof, as shown by the following variables:

1. Domestic production and demand: an analysis of the information shows that in 2010 the sales of three domestic producers amounted to US\$1,617,643. In the following year, two more companies began production, causing the value of this variable to rise by 32% to US\$2,131,591. In 2012, the value of sales fell by 3% to US\$2,071,721, while in 2013 this value fell sharply by around 20% to barely US\$1,649,467.

2. Capacity utilization: in 2010, capacity utilization stood at 17%. In 2013 this figure fell to 11%. In 2013, capacity utilization fell by 24.3% in relation to 2012, in contrast to the upward trend in imports and the domestic market.

3. Market share: in 2010, the domestic industry's share of the Ecuadorian market stood at 58.6%, while imports held a share of 41.3%. In 2013, the situation changed dramatically, with the domestic industry's share amounting to barely 39.9%, while that of total imports stood at 60%.

4. Employment generation: according to information from the Ecuadorian Social Security Institute, the number of workers employed on a full-time basis fell by 20.9% in 2011 and 5.9% in 2013. These figures highlight a critical situation, one in which companies have been obliged to reduce permanent employment due to the difficulties they are experiencing.

5. Productivity: in the first year, productivity increased by 66.5% in US\$ and 52.3% in kilograms. From 2012, however, this indicator changed dramatically, with productivity down 12.4% and 15.4% in terms of value in 2012 and 2013 respectively. In terms of volume, productivity fell by 2.2% and 19.5%. This situation is critical, since productivity is an important economic variable for any domestic industry.

6. Analysis of the profits and losses of domestic companies in 2013: in 2013, domestic industry companies suffered losses (-US\$302,000), whereas profits had been recorded in the previous years.

## 2 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

In absolute terms, the volume of imports of the products concerned increased rapidly throughout the investigation period from 1.1 million dollars in 2010 to 2.4 million in 2013, an increase of 117%. The increase in imports was particularly steep from 2012 onwards, reaching a peak in 2013.

### IMPORT TRENDS

Year	Total imports	Change	Percentage change
2010	1,142,085.92		
2011	1,077,858.22	(64,227.69)	-5.6%
2012	1,708,133.16	630,274.94	58.5%
2013	2,476,941.87	768,808.71	45.0%

## 3 PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

The following products are concerned:

Tariff subheading	Product description	Unit
44.09	<b>Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, moulded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed.</b>	
4409.10.10	--Strips and friezes for parquet flooring, not assembled	m <sup>3</sup>
4409.10.20	--Moulded (beaded) wood	m <sup>3</sup>
4409.10.90	--Other	m <sup>3</sup>
4409.21.00	--Of bamboo	m <sup>3</sup>
4409.29.10	---Strips and friezes for parquet flooring, not assembled	m <sup>3</sup>
4409.29.20	---Moulded (beaded) wood	m <sup>3</sup>
4409.29.90	---Other	m <sup>3</sup>

Source: National Import Tariff.

**4 IF THE FINAL MEASURE REPLACES A PROVISIONAL MEASURE**

Not applicable.

**5 PRECISE DESCRIPTION OF THE PROPOSED MEASURE**

Not applicable.

**6 PROPOSED DATE OF INTRODUCTION OF THE MEASURE**

Not applicable.

**7 EXPECTED DURATION OF THE MEASURE**

Not applicable.

**8 FOR A MEASURE WITH A DURATION OF MORE THAN THREE YEARS, THE PROPOSED DATE FOR THE REVIEW (UNDER ARTICLE 7.4) TO BE HELD NOT LATER THAN THE MID-TERM OF THE MEASURE, IF SUCH A DATE FOR THE REVIEW HAS ALREADY BEEN SCHEDULED**

Not applicable.

**9 IF THE EXPECTED DURATION IS OVER ONE YEAR, EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE**

Not applicable.

**10 IF THE NOTIFICATION RELATES ONLY TO A FINDING OF SERIOUS INJURY OR THREAT THEREOF, AND DOES NOT RELATE TO A DECISION TO APPLY TO EXTEND A SAFEGUARD MEASURE:**

- (I) DEADLINES FOR INTERESTED PARTIES TO COMMENT OR ANY OTHER PROCEDURES RELEVANT TO THE DECISION TO APPLY THE MEASURES, AND**
- (II) INFORMATION REGARDING PROCEDURES FOR PRIOR CONSULTATION WITH THOSE MEMBERS HAVING A SUBSTANTIAL INTEREST AS EXPORTERS OF THE PRODUCT CONCERNED.**

In accordance with Article 12.3 of the WTO Agreement on Safeguards, the Republic of Ecuador is prepared to consult with those Members having a substantial interest as exporters of the product concerned, as from the date of this notification.

**11 IF THE MEASURE IS BEING EXTENDED**

Not applicable.

**12 IF THE NOTIFICATION RELATES TO A DECISION TO APPLY OR EXTEND A SAFEGUARD MEASURE**

Not applicable.

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