



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

**NOTIFICATION UNDER ARTICLE 12.1(C)  
OF THE AGREEMENT ON SAFEGUARDS**

**NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2,  
OF THE AGREEMENT ON SAFEGUARDS**

ECUADOR

*(Wood and Bamboo Flooring and Accessories Thereof)*

The following communication, dated 29 May 2015, is being circulated at the request of the delegation of Ecuador.

Ecuador hereby notifies, pursuant to Article 12.1(c) of the WTO Agreement on Safeguards, the decision to apply or extend a safeguard measure in respect of imports of wood and bamboo flooring and accessories thereof and, pursuant to Article 9, footnote 2, of the WTO Agreement on Safeguards, the non-application of a safeguard measure to developing countries under Article 9.1 of the Agreement on Safeguards.

This communication is a follow-up to Ecuador's notification of 23 April 2015 under Article 12.1(b) of the WTO Agreement on Safeguards on finding serious injury caused by increased imports of wood and bamboo flooring and accessories thereof, contained in document G/SG/N/8/ECU/4.

**1 NOTIFICATION UNDER ARTICLE 12.1(C) OF THE AGREEMENT ON SAFEGUARDS OF THE APPLICATION OF A SAFEGUARD MEASURE**

**1.1 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 since 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.

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, 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 the domestic industry suffered losses (-US\$302,000), whereas profits had been recorded in the previous years.

## 1.2 Information on the absolute increase in imports

In absolute terms, the volume of imports of the products concerned increased rapidly throughout the investigation period from US\$1.1 million in 2010 to US\$2.4 million in 2013, or 117%. Import growth was particularly steep from 2012 onwards, reaching a peak in 2013.

## 1.3 Precise description of the product involved

Wood and bamboo flooring and accessories thereof, classified under NANDINA tariff subheadings 4409.10.10.00 "Strips and friezes for parquet flooring, not assembled"; 4409.10.20.00 "Moulded (beaded) wood"; 4409.10.90.00 "Other"; 4409.21.00.00 "Of bamboo"; 4409.29.10.00 "Strips and friezes for parquet flooring, not assembled"; 4409.29.20.00 "Moulded (beaded) wood"; and 4409.29.90.00 "Other".

## 1.4 Precise description of the measure

The measure consists of the application to the products classified under the above-mentioned tariff subheadings of a non-discriminatory tariff surcharge of US\$1.50 per kilogram imported in addition to the general tariff in force.

## 1.5 Duration of the proposed measure

The measure imposed will remain in force for three years, including the 200 days corresponding to the provisional safeguard measure.

| Date of introduction of measure | Duration of measure | Progressive liberalization                       |          |
|---------------------------------|---------------------|--|----------|
| 4 November 2014                 | 3 years             | Year 1 (including period of provisional measure) | US\$1.50 |
|                                 |                     | Year 2   | US\$1.12 |
|                                 |                     | Year 3   | US\$0.75 |

## **1.6 Further information**

Foreign Trade Committee (COMEX) Resolution No. 022-2015, which was adopted on 22 May 2015 and entered into force on 23 May 2015, is publicly available and may be consulted at <http://www.defensacomercial.ec>.

## **2 NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS**

### **2.1 Description of the measure**

The safeguard measure is described in the notification submitted under Article 12.1(c) of the Agreement on Safeguards.

### **2.2 Product subject to the measure**

The product subject to the measure is described in the notification submitted under Article 12.1(c) of the Agreement on Safeguards.

### **2.3 Developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards**

Developing countries, other than Brazil, Chile, Mexico, Colombia, Panama and Peru, whose shares of imports of the products concerned collectively account for less than 9%.

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