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**Council for Trade in Goods
Committee on Safeguards**

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**NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT
ON SAFEGUARDS OF THE RESULTS OF A MID-TERM
REVIEW REFERRED TO IN ARTICLE 7.4**

MADAGASCAR

Pasta

The following communication, dated and received on 23 December 2021, is being circulated at the request of the delegation of Madagascar.

Pursuant to Article 12.5 of the Agreement on Safeguards, Madagascar hereby notifies the results of the mid-term review of the safeguard measure concerning imports of pasta in the form of spaghetti, macaroni or noodles or in any other form.

1. Specify the measure and the product subject to the measure for which the mid-term review was conducted, and provide reference to the WTO document that notified the safeguard measure subject to the review.

The mid-term review concerns the safeguard measure applied to imports of pasta in the form of spaghetti, macaroni or noodles or in any other form classified under the following headings of the Madagascan customs tariff nomenclature: 1902 11 00, 1902 19 00, 1902 20 00 and 1902 30 00.

The application of this safeguard measure was notified to the WTO in documents G/SG/N/8/MDG/4 - G/SG/N/10/MDG/4 - G/SG/N/11/MDG/4/Suppl.1; and G/L/1362 - G/SG/247.

2. Provide the dates of initiation and conclusion of the review.

The review investigation was initiated on 25 June 2021 and was concluded on 23 December 2021.

3. Describe the results of the review, providing some detail on the basis for reaching those results.

a) Import trends over the safeguard application period

Imports of pasta fell by 18 index points over the two-year safeguard application period.

In relation to domestic production, imports decreased by nine index points between 2019, the year the measure was first applied, and 2020.

b) Indicators

i. Consumption

Consumption was largely stable between 2018 and 2019, decreasing slightly by one index point. From 2019 to 2020, consumption fell by seven index points because of the slowdown in almost the entire sector of activity as a result of the COVID-19 pandemic.

ii. Market share taken by imports

The market share taken by imports decreased during the period under review. From 2018 to 2019, a drop of 32 index points was recorded, followed by a drop of 15 index points in 2020. Nevertheless, imported pasta continues to account for a significant share of the market.

iii. Production

The domestic industry's production volume rose considerably during the three years under review. The highest level was recorded in 2020. From 2019 to 2020, production rose by only 83 index points, which is considered low compared to the increase between 2018 and 2019.

iv. Sales and turnover

The domestic industry's turnover showed an upward trend. From 2019 to 2020, it rose from 349 to 506 index points, an increase of 156 index points.

The analysis of the trend in the domestic industry's sales showed an annual increase. During the second year in which the safeguard measure was applied, i.e. 2020, a rise of 72 index points was noted in relation to the previous year, an increase that was not really significant compared to the improvement between 2018 and 2019.

v. Production capacity utilization rate

Investments made by the domestic industry led to a production capacity increase of 30 index points during the 2019-2020 period. In 2019, the rate of utilization of total production capacity was 54%. This rate remained stable for the following year.

vi. Employment

The level of employment rose by 80 index points in 2019 in relation to 2018. This trend continued in 2020, with an increase of 74 index points in relation to 2019.

vii. Productivity

Having recorded a rise in productivity of 74 index points in the measure's first year of application, the domestic industry lost 19 index points in the second year.

viii. Inventory

The 2020 inventory level was almost double the 2019 level because the rate of sales was unable to keep up with the increase in the volume of production.

ix. Profitability

The domestic industry emerged from its financial profitability deficit before the application of the measure in 2019. This improvement continued in 2020, but at a slower pace compared to the first year.

In 2018, i.e. before the safeguard measure was applied, the domestic industry recorded a considerable loss. The industry began to recover in 2019. Regarding profits, an increase of 34 index points was recorded in 2020 in relation to 2019, however, in relation to turnover, profits are still minimal, accounting for only 3%.

c) Conclusion of mid-term review

In conclusion, the decline in imports brought about by the introduction of the safeguard measure enabled the domestic pasta industry to engage in efforts to improve its economic indicators. The industry succeeded in implementing an extensive adjustment plan. Domestic producers also made new investments, which led not only to enhanced production capacity, but also to the creation of new products.

Nevertheless, not all the results expected were achieved during this two-year application period. The application of the present safeguard measure is therefore still necessary in order to facilitate the adjustment efforts of producers and to enable them to continue the restructuring process.

4. Indicate whether:

- i. **the measure has been, or will be, withdrawn as a result of the review. If yes, then indicate the date of withdrawal; and,**

The existing safeguard measure concerning imports of pasta is to remain in place.

- ii. **the pace of liberalization has been, or will be, increased as a result of the review. If yes, then indicate the revised time-table for progressive liberalization.**

The pace of liberalization of the measure has not been modified.

In accordance with Article 9.1 of the Agreement on Safeguards, the measure shall not be applied against imports of pasta originating in the following developing country Members of the WTO :

Afghanistan, Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Kingdom of Bahrain, Bangladesh, Barbados, Belize, Benin, Plurinational State of Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cabo Verde, Cambodia, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic Republic of the Congo, Djibouti, Dominica, Dominican Republic, Ecuador, El Salvador, Eswatini, Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Israel, Jamaica, Jordan, Kazakhstan, Kenya, State of Kuwait, Kyrgyz Republic, Lao People's Democratic Republic, Lesotho, Liberia, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mauritania, Mexico, Republic of Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Kingdom of Saudi Arabia, Senegal, Seychelles, Sierra Leone, Solomon Islands, South Africa, Sri Lanka, Suriname, Tajikistan, Tanzania, Thailand, The former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Uganda, Ukraine, United Arab Emirates, Uruguay, Vanuatu, Bolivarian Republic of Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

Additional information and comments should be sent to the following address :

**Monsieur Le Directeur Général de l'ANMCC
Enceinte Ex conquête Antanimena - BP: 7653
Tel.: +261 34 05 441 41
Website: www.anmcc.mg
Email: dq.anmcc@gmail.com; dq@anmcc.mg
101- ANTANANARIVO - MADAGASCAR**
