

G / SG / N / 7 / MAR / 6
G / SG / N / 11 / MAR / 9

September 14, 2021

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Page: 1/5

Safeguards Committee

Original: French

**NOTIFICATION SUBMITTED UNDER ARTICLE 12: 4 OF THE AGREEMENT
ON SAFEGUARDS BEFORE THE ADOPTION OF A MEASURE
PROVISIONAL SAFEGUARD REFERRED TO IN ARTICLE 6**

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

M AROC

Candelabra

The following communication, dated September 13, 2021 and received on the same date, is being distributed at the request of the delegation of Morocco.

In accordance with Article 12.4 of the Agreement on Safeguards, Morocco submits its notification before the adoption of a provisional safeguard measure on imports of candelabra for street lighting. Morocco also notifies, under Article 9, footnote 2 of the Agreement on safeguards the list of developing countries not subject to the provisional measure.

1. Product covered by the proposed safeguard measure

The products covered by the safeguard measure are street lighting candelabras, which are metal supports with a height of 3 to 12 meters, designed to receive one or more luminaires, consisting of a mast (or pole) and possibly an extension or one or more stick (s), falling under customs heading 7308.90.10.00.

2. Proposed provisional safeguard measure

It is planned to apply a provisional safeguard measure on imports of candelabra for public lighting, which will take the form of an additional *ad valorem* duty of around 25%.

3. Entry into force of the proposed safeguard measure

It is expected that the provisional safeguard measure will enter into force on the following day.

immediately that of the publication in the Official Gazette of Morocco, of the joint decree applying the measure (currently the measure is not yet in force).

4. Expected duration of the provisional safeguard measure

The provisional safeguard measure will be applied for a period of 200 days.

5. Basis on which:

5.1 It was determined on a preliminary basis, as provided for in Article 6 of the Agreement on safeguards, whether increased imports cause or threaten to cause serious damage, as follows:

1. Increase in imports

According to the request, imports of street lighting candelabra have known, in terms of absolute, a massive increase of 82% during the period considered 2015-2020 from 8,285 tonnes in 2015 to 15,104 tonnes in 2020. At the same time, in relative terms compared to the national production, imports of said products have increased by 26% between 2015 and 2020 rising from 87% to 110%.

In addition, the review of recent data made available to the Ministry for the year 2021 has allowed to note that the volume of imports is registered in an upward trend abnormal and worrying. According to the data available to the Ministry, the volume imported to at the end of June 2021 would be 6,165 tonnes. In terms of annual projection, based on data on import commitments made by importing companies, imports forecasts would stand at more than 18,000 tonnes at the end of 2021, thus recording an increase by 20% compared to 2020.

Consequently, the Ministry estimates that imports of candelabra have recorded a massive and worrying increase during the period from January to the end of June 2021, and that this trend is likely to affect the condition of the domestic industry of candelabra already suffering damage which could worsen further.

	2015	2016	2017	2018	2019	2020	January June 2021
Imports (tonne)	8 285	9,037	7 779	3 945	8,982	15 104	6 165
Evolution	-	+ 9.08%	-13.92%	-49.29%	+ 127.71%	+ 68.16%	-

Source: Domestic industry data.

2. Serious damage or threat of serious damage

2.1 Market share absorbed by imports

The market share absorbed by imports increased between 2015 and 2020, despite the drop recorded in 2017 and 2018. This share rebounded by 86% in 2019 and 42% in 2020.

Index 2015 = 100	2015	2016	2017 *	2018	2019	2020
Share of the internal market absorbed by imports	100	104	87	62	115	164

Source: Domestic industry data.

2.2 Sales

Between 2015 and 2017, the domestic industry's sales increased by 71%. From 2018, its sales began an uninterrupted downtrend.

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Sales	100	130	171	167	150	102

Source: Domestic industry data.

2.3 Production

Production experienced an upward trend between 2015 and 2020. However, according to the applicants, this increase does not reflect a performance situation on the local market because some not insignificant of the production is intended for export.

Excluding exported production volumes, production intended for the local market experienced a trend similar to sales, marked by an increase between 2015 and 2017 followed a decrease from 2018 to 2020.

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Total production	100	137	189	203	311	360
Production for the local market	100	130	171	167	150	102

Source: Domestic industry data.

2.4 Productivity

The productivity of the domestic industry increased between 2015 and 2020. This increase is mainly due to the increase in total production, the rate of which increase (260% between 2015 and 2020) was greater and more pronounced than that of number of employees (60% between 2015 and 2020).

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Productivity	100	108	131	112	155	225

Source: Domestic industry data.

2.5 Use of production capacity

With the exception of 2018, the production capacity utilization rate experienced a

increase between 2015 and 2020. Despite this improvement in the capacity utilization rate, production, its level remains very low compared to industrial standards. Indeed, the branch of national production has unused production capacity due to competition massive imports which prevent it from optimizing the use of its facilities.

	2015	2016	2017	2018	2019	2020
Capacity utilization rate	[20-30]%	[30-40]%	[40-50]%	[38-45]%	[45-50]%	[50-58]%

Source: Domestic industry data.

2.6 Profits and losses

The weighted average profit of the domestic industry has shown a positive development on the local market during the period 2015-2018. However, as of the year 2019, the branch of national production had to lower its profitability to face competition from imports and maintain its market share.

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Weighted average profit	100	108	153	285	204	-574

Source: Domestic industry data.

2.7 Employment

The level of employment increased during the period 2015-2019, followed by a decrease in 2020. According to the applicants, the increase in employment is due to the use of temporary employment in order to support their growing export activities.

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Number of employees	100	127	144	181	201	160

Source: Domestic industry data.

2.8 Stock

With the exception of 2017, stocks of the product under consideration increased during the period 2015-2020. According to the applicants, the excess stock generated logistical and financial costs important to the domestic industry.

Index 2015 = 100	2015	2016	2017	2018	2019	2020
Stocks	100	364	193	247	306	568

Source: Domestic industry data.

3. Causality link

Based on the query data, the analysis of the correlation between the massive increase in imports and injury suffered as well as an examination of factors, other than increased imports, likely to cause injury to the domestic industry of candelabra shows at this stage and provisionally that the contribution of these factors to the damage suffered is not clearly established.

5.2 It has been determined that there are critical circumstances where any delay

would cause serious damage that would be difficult to repair

It was determined on a preliminary basis that there were critical circumstances where any delay would cause a wrong that would be difficult to repair.

In addition to the deterioration in the situation of the domestic industry observed during period under consideration (2015-2020), a review of recent data made available to the Ministry for the year 2021 found that the volume of imports continues to be part of a worrying upward trend. According to the data available to the Ministry, the volume imported at the end of June 2021 is 6,165 tonnes. In terms of annual projection, on the basis of data on import commitments made by companies importers, forecast imports would stand at over 18,000 tonnes at the end of 2021 thus registering an increase of 20% compared to 2020.

Therefore, the Ministry considers that the import trend for the year 2021 risks to aggravate the injury suffered by the industry. Therefore, taking into account the rate recent increase in imports and the condition of the domestic industry marked by serious damage, it is considered that any delay would cause serious damage that would be difficult to repair during the investigation if no safeguard measure were applied provisional.

6. Offer of consultations under Article 12.4

In accordance with Article 12.4 of the Agreement on Safeguards, Morocco is ready to conduct consultations on the provisional safeguard measure with members who have a substantial interest as exporters of the covered products.

7. Developing countries excluded from definitive safeguard measure under Article 9.1 of the Agreement on Safeguards

Afghanistan, South Africa, Albania, Angola, Antigua and Barbuda, Kingdom of Saudi Arabia, Argentina, Armenia, Kingdom of Bahrain, Bangladesh, Barbados, Belize, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina - Faso, Burundi, Cambodia, Cameroon, Cape Verde, Chile, China, Colombia, Congo, Costa Rica, Ivory Coast, Cuba, Djibouti, Dominica, El Salvador, Ecuador, Eswatini, Former Yugoslav Republic of Macedonia (FYROM), Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Solomon Islands, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Lesotho, Liberia, Madagascar, Malaysia, Malawi, Maldives, Mali, Mauritius, Mauritania, Mexico, Republic of Moldova, Mongolia, Montenegro, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Uganda, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Republic Central African Republic, Democratic Republic of Congo, Lao People's Democratic Republic,

Dominican Republic, Kyrgyz Republic, Rwanda, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Senegal, Seychelles, Sierra Leone, Sri Lanka, Suriname, Tajikistan, Tanzania, Chad, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Uruguay, Vanuatu, Bolivarian Republic of Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

8. Point of contact and correspondence for the purpose of the investigation

For any request for information concerning the investigation procedure, the parties are invited to enter the Ministry by fax or e-mail at the contact details mentioned below:

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