



**NOTIFICATION, UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON SAFEGUARDS,  
OF A FINDING OF 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**

MADAGASCAR

*Sacks and sheaths*

The following communication, dated and received on 16 July 2024, is being circulated at the request of the delegation of Madagascar.

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In accordance with Articles 12.1(b) and 12.1(c) of the Agreement on Safeguards, Madagascar hereby notifies the Committee on Safeguards of a finding of serious injury or threat thereof caused by increased imports, and of the decision to apply a safeguard measure to imports of woven sacks and sheaths of polypropylene. Madagascar also wishes to notify the Committee, under Article 9, footnote 2, of the Agreement, of its decision not to apply the proposed safeguard measure to imports from developing countries.

**1 NOTIFICATION, UNDER ARTICLES 12.1(B) AND 12.1(C) OF THE AGREEMENT ON  
SAFEGUARDS, OF A FINDING OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY  
INCREASED IMPORTS, AND OF THE DECISION TO APPLY A SAFEGUARD MEASURE**

**1.1 Evidence of serious injury or threat thereof caused by increased imports**

**A. INCREASE IN IMPORTS**

**i. Unforeseen developments**

The global market for woven sacks and sheaths of polypropylene has shown strong and sustained growth in recent years. The Asia-Pacific region, including China, India, Japan, Korea and South-East Asia, is one of the main, very active players supplying these products for the global market. Rising per capita income, population growth and, above all, economic growth as the global economy recovers from COVID-19, afford opportunities for the expansion of the market for woven sacks and sheaths of polypropylene, particularly in developing countries such as Madagascar. Furthermore, against the backdrop of the global fight against single-use plastics, certain developed countries have turned to the use of recyclable cardboard packaging. This favours the export of sacks and bags used for packaging to developing countries.

These developments, which have led to increased imports of woven sacks and sheaths of polypropylene into Madagascar, could not have been foreseen when the country acceded to the WTO.

**ii. Absolute change in imports**

In absolute terms, the volume of imports of woven sacks and sheaths of polypropylene increased considerably during the period under consideration. Compared to 2019, the base year, this volume increased by 11, 27 and 65 index points in 2020, 2021 and 2022, respectively. The increase amounted to 74 index points over the period considered.

**iii. Change in imports relative to domestic production**

During the period under review, imports increased significantly by 85 index points relative to domestic production. Compared to the base year, this increase amounted to 26 index points in 2020, 38 points in 2021 and 83 points in 2022.

**B. SERIOUS INJURY**

The determination of serious injury to the domestic industry producing woven sacks and sheaths of polypropylene was based on all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry. On the basis of the data available to the Authority, serious injury was determined following an analysis of the indicators listed below.

**i. Rate of increase in imports**

Data from the investigation showed that there was a sharp and significant increase of 74 index points in the volume of imports of woven sacks and sheaths of polypropylene during the investigation period. Relative to domestic production, the share of imports increased considerably during the period under consideration. This development has had a very negative impact on the performance indicators of the domestic industry.

**ii. Share of the domestic market taken by imports**

The market share taken by imports increased by 46 index points between 2019 and 2023. That of the domestic industry, however, fell steadily, and in 2023 was down by 34 index points compared to the base year.

**iii. Domestic production**

Domestic production of sacks and sheaths decreased throughout the investigation period compared to 2019. Despite the uneven trend in production volume, the volume remained below its 2019 level.

**iv. Changes in the level of sales**

During the period under consideration, the domestic industry's sales volume saw significant decreases. Compared to the base year, these decreases were in the order of 13, 11, 17 and 21 index points.

**v. Production capacity utilization rate**

In view of the low level of production, the domestic production capacity utilization rate followed an uneven downward trend. Production capacity remained constant during the investigation period. This situation means the company cannot generate returns on its business and make new investments.

**vi. Employment**

During the period under consideration, employment remained largely stable, despite staffing levels falling by one index point in 2020. The domestic industry has made efforts to maintain employment levels despite the difficulties associated with increased imports.

### vii. Productivity

During the period under review, the industry's productivity decreased, the most significant decrease being that of 2020, which was in the order of 11 index points.

### viii. Inventory

Despite the drop in the volume of production, the domestic industry was unable to reduce the volume of its inventories, which remained high during the investigation period.

### ix. Profitability

The industry's profitability continued to worsen steadily during the period under review, falling by approximately 59 index points in 2023. Compared to the base year, this decrease was in the order of 26 points in 2020, 32 points in 2021 and 42 points in 2022.

## C. CAUSAL LINK

### i. Effects of increased imports

Year	2019	2020	2021	2022	2023
<b>Imports (absolute)</b>	100	111	127	165	174
<b>Imports/production</b>	100	126	138	183	185
<b>Consumption</b>	100	97	105	118	119
<b>Production</b>	100	88	92	90	94
<b>Sales</b>	100	87	89	83	79
<b>Market share of imports</b>	100	114	121	140	146
<b>Market share of the industry</b>	100	90	85	71	66
<b>Capacity utilization rate</b>	100	88	92	90	94
<b>Employment</b>	100	99	99	99	99
<b>Productivity</b>	100	89	93	91	95
<b>Inventory</b>	100	90	84	91	104
<b>Profitability</b>	100	74	68	58	41

Imports into Madagascar of woven sacks and sheaths of polypropylene increased during the period 2019-2023. This increase has caused serious injury to the domestic industry, particularly in terms of profitability, production, market share, sales and production capacity utilization. The domestic industry's market share is moving in the opposite direction to that of imports. The company's profits fell significantly during the investigation period.

As shown in the above table, the deterioration of almost all the domestic industry's indicators coincides with the increase in imports.

### ii. Other causal factors

#### - Contraction in demand or changes in consumption patterns

Consumption and usage patterns for sacks and sheaths remained unchanged during the period under consideration. Moreover, domestic demand rose during the review period, with an increase of 19 index points recorded in this respect. Therefore, neither a contraction in demand nor a change in consumption patterns can be considered the cause of the injury to the domestic industry.

#### - Competition among domestic producers

Competition among domestic producers of woven sacks and sheaths of polypropylene is almost non-existent, as the total volume of their output is well below the level needed to meet domestic demand. Similarly, no domestic producer holds a dominant position in the market. Thus, domestic competition cannot be considered the cause of the injury suffered by the domestic industry.

### - Technological developments

According to data from the investigation, the technologies used to manufacture woven sacks and sheaths of polypropylene locally are comparable to those used by manufacturers in other countries. Furthermore, domestic producers use advanced technologies that allow for the manufacture of woven polypropylene sacks and sheaths of the highest quality. This criterion can therefore be ruled out as the cause of injury.

### - Export performance

All locally produced woven sacks and sheaths of polypropylene are sold on the domestic market. Therefore, the cause of the serious injury suffered by the domestic industry can in no way be attributed to poor export performance.

In light of the foregoing, the Authority has concluded that none of these other factors can be considered a primary cause of the serious injury suffered by the domestic industry.

## 1.2 Precise description of the product involved

Woven sacks and sheaths of polypropylene classified under the following codes in Madagascar's customs tariff: 39201000, 39202000, 39206910, 39209300, 39209900, 39232100, 39232910, 39232990, 39269090, 63051011, 63051012, 63051021, 63053210, 63053220, 63053310, 63053320, 63053321, 63053329, 63053330, 63053910 and 63053920. These codes are indicative and are subject to change.

## 1.3 Precise description of the proposed measure

The definitive safeguard measure will take the form of an additional *ad valorem* duty of 33% of the c.i.f. value.

## 1.4 Proposed date of introduction of the measure

The definitive safeguard measure will enter into force on 15 July 2024.

## 1.5 Expected duration of the measure

The duration of the definitive safeguard measure is four years.

## 1.6 Proposed date for the review (under Article 7.4)

The review, under Article 7.4 of the Agreement on Safeguards, will take place not later than the mid-term of the definitive measure.

## 1.7 Expected timetable for progressive liberalization of the measure

Period	Additional duty
15 July 2024 - 31 December 2024	33%
2025	32%
2026	31%
2027	30%
1 January 2028 - 14 July 2028	29%

## 1.8 Adjustment plan

The domestic industry has submitted an adjustment plan outlining the measures it intends to take to improve its competitiveness in the face of competition from imports. Its adjustment programme is based on the following aspects: production volume, cost control, quality, marketing strategy, investment and staffing levels.

### **1.9 Date of prior consultations with those Members having a substantial interest as exporters of the goods**

In accordance with Article 12.3 of the WTO Agreement on Safeguards, Madagascar is prepared to hold consultations with those Members having a substantial interest as exporters of the product concerned.

Requests for consultations should be sent to the Director-General of the ANMCC at the following email address: [dq.anmcc@gmail.com](mailto:dq.anmcc@gmail.com); [dq@anmcc.mg](mailto:dq@anmcc.mg)

## **2 NOTIFICATION, UNDER ARTICLE 9, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS, OF NON-APPLICATION OF A SAFEGUARD MEASURE TO DEVELOPING COUNTRIES**

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

The definitive safeguard measure will take the form of an additional *ad valorem* duty of 33% of the c.i.f. value.

### **2.2 Products subject to the measure**

Woven sacks and sheaths of polypropylene classified under the following codes in Madagascar's customs tariff: 39201000, 39202000, 39206910, 39209300, 39209900, 39232100, 39232910, 39232990, 39269090, 63051011, 63051012, 63051021, 63053210, 63053220, 63053310, 63053320, 63053321, 63053329, 63053330, 63053910 and 63053920. These codes are indicative and are subject to change.

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

*Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina, Armenia; Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia, Plurinational State of; 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; Egypt; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Indonesia; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Rwanda; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Samoa; Saudi Arabia; Senegal; Seychelles; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; The former Yugoslav Republic of Macedonia; Togo; Tonga; Trinidad and Tobago; Tunisia; Türkiye; Uganda; Ukraine; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.*

### **2.4 Further information**

Information on the decision to apply the definitive safeguard measure to the products concerned may be obtained from:

Monsieur Le Directeur Général de l'ANMCC  
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**Email:** [dq.anmcc@gmail.com](mailto:dq.anmcc@gmail.com)/ [dq@anmcc.mg](mailto:dq@anmcc.mg)  
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