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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1 (A) OF THE AGREEMENT ON SAFEGUARDS ON  
INITIATION OF AN INVESTIGATION AND THE REASONS FOR IT**

**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS BEFORE  
TAKING A PROVISIONAL SAFEGUARD MEASURE REFERRED TO IN ARTICLE 6**

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

MADAGASCAR

*Napkins (diapers) and sanitary towels*

The following communication, dated and received on 26 October 2023, is being circulated at the request of the delegation of Madagascar.

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In accordance with Articles 12.1(a) and 12.4 of the Agreement on Safeguards, Madagascar hereby notifies the Committee on Safeguards of the initiation of a safeguard investigation into imports of napkins (diapers) and sanitary towels. It is being notified prior to taking a provisional safeguard measure referred to in Article 6 of the Agreement, on imports of napkins (diapers) and sanitary towels to Madagascar. The Committee is also hereby notified, in accordance with Article 9, footnote 2, of the Agreement on Safeguards, of the decision not to apply the proposed safeguard measure against imports originating in developing countries.

**A- NOTIFICATION UNDER ARTICLE 12.1 (A) OF THE AGREEMENT ON SAFEGUARDS ON  
INITIATION OF AN INVESTIGATION AND THE REASONS FOR IT**

Faced with imports of napkins (diapers) and sanitary towels in such increased quantities as to be detrimental, the domestic industry has filed a petition with the National Authority for Trade Remedies (ANMCC) requesting the implementation of a safeguard measure pursuant to Article XIX of the GATT, the WTO Agreement on Safeguards and Decree No. 2017-695 of 16 August 2017 establishing the procedures applicable to trade remedies in Madagascar.

The examination of the petition led to the initiation of a safeguard investigation into imports of napkins (diapers) and sanitary towels to Madagascar. The key points relating to the initiation of this investigation are as follows:

**1. Date of initiation**

The investigation was initiated on 25 October 2023, the date on which the notice of initiation was published in the newspapers *La Vérité* and *TARATRA*.

## **2. Product under consideration**

The product under consideration is "napkins (diapers) and sanitary towels" imported into Madagascar under Harmonized System customs tariff code 96190000 entitled "Sanitary towels (pads) and tampons, napkins (diapers), napkin liners and similar articles", of the Madagascar customs tariff.

## **3. Exporting countries**

The main countries exporting napkins (diapers) and sanitary towels to Madagascar are Egypt, Türkiye, China and Belgium.

## **4. Reasons justifying the initiation of the investigation**

The domestic industry producing like and directly competitive products has provided evidence of the serious injury caused by the considerable increase in imports of napkins (diapers) and sanitary towels to Madagascar. The increase is evident in both absolute and relative terms compared to domestic production during the investigation period between August 2020 and July 2023. The situation of the domestic industry is alarming in view of the significant and almost universal deterioration of its performance indicators, including production, sales, market share, production capacity utilization, productivity and, above all, profits and losses. It is thus found that all of the conditions required for the initiation of a safeguard investigation have been met.

## **5. Duration of the investigation**

The investigation will last for around 9 months and may be extended up to 12 months.

## **6. Further information**

Interested parties must make themselves known to the ANMCC, the investigating authority, within a period of 30 days after the initiation of the investigation.

Any information or comments that interested parties may wish to submit, and requests for questionnaires, must be submitted in writing to the ANMCC within a period of 30 days after the initiation of the investigation.

The ANMCC may organize public hearings, either at the request of interested parties or *ex officio*, so as to enable interested parties to present evidence and, in particular, to have the opportunity to respond to the presentations of other parties and to make their views known, and to defend their interests.

Replies to the questionnaire and any other relevant information that the parties wish to submit must be sent to the ANMCC no later than 6 December 2023.

If the replies to the questionnaire and any additional information requested from the interested parties within the framework of this investigation is not provided within the specified time frame, decisions will be made on the basis of the best information available. This will also be the case if information is erroneous or incomplete.

## **B- NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE REFERRED TO IN ARTICLE 6**

### **1. Product covered by the provisional measure**

Napkins (diapers) and sanitary towels imported into Madagascar under Harmonized System customs tariff code 96190000 entitled "Sanitary towels (pads) and tampons, napkins (diapers), napkin liners and similar articles", of the Madagascar customs tariff.

## **2. Form of the provisional safeguard measure**

The provisional safeguard measure will take the form of an additional duty to the *ad valorem* customs duty, at a rate of 27%.

## **3. Proposed date of introduction of the safeguard measure**

The provisional safeguard measure will enter into force as of 25 October 2023, the date of publication of the relevant public notice.

## **4. Expected duration of the provisional safeguard measure**

The provisional safeguard measure will be applied for 200 days from the date of its entry into force.

## **5. Basis for application of the provisional safeguard measure**

According to Article 6 of the Agreement on Safeguards: "In critical circumstances where delay would cause damage which it would be difficult to repair, a Member may take a provisional safeguard measure pursuant to a preliminary determination that there is clear evidence that increased imports have caused or are threatening to cause serious injury."

During the investigation period, the operational performance of the domestic industry deteriorated due to a considerable decline in production and sales. This situation has created financial weaknesses for the company, characterized by low profitability and cash flow problems. In other words, the domestic industries face operational and financial problems that have jeopardized their viability. Therefore, the industry is in a critical situation and is at risk of bankruptcy or closure.

Analysis of the data provided by the industry makes it possible to determine the following:

### **I- UNFORESEEN DEVELOPMENTS**

According to the domestic industry, the unforeseen development that led to the increase in imports of disposable baby diapers into Madagascar was a rise in production in Asian countries. Following the phasing out of the one-child policy, China has been expanding its production capacity as well as its export volume to the rest of the world, which reached 869,316 tonnes of baby diapers in 2022, including 554 tonnes to Madagascar. Moreover, European countries, the main destinations for China's exports, have seen a fall in their birth rates which led to fewer imports of disposable baby diapers. China has had to conquer other markets such as those of African countries, including Madagascar, in order to sell a large part of its production.

With regard to sanitary towels, studies have been carried out on menstrual hygiene products and it has been determined that disposable sanitary towels contain low quantities of harmful chemical substances. Using intimate menstrual products (namely tampons and menstrual cups that are internal hygiene products) carries a risk of toxic shock syndrome. Following the publication of the results of these studies, producers of sanitary protection products were encouraged to focus largely on quality and to reduce or even avoid the use of chemicals in these products. They were also recommended to indicate all the components on the packaging in order to better inform consumers. Furthermore, users are increasingly choosing organic products and this has led to a slowdown in the growth of the world's sanitary towel market, unlike the market in Madagascar where imports have increased significantly.

### **II- INCREASE IN IMPORTS**

#### **i. Absolute change in imports**

In absolute terms, the volume of imports of napkins (diapers) and sanitary towels trended upward during the period of investigation from August 2020 until the end of July 2023. It should be noted that the increase in the last year was very significant - in the order of 22 index points - compared to the base year.

**ii. Relative change in imports**

Relative to domestic production, the sharp and sudden hike in imports is evident in the third year of the period under consideration. A jump of 33 index points was recorded between the last two years. Over the entire investigation period, the relative increase in imports was in the order of 52 index points.

**III- SERIOUS INJURY****i- Rate of increase in imports**

The petition data showed that the volume of imports of the product concerned increased in absolute and relative terms during the period under consideration. This increase had a negative impact on most of the performance indicators of the domestic industry as outlined in the following subsections.

**ii- Market share taken by imports**

Relative to domestic consumption, the share of imports increased every year during the period under investigation. This share has largely exceeded half of domestic consumption since the second year.

**iii- Sales**

The total volume of sales decreased during the period under investigation. Consequently, a 10-index-fall was recorded between the first two years. The situation worsened in the last year, as the decline in sales was in the order of 17 index points compared to the base year.

**iv- Domestic production**

The production volume of the domestic industry decreased steadily over the period under consideration. The second year saw a reduction of 12 index points compared to the first year. Moreover, the decrease was even sharper in the third year, shrinking by 19 index points.

**v- Inventory**

The inventory grew by 68 index points between the first two years and 115 index points throughout the period of investigation. This points to the domestic industry's difficulties in selling its production.

**vi- Employment and productivity**

The domestic industry's workforce rose by 31 index points during the period of investigation. Meanwhile, productivity was down 38 index points over the same period due to the decline in the total volume of its production.

**vii- Production capacity utilization**

The domestic industry is encountering problems in exploiting its production capacity fully. Moreover, the capacity utilization rate trended downwards by 12 and 39 index points in the second and third years, respectively, compared to the base year.

**viii- Profits and losses**

Profits were down by 27 index points in the second year. During the entire period of the investigation, the deterioration in the industry's profits reached 48 index points.

**IV- CAUSAL LINK**

The existence of a causal link between increased imports and serious injury to the domestic industry was established on the basis of the following elements:

**i. Effect of the increase in imports**

The increase in imports coincided with the injury suffered by the domestic industry. Imported products and domestic like products marketed in the domestic market offer consumers a multitude of choices, but the increase in imports into Madagascar put local producers at a serious disadvantage.

**ii. Effects of other factors****1. Contraction in demand**

In general, local consumption of napkins (diapers) and sanitary towels has increased in the local market. These products are successful because a large proportion of consumers have started to use them. Contraction in demand is therefore discarded as an injury factor.

**2. Technology used**

The technology used in the manufacture of the product concerned is identical whether they are imported or locally manufactured products, as local manufacturers use modern machines. Thus, this factor cannot therefore be considered a cause of the injury.

**3. Domestic competition**

The domestic industry is unable to exploit its production capacity fully. Despite the increase in domestic consumption, domestic production does not account for half of domestic demand. Therefore, domestic competition cannot be considered an injury factor.

According to the foregoing, the Authority concluded that the overall and significant impairment of all the economic indicators of the domestic industry producing like and directly competitive products to "napkins (diapers) and sanitary towels" during the period under consideration is due to the increase in imports of that product into Madagascar. As a result, any other factor analysed other than increased imports has no connection with the serious injury caused to the domestic industry.

**V- OFFER OF CONSULTATIONS UNDER ARTICLE 12.4**

In accordance with Article 12.4 of the Agreement on Safeguards, Madagascar is prepared to hold consultations on the provisional safeguard measure with those Members having a substantial interest as exporters of the product concerned.

**VI- FURTHER INFORMATION**

Any requests for further information and correspondence relating to this investigation must be addressed to:

**Monsieur Le Directeur Général de l'ANMCC**  
**Enceinte Ex-Conquête Antanimena, Antananarivo 101 - Madagascar**  
**Email: [dg@anmcc.mg](mailto:dg@anmcc.mg) / [dg.anmcc@gmail.com](mailto:dg.anmcc@gmail.com)**  
**Website : <http://www.anmcc.mg/>**

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

Below is the list of developing countries excluded from the provisional safeguard measure because their exports represent less than 3% of Madagascar's total imports of napkins (diapers) and sanitary towels, and collectively account for not more than 9%. (Article 9.1 of the Agreement 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; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; India; 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; North Macedonia; 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; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Ukraine; United Arab Emirates; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.

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