

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

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

EGYPT

The following communication, dated 30 March 2001, has been received from the Permanent Mission of Egypt.

With regard to the Egyptian document circulated as G/SG/N/7/EGY/2 dated 26 September 2000, regarding the notice of initiation of a safeguard investigation concerning imports of "Powdered Milk", and pursuant to the above-referenced provisions of the Agreement on Safeguards, and in the light of the agreed format for notifications (G/SG/1, July 1996), the Arab Republic of Egypt hereby submits the following notifications to the Committee on Safeguards.

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

1. Evidence of serious injury or threat thereof caused by increased imports

The following is a summary of the conclusions reached during the investigation of serious injury:

- (a) Imports have increased significantly since 1997, both in absolute and relative terms, and the rate of increase is accelerating from one year to another;
- (b) There was a significant decline in sales revenues in 1999 and the first six months of 2000;
- (c) The market share of the domestic industry declined significantly in 1999 and the first six months of 2000;
- (d) There was a significant decline in profits in 1999 and the first six months of 2000;
- (e) There was a significant decline in return on investment in 1999 and the first six months of 2000;

- (f) The above-mentioned injury aspects occurred when there was an increase in imports;
- (g) Other causes of injury have been examined. There were a number of other aspects of injury which industry management had not been addressing, including seasonality in production and an excessive investment in the dairy sector. It was found that these injury factors existed before the large increase in imports;
- (h) The sudden surge in imports has made the injury factors serious;
- (i) Actual injury was found, not a threat of injury.

2. Information on whether there is an absolute increase in imports or an increase in imports relative to domestic production

There was an absolute increase in imports since 1997. Imports increased in 1997 by 10 per cent compared to 1996. In 1998 the imports increased by 21 per cent compared to 1996. There has been a sharp increase in imports in 1999 by 89 per cent compared to 1996. In the first six months of 2000 there has been a significant increase in import volume by 66 per cent compared to a corresponding period of 1996.

There has been an increase in imports relative to domestic production; this figure was steady during the period between 1996 to 1998, as it ranged from 7.2 per cent to 7.4 per cent. In 1999 it increased suddenly to 10.8 per cent and increased further to reach 11.1 per cent in the first six months of 2000.

3. Provide a precise description of the product involved

Powdered Milk classified under Tariff Headings:

04 02 10 91	04 02 10 99
04 02 21 91	04 02 21 99
04 02 29 91	04 02 29 99

4. Provide a precise description of the proposed measure

The following safeguard measure is to be imposed over a period of three years and will be progressively liberalized as follows:

Years	First year	Second year	Third year
Duration	From 12/04/2001 to 11/04/2002	From 12/04/2002 to 11/04/2003	From 12/04/2003 to 24/09/2003
Duty rate (as percentage of c.i.f. value)	15%	7%	3%

5. Provide the expected duration of the measure

As noted in item 4 above, the measure calls for the imposition of an additional duty over the period of three years (less the 200 days of the provisional measure).

6. For a measure with a duration of more than three years, provide the proposed date for this review (under Article 7.4) to hold not later than mid-term of the measure, if such a date for review has already been scheduled

Not applicable. Refer to item 5 above.

7. If the expected duration is over one year, provide the expected timetable for progressive liberalization of the measure

The measure will be decreased progressively each year to reach zero per cent after the end of the third year, as indicated in the table set out in item 4 above.

8. If any Member has any inquiry, is seeking more information, or wishes to request consultations, please do not hesitate to contact the Anti-Dumping, Subsidy and Safeguard Department. The Member requesting the consultations should propose a date for these consultations and send its proposal to the Department no later than 5 April 2001. The available days for the consultations will be during the period 6-10 April 2001 from 9.00 a.m. to 5.00 p.m. (Cairo local time), and will be held at the following address:

Ministry of Economy and Foreign Trade
Anti-Dumping, Subsidy and Safeguards Department
19 Ma'had Naser Street
Kornish El Nil
Shoubra
Cairo
Egypt
Postal Code: 11614

Tel: +2 02 203 96 73 - 202 81 97

Fax: +2 02 432 10 35 - 202 88 61

II. NOTIFICATION UNDER ARTICLE 12.1(C) OF THE AGREEMENT ON SAFEGUARDS UPON TAKING A DECISION TO APPLY OR EXTEND A SAFEGUARD MEASURE

1. Evidence of serious injury or threat thereof caused by increased imports

The following is a summary of the conclusions reached during the investigation of serious injury:

- (a) Imports have increased significantly since 1997, both in absolute and relative terms, and the rate of increase is accelerating from one year to another;
- (b) There was a significant decline in sales revenues in 1999 and the first six months of 2000;
- (c) The market share of the domestic industry declined significantly in 1999 and the first six months of 2000;
- (d) There was a significant decline in profits in 1999 and the first six months of 2000;

- (e) There was a significant decline in return on investment in 1999 and the first six months of 2000;
- (f) The above-mentioned injury aspects occurred when there was an increase in imports;
- (g) Other causes of injury have been examined. There were a number of other aspects of injury which industry management had not been addressing, including seasonality in production and an excessive investment in the dairy sector. It was found that these injury factors existed before the large increase in imports;
- (h) The sudden surge in imports has made the injury factors serious;
- (i) Actual injury was found, not a threat of injury.

2. Information on whether there is an absolute increase in imports or an increase in imports relative to domestic production

There was an absolute increase in imports since 1997. Imports increased in 1997 by 10 per cent compared to 1996. In 1998 the imports increased by 21 per cent compared to 1996. There has been a sharp increase in imports in 1999 by 89 per cent compared to 1996. In the first six months of 2000 there has been a significant increase in import volume by 66 per cent compared to a corresponding period of 1996.

There has been an increase in imports relative to domestic production; this figure was steady during the period between 1996 to 1998, as it ranged from 7.2 per cent to 7.4 per cent. In 1999 it increased suddenly to 10.8 per cent and increased further to reach 11.1 per cent in the first six months of 2000.

3. Provide a precise description of the product involved

Powdered Milk classified under Tariff Headings:

04 02 10 91	04 02 10 99
04 02 21 91	04 02 21 99
04 02 29 91	04 02 29 99

4. Provide a precise description of the proposed measure

The following safeguard measure is to be imposed over a period of three years and will be progressively liberalized as follows:

Years	First year	Second year	Third year
Duration	From 12/04/2001 to 11/04/2002	From 12/04/2002 to 11/04/2003	From 12/04/2003 to 24/09/2003
Duty rate (as percentage of c.i.f. value)	15%	7%	3%

5. Provide the expected date of introduction

The proposed date of introduction of the measure is 12 April 2001.

6. Provide the expected duration of the measure

As noted in item 4 above, the measure calls for the imposition of an additional duty over three years (less the 200 days of the provisional measure).

7. For a measure with a duration of more than three years, provide the proposed date for this review (under Article 7.4) to hold not later than mid-term of the measure, if such a date for review has already been scheduled

Not applicable.

8. If the expected duration is over one year, provide the expected timetable for progressive liberalization of the measure

The measure will be decreased progressively each year to reach zero per cent after the end of the third year, as indicated in the table set out in item 4 above.

9. If the measure is being extended, also provide (i) evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy injury

Not applicable.

10. If any Member has any inquiry, is seeking more information, or wishes to request consultations, please do not hesitate to contact the Anti-Dumping, Subsidy and Safeguard Department. The Member requesting the consultations should propose a date for these consultations and send its proposal to the Department no later than 5 April 2001. The available days for the consultations will be during the period 6-10 April 2001 from 9.00 a.m. to 5.00 p.m. (Cairo local time), and will be held at the following address:

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