

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

EGYPT

The following communication, dated 25 September 2000, has been received from the Permanent Mission of Egypt.

Pursuant to Article 12.4 of the Agreement on Safeguards, and in light of the notifications format under the Agreement as adopted by the respective committee (G/SG/N/6, 7 February 1995), Egypt hereby submits a notification before taking a provisional measure regarding imports of powdered milk, under Article 6 of the Agreement.

1. The product subject to the proposed provisional safeguard measure

Powdered milk classified under tariff headings 04.2.10.91, 04.2.10.99, 04.2.21.91, 04.2.21.99, 04.2.29.91 and 04.2.29.99 of Egypt's harmonized tariff.

2. The proposed provisional safeguard measure

The provisional safeguard measure recommended will be applied in the form of tariff increase, by the introduction of the additional duty at the level of 45 per cent c.i.f. value applied to all imports of powdered milk irrespective of their source.

3. The proposed introduction of the provisional safeguard measure

The provisional safeguard measure is scheduled to enter into force 26 September 2000.

4. The expected duration of the safeguard measure

The provisional safeguard measure will apply for a period up to 200 days, during which the investigation will proceed further.

5. Preliminary determination that increased imports have caused or are threatening to cause serious injury

It was found that a substantial increase in powdered milk imports was recorded during the period from 1996 to the first six months of 2000, as imports increased by 10 per cent in 1997 compared to 1996, and increased by 21 per cent in 1998 compared to 1996, and it continued to

increase reaching 89 per cent in 1999 compared to 1996, and finally reached 66 per cent during the first six months of 2000 compared to the same period in 1996.

Substantially increased imports of powdered milk have adverse effect on the industry, it was found that the growth in imports, rising from 10 per cent in 1997 compared to 1996, and to 66 per cent during the first six months in 2000 compared to the same period in 1996, had caused a very serious decline in the profit of the domestic producers. This decline was so serious that the continued viability of the domestic producers was in real doubt. The domestic producers were facing a critical situation which if not remedied soon would be very damaging to them. Such damage would be difficult to repair.

6. Determination of critical circumstances where delay would cause damage which would be difficult to repair

In view of the evidence submitted, the Ministry of Economy and Foreign Trade determined that this constitutes critical circumstances as provided for in Article 6 of the Agreement on Safeguards. It also concluded that the increased imports of powdered milk caused serious injury in the form of the decline in sales, average selling price, return on investment and profits and consequently the Egyptian producers of fresh milk have been seriously injured. Upon reaching this conclusion, a full range of factors relating to the industry was examined. The evidence of serious injury showed significant overall impairment in the position of the domestic producers.

Therefore, it was considered that the situation is so critical that it calls for immediate introduction of a provisional safeguard measure. Such a measure must be introduced immediately in order to prevent even greater damage that would be difficult to repair.
