



WORLD TRADE
ORGANIZATION

G/SG/N/8/MAR/4
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Committee on Safeguards

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

**NOTIFICATIONS PURSUANT TO ARTICLE 12.1(C) AND ARTICLE 9,
FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS**

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

MOROCCO

(Cold-Rolled Sheets in Coils or Cut, and Plated or Coated Sheets)

The following communication, dated 20 May 2015, is being circulated at the request of the delegation of Morocco.

Morocco hereby confirms the results of the preliminary determination in the safeguards investigation on imports of cold-rolled sheets and plated or coated sheets, as notified in document G/SG/N/7/MAR/3 - G/SG/N/11/MAR/3 of 22 October 2014 concerning the application of a provisional safeguard measure.

In the light of the foregoing, Morocco hereby submits its notification concerning the application of a definitive safeguard measure to imports of cold-rolled sheets and plated or coated sheets, in accordance with Article 12.1(c) of the Agreement on Safeguards..

The above-mentioned provisional safeguard measure was published in Official Journal (*Bulletin Officiel*) No. 6303 of 27 October 2014 in the form of a joint order of the Minister of Industry, Trade, Investment and the Digital Economy and the Minister of the Economy and Finance.

1. Description of the products subject to the investigation

The products under investigation are cold-rolled sheets in coils or cut, and plated or coated sheets, all of which belong to the family of flat steel products.

The flat steel sheets under investigation are imported into Morocco under the HS tariff headings listed below. It should be noted that in light of the comments and observations submitted by the parties involved in the investigation, the Ministry of Foreign Trade examined the sheets under investigation taking into account the exclusion of sheets relating to the free export zone of Tangiers and sheets that certain industries requested be excluded. Accordingly, the tariff headings for cold-rolled sheets and plated or coated sheets retained for the safeguard procedure are as follows:

- **Cold-rolled sheets:** 7209 (with the exception of 7209.16.00.20; 7209.17.00.20; 7209.18.00.20; 7209.26.00.20; 7209.27.00.20; 7209.28.00.20), 7211 (with the exception of 7211.13; 7211.14; 7211.19; 7211.23.00.10; 7211.23.00.40; 7211.29.00.20; 7211.29.00.50); 7225.50.10.00; 7225.50.90.00; 7226 (with the exception of 7226.11.00; 7226.19.00).
- **Plated or coated sheets:** 7210 (with the exception of 7210.11; 7210.12; 7210.30.00; 7210.50; 7210.90.21.00; 7210.90.22.00; 7210.90.23.00; 7210.90.29.91); 7212 (with the exception of 7212.10; 7212.20.00; 7212.30.99.00; 7212.40.20.00; 7212.40.39.10; 7212.50.20.00; 7212.50.63.00; 7212.50.64.00); 7225 (with the exception of 7225.11.00; 7225.19.00; 7225.30; 7225.40; 7225.91); 7226 (with the exception of 7226.20.00.11; 7226.20.00.21; 7226.20.00.51; 7226.20.00.52; 7226.20.00.59; 7226.91.00; 7226.99.10.00; 7226.99.90.99).

2. Data relating to increased imports

According to Foreign Exchange Board statistics, imports of cold-rolled sheets rose by 65% between 2010 and 2013, with a slight decrease of 5% in the period January-April 2014 in relation to the same period in 2013.

Imports of plated or coated sheets also increased by 65% between 2010 and 2013. In the period January-April 2014, they increased by 97% in relation to the same period in 2013.

In terms relative to domestic production, the index of the ratio of imports to domestic production of cold-rolled sheets reached 263 in 2013 and 186 in the period January-April 2014. The index of the ratio of imports to domestic production of plated or coated sheets rose to 188 in 2013, reaching 325 in the first four months of 2014.

Table 1: Imports* of Cold-Rolled Sheets and Plated or Coated Sheets

Index: 2010 = 100; index: 2013 (Jan-April) = 100

Imports		2010	2011	2012	2013	2013 (Jan-April)	2014 (Jan-April)
Imports (tonnes)	Cold-rolled sheets	13,679	15,309	15,802	22,622	9,972	9,470
	Plated or coated sheets	14,867	19,234	29,776	24,584	6,693	13,154
Imports/ Production (%)	Cold-rolled sheets	100	97	142	263	100	186
	Plated or coated sheets	100	122	222	188	100	325

* Source: Foreign Exchange Board and data from Maghreb Steel.

From the evidence above, it was concluded that the volume of imports had increased significantly in absolute and relative terms.

Unforeseen developments

Taking into account the verification and examination of the available data, the Moroccan Ministry of Foreign Trade confirms the data in the preliminary determination according to which the increase in imports of cold-rolled sheets and plated or coated sheets may be qualified as a massive increase resulting from unforeseen developments within the meaning of Article XIX of the GATT 1994 and the Agreement on Safeguards.

3. Evidence of injury caused by increased imports

Table 2: Overview of indicators* of injury to Maghreb Steel

Index 2010 = 100; index 2013 (Jan-April) = 100

Indicators of injury			2010	2011	2012	2013	2013 (Jan-April)	2014 (Jan-April)
Imports (tonnes)	Cold-rolled sheets		13,679	15,309	15,802	22,622	9,972	9,470
	Plated or coated sheets		14,867	19,234	29,776	24,584	6,693	13,154
Imports/ Production (%)	Cold-rolled sheets		100	97	142	263	100	186
	Plated or coated sheets		100	122	222	189	100	325
Market share of imports (%)	Cold-rolled sheets		100	106	141	191	100	91
	Plated or coated sheets		100	116	183	161	100	151
Overall market share of imports (%)			100	113	163	177	100	115
Sales (tonnes)	Cold-rolled sheets		100	104	66	49	100	128
	Plated or coated sheets	Galvanized sheets	100	106	87	80	100	122
		Pre-lacquere d sheets	100	101	83	97	100	63
Market share of Maghreb Steel (%)	Cold-rolled sheets		100	97	80	57	100	120
	Plated or coated sheets		100	96	81	86	100	78
Overall market share of Maghreb Steel (%)			100	96	80	78	100	87
Production	Cold-rolled sheets		100	116	81	62	100	51
	Plated or coated sheets	Galvanized sheets	100	103	81	74	100	53
		Pre-lacquere d sheets	100	112	116	113	100	30
Productivity (tonnes/employee)			100	26	23	97	100	61
Employment (persons)			100	101	97	86	100	97
Production capacity (tonnes)	Cold-rolled sheets		400,000	400,000	400,000	400,000	133,333	133,333
	Plated or coated sheets		280,000	280,000	280,000	280,000	93,333	93,333
Capacity utilization rate	Cold-rolled sheets		100	108	92	84	100	59
	Plated or coated sheets		100	107	95	89	100	61
Inventories (tonnes)	Cold-rolled sheets		100	264	160	107	100	45
	Plated or coated sheets	Galvanized sheets	100	132	79	75	100	64
		Pre-lacquere d sheets	100	133	81	155	100	124
Price (DH/tonne)	Cold-rolled sheets		100	112	106	103	100	100
	Plated or coated sheets	Galvanized sheets	100	101	94	94	100	105
		Pre-lacquere d sheets	100	106	102	102	100	98
Cost (DH/tonne)	Cold-rolled sheets		100	121	117	111	100	98
	Plated or coated sheets	Galvanized sheets	100	118	115	109	100	98
		Pre-lacquere d sheets	100	117	118	112	100	97
Results (thousand DH)	Cold-rolled sheets		100	-308	-274	-131	100	102
	Plated or coated sheets	Galvanized sheets	100	34	6	25	100	500
		Pre-lacquere d sheets	100	64	26	61	100	64
Profitability	Cold-rolled sheets		100	-265	-393	-255	100	79
	Plated or coated sheets	Galvanized sheets	100	31	7	33	100	389
		Pre-lacquere d sheets	100	59	31	61	100	104

* Source: Data compiled from Foreign Exchange Board statistics and Maghreb Steel data.

3.1. Rate and amount of the increase in imports: As outlined above, imports of cold-rolled sheets and plated or coated sheets have seen a sudden, massive and recent increase. This development has a negative impact on the performance of Maghreb Steel, as shown by its economic indicators.

3.2. Sales: The level of sales of cold-rolled sheets on the domestic market fell sharply by 50% between 2010 and 2013. Even though, as Arcelor Mittal noted in its comments, the trend in sales of cold-rolled sheets was positive in the first four months of 2014, this increase is not enough to offset the downturn of the previous years. Domestic sales of plated or coated sheets also plummeted between 2010 and 2013. This decline continued during the first four months of 2014, when sales were lower than in the same period in 2013.

3.3. Market share: Maghreb Steel's market share of cold-rolled sheets fell sharply between 2010 and 2013, before increasing in the first four months of 2014. The market share of plated or coated sheets fell steadily throughout the period covered by the investigation. Maghreb Steel therefore lost a considerable share of the market during the period covered by the investigation.

3.4. Production: Production of cold-rolled sheets fell by 73% between 2010 and 2013 and by 49% during the first four months of 2014 compared to the same period in 2013. Production of plated or coated sheets fell by 10% between 2010 and 2013 and by 38% during the first four months of 2014.

3.5. Productivity: It should be noted that productivity fell by 2% between 2010 and 2013. The most notable decrease was observed in 2012. During the first four months of 2014, productivity in terms of tonnes/employee fell compared to the same period in the previous year, which contributes to the serious injury suffered by Maghreb Steel.

3.6. Employment: The number of workers employed to produce the sheets under investigation fell significantly between 2010 and April 2014. Employment within Maghreb Steel has not followed a "positive trend", as claimed by Arcelor Mittal in its comments. On the contrary, the number of employees linked to production has decreased.

3.7. Production capacity and capacity utilization rate: The capacity utilization rate indicator shows a steady decline for both cold-rolled sheets and plated or coated sheets from the end of 2011 onwards. This decline is even more pronounced when comparing the first four months of 2014 with the first four months of 2013, when the capacity utilization rate fell by 60%.

3.8. Inventories: The year-on-year analysis showed an increase in inventories between 2010 and 2013. The inventory reduction of around 32% during the first four months of 2014 corresponds to a 40% drop in production.

3.9. Prices and cost of production: As noted in the preliminary report, Maghreb Steel's prices for both cold-rolled sheets and plated or coated sheets were reduced as of 2012. In fact, in 2012, when imports were at their peak, the prices of all the products were reduced. When imports of plated or coated sheets fell by 18% in 2013, their prices remained stable while those of cold-rolled sheets fell slightly. During the first four months of 2014, the prices of cold-rolled sheets remained stable while those of plated or coated sheets continued to fall. Within the latter category, prices of galvanized sheets increased by 5.31%, yet this increase could not offset the previous decline.

3.10. Profitability: A detailed analysis of profitability shows that cold-rolled sheets were sold at a loss between 2011 and April 2014. As for plated or coated sheets, their profitability fell between 2010 and 2012, resulting in almost zero profits in 2012. The increase observed in 2013 and during the first four months of 2014 is not enough to recover the low levels of profitability coinciding with the massive increase in imports.

Following the examination of the injury indicators listed above, the preliminary results¹ of the investigation were confirmed as regards the existence of serious injury to the domestic industry producing cold-rolled sheets and plated or coated sheets.

¹ Document G/SG/N/7/MAR/3-G/SG/N/11/MAR/3 of 22 October 2014.

4. Causal link

In accordance with the requirements of Article 54 of Law No. 15-09 and Article 46 of its implementing decree, and Article 4(b) of the WTO Agreement on Safeguards, the Ministry of Foreign Trade examined the correlation between the increased imports and the injury suffered, as well as the effects of factors other than increased imports which may cause injury to the domestic industry. It confirmed the conclusions of the preliminary determination according to which the injury suffered by Maghreb Steel is caused by massive imports of cold-rolled sheets and plated or coated sheets and cannot be attributed to other factors, most notably trends in domestic consumption, competition or the definitive elimination of customs duties on the products concerned.

5. Precise description of the proposed definitive measure

The proposed safeguard measure entails the application of an additional *ad valorem* duty of 22% to imports of cold-rolled sheets and plated or coated sheets.

6. Expected timetable for progressive liberalization of the definitive measure

In order to satisfy the progressive liberalization requirement, in accordance with Article 65 of Law No. 15-09 on trade defence measures and Article 7.4 of the Agreement on Safeguards, the definitive safeguard measure will be liberalized according to the following timetable:

Table 3: Timetable for the liberalization of the definitive safeguard measure

Year	<i>Ad valorem</i> duty
From the date of the entry into force of the measure until 31 December 2015	22%
From 1 January 2016 to 31 December 2016	20%
From 1 January 2017 to 31 December 2017	18%
From 1 January 2018 to 31 December 2018	16%
From 1 January 2019	0%

7. Date of application of the definitive safeguard measure

The definitive safeguard measure will enter into force on the date of publication, in Morocco's Official Journal, of the joint order imposing the measure.

8. Domestic industry adjustment plan

Maghreb Steel is implementing a number of operational, commercial and financial transformation initiatives to ensure its competitiveness once the safeguard measure has been lifted. These initiatives consist of internal and external adjustment measures.

9. Developing Members exempt from the measure in accordance with Article 9.1 of the Agreement on Safeguards

The following developing countries are exempt from the definitive measure:

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; Cabo Verde; Central African Republic; Chad; Chile; Chinese Taipei; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Djibouti; Democratic Republic of the Congo; Dominica; Dominican Republic; Ecuador; Egypt; El Salvador; Fiji; Former Yugoslav Republic of Macedonia (FYROM); Gabon; the Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Hong Kong, China; India; Indonesia; Jamaica; Jordan; Kenya; Republic of Korea; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Macao, China; 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; Rwanda; Saint. Lucia; Saint. Kitts and Nevis; Saint Vincent and the

Grenadines; Samoa; Senegal; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Swaziland; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uruguay; Vanuatu; Bolivarian Republic of Venezuela; Viet Nam; Zambia; and Zimbabwe.

10. Offer of consultations under Article 12.3

In accordance with Article 12.3 of the Agreement on Safeguards, Morocco is ready to consult on the definitive safeguard measure with those Members having a substantial interest as exporters of the products concerned.



WORLD TRADE
ORGANIZATION

G/SG/N/8/MAR/4/Suppl.1
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**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
ON TAKING A DECISION TO APPLY A SAFEGUARD MEASURE**

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

MOROCCO

(Cold-Rolled Sheets in Coils or Cut, and Plated or Coated Sheets)

Supplement

The following communication, dated 9 September 2015, is being circulated at the request of the delegation of Morocco.

The tariff headings of the plated or coated sheets mentioned in paragraph 1 "Description of the products subject to the investigation" on page 1 of document G/SG/N/8/MAR/4 - G/SG/N/10/MAR/4 - G/SG/N/11/MAR/4 should be amended as follows:

Description of the products subject to the investigation

Plated or coated sheets: 7210 (with the exception of 7210.11; 7210.12; 7210.30.00; 7210.50; 7210.90.21.00; 7210.90.22.00; 7210.90.23.00; and 7210.90.29.91); 7212 (with the exception of 7212.10; 7212.20.00; 7212.40.20.00; 7212.40.39.10; 7212.50.20.00; 7212.50.63.00; and 7212.50.64.00); 7225 (with the exception of 7225.11.00; 7225.19.00; 7225.30; 7225.40; and 7225.91); and 7226 (with the exception of 7226.20.00.11; 7226.20.00.21; 7226.20.00.51; 7226.20.00.52; 7226.20.00.59; 7226.91.00; and 7226.99.10.00).

Paragraph 5 "Precise description of the proposed definitive measure" on page 5 of document G/SG/N/8/MAR/4 - G/SG/N/10/MAR/4 - G/SG/N/11/MAR/4 should be amended as follows:

Precise description of the definitive measure

The definitive safeguard measure entails the application of an additional *ad valorem* duty of 22% to imports of cold-rolled sheets and plated or coated sheets. This duty does not apply to imports of cold-rolled sheets and plated or coated sheets within the fixed quota level of 36,000 tonnes.



WORLD TRADE
ORGANIZATION

G/SG/N/8/MAR/4/Suppl.2
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**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

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

MOROCCO

(Cold-Rolled Sheets in Coils or Cut, and Plated or Coated Sheets)

Supplement

The following communication, dated 30 August 2016, is being circulated at the request of the delegation of Morocco.

Section 9 "Developing Members exempt from the measure in accordance with Article 9.1 of the Agreement on Safeguards", on page 5 of document G/SG/N/8/MAR/4-G/SG/N/10/MAR/4-G/SG/N/11/MAR/4, has been amended as follows:

Developing Members exempt from the measure in accordance with Article 9.1 of the Agreement on Safeguards

The following developing countries are exempt from the definitive measure:

Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Bahrain, Kingdom of; Bangladesh; Barbados; Belize; Benin; Bolivia; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Central African Republic; Chad; Chile; Chinese Taipei; Colombia; Congo; Congo, Democratic Republic of the; Costa Rica; Côte d'Ivoire; Cuba; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Fiji; Gabon; the Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Hong Kong, China; Indonesia; Jamaica; Jordan; Kenya; Korea, Republic of; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Macao, China; Macedonia, Former Yugoslav Republic of (FYROM); Madagascar; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova, Republic of; Mongolia; Montenegro; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; 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, Kingdom of; Senegal; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Swaziland; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Vietnam; Zambia; and Zimbabwe.
