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Page: 1/4

Safeguards Committee

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**NOTIFICATION UNDER ARTICLE 12:1(C)
AGREEMENT ON SAFEGUARDS
(EXTENSION OF EXISTING MEASURE)**

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

MOROCCO

Coated wood panels

Extra charge

The following communication, dated August 15, 2022 and received on the same date, is distributed at the request of the delegation of Morocco.

Under Article 12.1(c) of the Agreement on Safeguards, Morocco submits its notification concerning the extension of the safeguard measure on imports of coated wood panels.

1 DESIGNATION OF THE PRODUCT COVERED BY THE SAFEGUARD MEASURE

The product subject to the review investigation is the panel made from pieces of wood agglomerated together by a binder (excluding the panels known as "OSB" (Oriented Strand Board) and "Waferboard") covered on the surface either with melamine decorative paper, either plates or decorative sheets of plastic material, hereinafter referred to as "coated wood panel". This product is imported under the following customs nomenclatures of the Harmonized System of Morocco: 4410.11.20.90; 4410.11.30.90; 4410.19.92.90; 4410.19.93.90.

2 DESIGNATION OF THE PROPOSED MEASURE

The safeguard measure consists of a specific additional duty of 1.6 dirhams/kg applicable above a quota of 33,000 tonnes of coated wood panels.

3 THE PROJECTED DATE FOR THE INTRODUCTION OF THE MEASURE

The final safeguard measure will be published in the Official Bulletin of Morocco. Its provisions will enter into force as of September 20, 2022.

4 PROBABLE DURATION OF MEASUREMENT

The Ministry of Industry and Trade of Morocco (Ministry) plans to renew the safeguard measure for an additional period of 3 years, i.e. until September 19, 2025.

5 ANTICIPATED TIMETABLE FOR THE GRADUAL LIBERALIZATION OF THE MEASURE

The level of the quota for the coated wood panel will continue to increase by 3% per year to satisfy the requirement of the liberalization of the measure and this, under the terms of articles 65 of the law n ° 15-09 relating to the defensive measures trade and 7.4 of the WTO Agreement on Safeguards.

Table 1: Annual level of coated wood panel quotas

(in tons)

Periods of the safeguard measure	Annual quota
From September 20, 2022 to September 19, 2023	33,000
From September 20, 2023 to September 19, 2024	33,990
From September 20, 2024 to September 19, 2025	35,009.7

6 ELEMENTS PROVING THAT THE SAFEGUARD MEASURE CONTINUES TO BE NECESSARY TO REPAIR OR PREVENT SERIOUS DAMAGE AND THAT THE BRANCH OF CONCERNED PRODUCTION MAKES ADJUSTMENTS

In order to determine whether the safeguard measure continues to be necessary to remedy or prevent serious injury and that the Moroccan industry is making adjustments in accordance with Articles 69 of Law No. 15-09 and 7.2 of the Agreement of the WTO on Safeguards. The Department has analyzed whether the safeguard measure continues to be necessary to remedy serious injury. In this regard, he examined the evolution of imports of coated wood panels and the economic and financial indicators of the Moroccan industry. The Department then analyzed whether the safeguard measure continues to be necessary to prevent serious injury. To this end, the review focused on the foreseeable and imminent behavior of imports and its effects on the Moroccan coated wood panel industry after the lifting of the safeguard measure. The Ministry also examined the restructuring program of the said industry.

6.1 Determination of whether the safeguard measure continues to be necessary to remedy serious injury

To examine whether the safeguard measure continues to be necessary to remedy serious injury, the Ministry examined the economic and financial indicators of the domestic industry, namely production, production capacity, capacity utilization rate, sales, cost of production, profitability, inventories, productivity and employment. It turned out that the situation of the Moroccan industry of coated wood panels has experienced an improvement which remains, however, very fragile.

Table 2: Summary of indicators of serious injury suffered by the domestic coated wood panel industry

(In index 2018=100)	2018	2019	2020	2021
Imports (m ²)	4,831,923	5,406,332	3,745,970	3,555,782
Yield (m ²)	100	112	134	177
Imports / Production	100	100	58	42
Local sales (m ²)	100	99	134	169
BPN market share	100	92	143	167
Import market share	100	104	83	73
Local selling price (MAD/ m ²)	100	106	105	117
Profitability (MAD/m ²)	(100)	(55)	33	66
Inventories (m ²)	100	123	112	114
Production capacity (m ²)	100	174	174	174
Production capacity utilization rate in (%)	100	64	77	102
Investments (MAD)	100	3	3	5
Job (person)	100	119	126	127
Productivity (m ² /employee)	100	94	107	139

Source: Data compiled from statistics from the Office des Changes and the responses of national producers to the survey questionnaire.

6.2 Determination of whether the safeguard measure continues to be necessary to prevent serious injury

In order to determine whether the safeguard measure continues to be necessary to prevent serious injury, the Department analyzed the risk of increased imports in the coming years due to various factors such as:

- i. The attractiveness of the Moroccan market;
- ii. The available production capacities of the main exporting producers of coated wood panels;
- iii. Low prices charged by exporters; and
- iv. The collapse of the course of the Turkish lira.

Considering the above factors, Morocco has concluded that the risk of increased imports of coated wood panels, once the safeguard measure is lifted, is real and imminent.

6.3 Determining whether the domestic industry is taking adjustment action

The Moroccan coated wood panel industry has provided evidence to demonstrate that it has started implementing its adjustment plan to increase its competitiveness. The deployment of adjustment measures is still in progress.

7 THE REFERENCE OF THE WTO DOCUMENT NOTIFYING THE INITIAL APPLICATION OF THE MEASURE

The WTO document containing the latest Article 12.1(c) notification is G/SG/N/8/MAR/6/Corr.1 - G/SG/N/10/MAR/6/Corr.1 - G/SG/N/11/MAR/6/Corr.1, published on July 25, 2019.

8 THE DURATION OF THE MEASURE FROM THE INITIAL APPLICATION UNTIL THE DATE TO WHICH IT WILL BE EXTENDED

Morocco has applied a safeguard measure on imports of coated wood panels, which entered into force on September 20, 2019 for a period of 3 years until September 19, 2022.

Finally, Morocco plans to extend this safeguard measure for 3 years, i.e. until September 19, 2025.

9 DEVELOPING COUNTRIES EXCLUDED FROM SAFEGUARD MEASURE UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS

Afghanistan, South Africa, 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, Cape Verde, Chile, China, Colombia, Congo, Republic of Korea, Costa Rica, Ivory Coast, Cuba, Djibouti, Dominica, Egypt, El Salvador, United Arab Emirates, Ecuador, Eswatini, Former Yugoslav Republic of Macedonia (FYROM), Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hong Kong China, Solomon Islands, India, Indonesia, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Lesotho, Liberia, Macau 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, R Central African Republic, Democratic Republic of Congo, Lao People's Democratic Republic, Dominican Republic, Kyrgyz Republic, Rwanda, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Senegal, Seychelles, Sierra Leone, Singapore, Sri Lanka, Suriname, Tajikistan, Chinese Taipei, Tanzania, Chad, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Uruguay, Vanuatu, Bolivarian Republic of Venezuela, Viet Nam, Yemen, Zambia, Zimbabwe.

10 OFFER OF ARTICLE 12.3 CONSULTATIONS

In accordance with Article 12.3 of the Agreement on Safeguards, Morocco is ready to enter into consultations on the envisaged safeguard measure with Members having a substantial interest as exporters of the products concerned.
