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Committee on Safeguards

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**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**

MOROCCO

Lighting columns

The following communication, dated and received on 13 September 2021, is being circulated at the request of the delegation of Morocco.

In accordance with Article 12.4 of the Agreement on Safeguards, Morocco hereby submits its notification before taking a provisional safeguard measure on imports of lighting columns. Morocco also notifies, pursuant to Article 9, footnote 2, of the Agreement on Safeguards, the list of developing countries excluded from the provisional measure.

1. Product subject to the proposed provisional safeguard measure

The products subject to the safeguard measure are lighting columns, which are metal supports, 3 to 12 metres high, designed to hold one or more luminaires, consisting of a pole (or shaft) and possibly an extension piece or one or more brackets, under tariff heading 7308.90.10.00.

2. Proposed provisional safeguard measure

It is proposed to apply a provisional safeguard measure to imports of lighting columns, which will take the form of an additional *ad valorem* duty of 25%.

3. Entry into force of the proposed provisional safeguard measure

The provisional safeguard measure is scheduled to enter into force on the day immediately following the date of publication, in Morocco's Official Journal, of the joint order imposing the measure (the measure is not yet in force).

4. Expected duration of the provisional safeguard measure

The provisional safeguard measure will be applied for 200 days.

5. The basis for:

5.1 Making a preliminary determination, as provided for in Article 6 of the Agreement on Safeguards, that increased imports are causing or threatening to cause serious injury:

1. Increased imports

According to the petition, imports of lighting columns increased massively by 82% in absolute terms during the 2015-2020 review period, rising from 8,285 tonnes in 2015 to 15,104 tonnes in 2020. At the same time, between 2015 and 2020, imports of these products increased by 26% relative to domestic production, rising from 87% to 110%.

Moreover, a review of recent data for 2021 made available to the Ministry has shown an anomalous and worrying upward trend in import volumes. According to the data available to the Ministry, the volume imported by the end of June 2021 was 6,165 tonnes. In terms of projections for the year, on the basis of the data on import commitments made by importing companies, imports could reach over 18,000 tonnes by the end of 2021, resulting in a 20% increase on 2020.

Therefore, the Ministry is of the opinion that imports of lighting columns increased massively and worryingly between January and the end of June 2021 and that this trend could further aggravate the injury already suffered by the domestic lighting columns industry.

	2015	2016	2017	2018	2019	2020	January-June 2021
Imports (tonnes)	8,285	9,037	7,779	3,945	8,982	15,104	6,165
Trends	-	+9.08%	-13.92%	-49.29%	+127.71%	+68.16%	-

Source: Data from the domestic industry.

2. Serious injury or threat thereof

2.1 Market share taken by imports

The market share taken by imports increased between 2015 and 2020, despite the falls seen in 2017 and 2018. Their share rebounded by 86% in 2019 and by 42% in 2020.

Index, 2015=100	2015	2016	2017*	2018	2019	2020
Imports' share of the domestic market	100	104	87	62	115	164

Source: Data from the domestic industry.

2.2 Sales

Domestic industry sales rose by 71% between 2015 and 2017. Since 2018, sales have followed an unbroken downward trend.

Index, 2015=100	2015	2016	2017	2018	2019	2020
Sales	100	130	171	167	150	102

Source: Data from the domestic industry.

2.3 Production

Production ticked upward between 2015 and 2020. However, according to the petitioners, this increase does not reflect performance in the domestic market, as a significant share of production is for export.

Excluding exported production volumes, production volumes for the domestic market followed a trend similar to that of sales, with a rise between 2015 and 2017, followed by a drop between 2018 and 2020.

Index, 2015=100	2015	2016	2017	2018	2019	2020
Total production	100	137	189	203	311	360
Production for the domestic market	100	130	171	167	150	102

Source: Data from the domestic industry.

2.4 Productivity

Domestic industry productivity rose between 2015 and 2020, essentially as a result of higher total production, which increased at a sharper rate (260% between 2015 and 2020) than the number of employees (60% between 2015 and 2020).

Index, 2015=100	2015	2016	2017	2018	2019	2020
Productivity	100	108	131	112	155	225

Source: Data from the domestic industry.

2.5 Production capacity utilization

With the exception of 2018, the production capacity utilization rate rose between 2015 and 2020. Despite this improvement, the rate remained very low compared to industry standards. The domestic industry has spare production capacity due to competition from mass imports that prevent it from making optimal use of its facilities.

	2015	2016	2017	2018	2019	2020
Capacity utilization rate	[20-30]%	[30-40]%	[40-50]%	[38-45]%	[45-50]%	[50-58]%

Source: Data from the domestic industry.

2.6 Profits and losses

The domestic industry's weighted average profit followed a positive trend in the home market between 2015 and 2018. However, from 2019, the domestic industry had to reduce its profitability to keep up with competition from imports and maintain its market share.

Index, 2015=100	2015	2016	2017	2018	2019	2020
Weighted average profit	100	108	153	285	204	-574

Source: Data from the domestic industry.

2.7 Employment

Employment rose between 2015 and 2019, before falling in 2020. According to the petitioners, the rise in employment was due to greater recourse to temporary employment to support their rapidly-growing export activities.

Index, 2015=100	2015	2016	2017	2018	2019	2020
Number of employees	100	127	144	181	201	160

Source: Data from the domestic industry.

2.8 Inventories

With the exception of 2017, the inventories of the product under consideration increased between 2015 and 2020. According to the petitioners, these surplus inventories have incurred major logistics and financial costs for the domestic industry.

Index, 2015=100	2015	2016	2017	2018	2019	2020
Inventories	100	364	193	247	306	568

Source: Data from the domestic industry.

3. Causation

Based on the petition data, the examination of the correlation between the massive increase in imports and the injury suffered, and of other factors that might cause injury to the domestic industry producing lighting columns shows that, provisionally and at this stage, the contribution of these factors to the injury suffered is not clearly established.

5.2 Determining the existence of critical circumstances where delay would cause serious injury which it would be difficult to repair

A preliminary determination has been made that critical circumstances exist in which delay would cause injury that would be difficult to repair.

In addition to the impairment of the domestic industry's position over the given period (2015-2020), the examination of recent data for 2021 made available to the Ministry has shown that the volume of imports continues to follow a worrying upward trend. According to these data, the volume imported by the end of June 2021 was 6,165 tonnes. In terms of projections for the year, on the basis of the data on import commitments made by importing companies, imports could reach over 18,000 tonnes by the end of 2021, resulting in a 20% increase on 2020.

Therefore, the Ministry is of the opinion that the trend in imports for 2021 could aggravate the injury suffered by the domestic industry. Given the recent rate of increase in imports and the situation of the domestic industry suffering serious injury, it is considered that any delay would cause serious injury that would be difficult to repair during the investigation, in the absence of a provisional safeguard measure.

6. Offer of consultations under Article 12.4

In accordance with Article 12.4 of the Agreement on Safeguards, Morocco is prepared to consult on the provisional safeguard measure with those Members having a substantial interest as exporters of the products concerned.

7. Developing countries exempt from the Definitive Safeguard Measure under Article 9.1 of the Agreement on Safeguards

Afghanistan; 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; China; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Eswatini; Fiji; former Yugoslav Republic of Macedonia (FYROM); Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea Bissau; Guyana; Haiti; Honduras; India; Indonesia; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; 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; Seychelles; Sierra Leone; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.

8. Contact point for correspondence concerning the investigation

To request information about the investigation procedure, parties should contact the Ministry using the fax number or email address provided below:

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