



19 December 2024

(24-8952)

Page: 1/3

Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT
ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION
AND THE REASONS FOR IT**

ZIMBABWE

Toothpaste

The following communication, dated and received on 17 December 2024, is being circulated at the request of the delegation of Zimbabwe.

In accordance with Article 12.1(a) of the WTO Agreement on Safeguards, Zimbabwe hereby notifies the Committee on Safeguards of the initiation of an investigation in respect of imports of toothpaste.

1 DATE OF INITIATION

The investigation was initiated on 11 October 2024.

2 PRODUCT CONCERNED

The product under consideration defined in the application is toothpaste, imported into Zimbabwe under the Harmonized System customs tariff code 3306.10.00 with the description dentifrices. Toothpaste is primarily used for cleaning and maintaining the health and aesthetics of teeth and other parts of the oral cavity, including gums.

3 EXPORTING COUNTRIES

The main countries exporting toothpaste to Zimbabwe are India, China and South Africa.

4 DURATION OF THE INVESTIGATION

The investigation will last for a period of 6 months and may be extended up to 8 months.

5 REASONS FOR THE INITIATION OF THE INVESTIGATION

The Zimbabwean domestic industry has provided evidence of serious injury resulting from a substantial increase in toothpaste imports. This increase is evident in both absolute and relative terms compared to domestic production from 2020 to 2023. The state of the domestic industry is concerning due to the significant and widespread deterioration of performance indicators, including production, capacity utilization, sales, market share, and, most notably, profits and losses. Consequently, it has been determined that all conditions necessary for the initiation of a safeguard investigation have been met.

6 UNFORESEEN DEVELOPMENTS

The Zimbabwean domestic industry noted that the significant rise in imports is a result of unforeseen developments, particularly stemming from Covid-19 recovery policies. Major toothpaste producers, such as those in China, India, Pakistan, and South Africa, have ramped up production post-Covid, creating surpluses that need to be absorbed by global markets, including Zimbabwe. These countries are known for their cost-effective manufacturing, making their products appealing to Zimbabwean importers and further increasing import volumes.

Additionally, established trade relationships have streamlined the flow of goods, while Zimbabwe's steady population growth has heightened demand for consumer products, including toothpaste.

Since 2022, the Zimbabwean government has been implementing post-Covid-19 economic recovery policies that have significantly increased the importation of toothpaste from major exporting countries. Following an involuntary pause on imports due to Covid restrictions, the reopening of trade has led to a surge in imports that has seriously harmed - and continues to threaten - the domestic industry.

7 INCREASED IMPORTS

(a) Absolute Change in Imports

Imports of toothpaste saw a significant increase during the period under consideration, particularly between 2021 and 2023. Overall, imports rose by 124%, from 1.22 million kilograms in 2021 to 2.74 million kilograms in 2023, marking the highest level on record and posing a serious threat to the viability of the local industry. Specifically, imports grew by 32%, from 1.2 million kg in 2021 to 1.6 million kg in 2022, and then surged by 69% to reach 2.74 million kg in 2023.

(b) Increased Imports Relative to Domestic Production

During the period under consideration, imports of toothpaste into Zimbabwe increased significantly, adversely impacting local production. Imports increased by 124% from 1.2 million kg in 2021 to 2.74 million kg in 2023. Although domestic production initially rose, it later declined and did not keep pace with the substantial rise in imports. Over the past four years, evidence shows that the domestic industry has been unable to utilize more than 5% of its total installed capacity due to this surge in imports. The rate of increase in production has been very low compared to the surge in imports.

8 FINDINGS OF SERIOUS INJURY AND CAUSAL LINK

The period of investigation for data analysis in this investigation extends from January 2020 to April 2024. Consequently, the information and evidence submitted by the applicant, who is the sole domestic producer of the product under consideration, covers this same period.

The surge in toothpaste imports has been a major cause of the serious injury to the domestic industry. Evidence clearly indicates a sharp rise in imports coinciding with a decline and stagnation in domestic production, capacity utilization, return on investment, profits and losses, and market share during the surge from January 2020 to April 2024.

Furthermore, imported toothpaste is being sold at prices lower than those of domestic products. While other factors, such as exchange rate fluctuations and power challenges, may have contributed to the difficulties faced by the domestic industry, the impact of imports has been the most significant and direct contributor to the injury.

Based on the information and evidence provided by the applicant, the Commission concluded that there is prima facie evidence indicating that the Zimbabwean domestic industry is experiencing serious injury causally linked to the recent, sudden surge in imports of the product under consideration.

9 INTERESTED PARTIES

Interested parties have 30 days from the date of the initiation of the investigation to make themselves known to the Commission, which serves as the investigating authority. All interested parties are invited to submit comments regarding the initiation of this investigation.

Requests for an oral hearing should be submitted in writing to the Commission at the address below within 30 days from the date of the investigation's initiation, stating the reasons for not relying solely on written submissions. No request for an oral hearing will be considered more than 60 days from the date of this initiation notice.

At the time of the request for an oral hearing, parties must provide the Commission with a detailed agenda and a complete version of all information to be discussed, including a non-confidential version if the information contains a confidential component. In the case of non-responses or late submissions, decisions will be made based on the best available information.

Public hearings may be held either at the request of interested parties or at the discretion of the Commission, allowing parties to present evidence and comments, respond to the presentations of others, and defend their interests.

10 FURTHER INFORMATION

Requests for further information and correspondence regarding the investigation must be sent to:

The Director
Competition and Tariff Commission
23 Broadlands Road, Emerald Hill
Harare
Zimbabwe

Email: traderemedies@competition.co.zw
Website: www.competition.co.zw
