WORLD TRADE ORGANIZATION

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Committee on Safeguards

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

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

MADAGASCAR

Flour

The following communication, dated and received on 24 October 2023, is being circulated at the request of the delegation of Madagascar.

In accordance with Articles 12.1(b) and 12.1(c) of the Agreement on Safeguards, Madagascar hereby notifies the Committee on Safeguards of a finding of serious injury or threat thereof caused by increased imports, and of the decision to apply a safeguard measure on imports of flour. Madagascar also wishes to notify the Committee, under Article 9, footnote 2, of the Agreement, of the decision not to apply the proposed safeguard measure to imports from developing countries.

1. NOTIFICATION, UNDER ARTICLES 12.1(B) AND 12.1(C) OF THE AGREEMENT ON SAFEGUARDS, OF A FINDING OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS, AND OF THE DECISION TO APPLY A SAFEGUARD MEASURE

1.1. Evidence of serious injury or threat thereof caused by increased imports

A. INCREASE IN IMPORTS

i. Unforeseen developments

The disruption of international trade in wheat flour as a result of the war in Ukraine, a situation that has become profitable for some exporting countries, is an unforeseen circumstance that has helped to increase wheat flour imports to Madagascar. Moreover, the increase in flour imports to Madagascar is also explained by the export promotion of some exporting countries, including India and Egypt. That approach allows producers in those countries to take advantage of different forms of support that make them more competitive. In addition, the surge in world wheat prices led Indian farmers to increase the acreage planted with high yield varieties.

ii. Absolute change in imports

In absolute terms, flour imports increased significantly during the period under investigation. A considerable 25-point rise was recorded last year.

iii. Change in imports relative to domestic production

Between 2021 and 2022, imports increased by 17 index points relative to domestic production.

B. SERIOUS INJURY

The determination of serious injury caused by the increase in imports was based on an objective and quantifiable examination of all relevant factors having a bearing on the situation of the domestic industry producing like or directly competing products. On the basis of the data available to the Investigating Authority, it was determined that the domestic industry had suffered serious injury, which is detailed below.

i. Rate of increase in imports

Flour imports into Madagascar increased both in absolute terms and relative to domestic production, particularly in 2022 when they topped more than 185,000 tonnes. This rise has had a negative impact on the performance indicators of the domestic industry.

ii. Share of the domestic market taken by imports

Imports have a large share of the market. On average, during the investigation period, they accounted for more than 70% of total consumption. Meanwhile, the market share of local producers corresponded to well below half of domestic consumption.

iii. Domestic production

Although it is starting to pick up again, the domestic industry is finding it difficult to increase its production volume. Following an improvement in 2021, the recovery in imports led to a year-on-year drop of 68 index points in 2022.

iv. Changes in the level of sales

The sales volume trend followed that of production. However, the decline in the sales volume was much sharper in 2022, as it fell 75 index points compared to the previous year.

v. Production capacity utilization rate

The domestic industry's production capacity has remained constant over the last three years. However, the utilization rate of that capacity has followed the variations in production. It is far from optimal as it has not been able to top 45%. The rate was down 68 index points in 2022 compared to 2021.

vi. Employment

Domestic industry's workforce rose from 100 to 181 index points between 2020 and 2021. Nevertheless, it fell by 8 index points in 2022 compared to 2021.

vii. Productivity

The domestic industry's productivity increased 47 index points during the period under investigation. It rose by 79 index points in 2021, but saw a year-on-year decrease of 32 index points in 2022.

viii. Inventory

The inventory accumulated by the domestic industry points to its difficulties in disposing of its production. The flour inventory volume at the end of 2022 was well over double that of 2020. Compared to the previous year, the inventory volume climbed 95 index points in 2022, against 69 points in 2021.

ix. Profitability

The influx of imports had a significant impact on the domestic industry's financial performance. It fell by 40 index points over the period between 2020 and 2022, while the sales volume rose by 165 index points. Between 2021 and 2022, the domestic industry lost 57 index points in terms of profitability.

C. CAUSAL LINK

i. Effects of increased imports

YEARS	2020	2021	2022
Imports	100	87	112
Domestic consumption	100	126	136
Production	100	323	255
Sales	100	340	265
Production capacity utilization rate	100	323	255
Imports' market share	100	69	83
Domestic industry's market share	100	270	196
Inventory	100	169	264
Performance	100	117	60

The increase in flour imports led to importers cornering the market to the detriment of the domestic industry. The market share of imports grew by 14 index points, while that of the domestic industry shrank by 74 index points. Contrary to the growth in imports, the indicators for the domestic industry show a significant and widespread deterioration thus constituting serious injury. Local producers did not have any opportunity to take advantage of the surge in domestic demand between 2021 and 2022. Domestic consumption rose by 16 index points in 2022 compared to the previous year. Meanwhile, production and sales fell by 68 and 75 index points, respectively. In the face of greater imports, local flour producers struggled to position themselves in the domestic market. As a result, there has been an accumulation of inventory which has generated significant additional costs for local industries and cut their profit margin. Therefore, the Investigating Authority concluded that there was a coincidence in time between the increase in imports and the deterioration in the domestic industry's indicators.

ii. Other causal factors

- **<u>Contraction in demand or changes in consumption patterns</u>**

Since flour consumption or use patterns changed significantly during the investigation period, the change in consumption patterns cannot be considered a cause of the injury suffered by the domestic industry.
Domestic flour consumption saw steady growth of 36 index points. In increased by 26 index points in 2021 and 10 index points in 2022. Hence, contraction in domestic demand cannot be considered a source of the injury suffered by the domestic industry either.

- **Competition among domestic producers**

The two flour production units are located in two geographically distant locations. Moreover, domestic production accounts for a lot less than half of domestic demand. Internal competition is therefore in no way the cause of the injury suffered by local producers.

- **Technological developments**

The domestic industry has effective machinery capable of producing good quality flour in accordance with the current level of flour production technology. Furthermore, the second production unit is completely new, equipped with the latest technology. Hence, lagging behind in terms of technology cannot be considered a source of the injury suffered by the domestic industry.

- **Export performance**

Locally produced wheat flour is destined entirely for the domestic market. Poor export performance therefore cannot be considered a cause of the injury suffered by the domestic industry.

1.2. Precise description of the product involved

The product subject to the safeguard measure is flour, imported under the Harmonized System code 1101000, entitled "Wheat or meslin flour" of Madagascar's customs tariff.

1.3. Precise description of the proposed measure

The definitive safeguard measure will take the form of an additional *ad valorem* duty of 12% of the c.i.f. value.

1.4. Proposed date of introduction of the measure

The definitive safeguard measure will enter into force on 24 October 2023, the date of publication of the public notice in two newspapers, *TARATRA* and *La Vérité*.

1.5. Expected duration of the measure

The duration of the definitive safeguard measure is four years, including the period of application of the provisional measure since 1 March 2023.

1.6. Proposed date for the review (under Article 7.4)

The review, under Article 7.4 of the Agreement on Safeguards, will be held not later than the mid-term of the definitive measure.

1.7. Expected timetable for progressive liberalization of the measure

Period	Additional duty
1 March 2023 - 31 December 2023	12%
2024	11.5%
2025	11%
1 January 2026 - 28 February 2027	10.5%

1.8. Adjustment plan

The domestic industry has submitted an adjustment plan, outlining the actions it intends to take to improve its competitiveness in the face of competition from imports. Its adjustment plan is based on: increasing production capacity utilization with a view to boosting production volumes; making new investments in order to expand its current production capacity; continuing to improve product quality; diversifying its sources of raw materials; strengthening its workforce; and continuing to integrate new technology.

1.9. Date of prior consultation with those Members having a substantial interest as exporters of the goods

In accordance with Article 12.3 of the WTO Agreement on Safeguards, Madagascar is prepared to hold consultations with those Members having a substantial interest as exporters of the product concerned.

Requests for consultations should be sent to the Director-General of the ANMCC at the following email address: dg.anmcc@gmail.com; dg@anmcc.mg.

2. NOTIFICATION, UNDER ARTICLE 9, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS, OF NON-APPLICATION OF A SAFEGUARD MEASURE TO DEVELOPING COUNTRIES

2.1. Description of the measure

The definitive safeguard measure will take the form of an additional *ad valorem* duty of 12% of the c.i.f. value.

2.2. Products subject to the measure

The product subject to the safeguard measure is flour, imported under the Harmonized System code 1101000, entitled "Wheat or meslin flour" of Madagascar's customs tariff.

2.3. Developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards

Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina, Armenia; Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia, Plurinational State of; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Central African Republic; Chad; Chile; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Indonesia; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; North Macedonia; Nicaragua; Niger; 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; Senegal; Seychelles; Sierra Leone; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Ukraine; United Arab Emirates; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.

2.4. Further information

Information on the decision to apply the definitive safeguard measure to the products concerned may be obtained from:

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WORLD TRADE ORGANIZATION

G/SG/N/8/MDG/10/Suppl.1
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G/SG/N/11/MDG/10/Suppl.2

7 October 2025

(25-6428)

Committee on Safeguards

Original: French

NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT ON SAFEGUARDS OF THE RESULTS OF A MID-TERM REVIEW REFERRED TO IN ARTICLE 7.4

MADAGASCAR

Flour

Supplement

The following communication, dated and received on 6 October 2025, is being circulated at the request of the delegation of Madagascar.

Pursuant to Article 12.5 of the Agreement on Safeguards, Madagascar hereby notifies the results of the mid-term review of the safeguard measure concerning imports of flour.

1. Specify the measure and the product subject to the measure for which the mid-term review was conducted, and provide reference to the WTO document that notified the safeguard measure subject to the review.

The mid-term review concerns the safeguard measure applied to imports of flour classified under heading 11010000 of the Madagascan customs tariff nomenclature.

The application of this safeguard measure was notified to the WTO in document G/SG/N/8/MDG/10 - G/SG/N/10/MDG/10 - G/SG/N/11/MDG/10/Suppl.1.

2. Provide the dates of initiation and conclusion of the review

The review investigation was initiated on 13 March 2025.

3. Describe the results of the review, providing some detail on the basis for reaching those results.

(a) Import trends over the safeguard application period

i. Import trends in absolute terms

During the first two years of application of the measure in 2023 and 2024, imports of flour continued to increase. In 2024, imports shot up by 53 index points compared with the previous year. This demonstrates that the existing measure has had no effect on the trend in imports posing a threat to the domestic industry.

ii. Import trends in relative terms

Relative to domestic production, imports continued their marked upward trend during the two years of application of the measure. Imports surged by 50 index points in 2024. This trend remains a serious threat to the domestic industry.

(b) Indicators

i. Domestic consumption

During the two years of application, domestic consumption increased substantially. Consumption rose by 24 index points in 2024. However, due to the resumption of imports, the increase in domestic consumption was not of benefit to the domestic industry.

ii. Market share taken by imports

In 2024, the market shares of imports and the domestic industry moved in opposite directions. Imports retained a majority market share in 2024 with growth of 25 index points. A decrease of 20 index points was recorded for the domestic industry compared with the previous year.

iii. Production

Although domestic production rose slightly during the second year of the measure, growth remains modest. The increase of only 2 index points in the volume of locally produced flour in 2024 compared with the previous year demonstrates that the domestic industry failed to benefit fully from the application of the measure.

iv. Sales

Despite a sharp increase in domestic consumption, the domestic industry's sales volume remained stable in 2024 compared with 2023. This highlights the persistent difficulties of local producers in capturing growth in demand, which mainly benefits imports.

v. Production capacity utilization rate

Even after two years of the measure, domestic production capacity has remained stable. The increase of only 2 points in capacity utilization in 2024 is a very modest improvement, as the rate remained well below 50% throughout the period.

vi. Employment

The increase in domestic production in 2024 was accompanied by an uptick of 1 index point in the workforce.

vii. Productivity

The modest growth in production in 2024 resulted in an equally slight improvement in productivity, which increased by only 1 index point compared with the previous year.

viii. Inventory

The domestic industry faced considerable difficulties in selling its products. Stagnant sales, combined with increasing production, resulted in significant inventory growth. This was compounded by the resumption of imports in 2024, leading to an increase of 20 index points in inventories compared with 2023. Accordingly, inventories remained abnormally high during the two years of application of the measure, which had a negative impact on the state of the domestic industry.

ix. Profitability

Domestic industry profitability improved slightly between 2023 and 2024. Profits rose by 4 index points in 2024, but growth still falls short. As the profit margin was very small in 2023, this increase does not offset the injury suffered.

(c) Conclusion of mid-term review

Analysis of the domestic industry's performance indicators shows that its situation remained largely unchanged during the two years of application of the measure. In comparison, imports increased significantly, retaining a dominant market share. The production capacity utilization rate remains well below half. Moreover, abnormally high inventories, as well as the growth thereof, continue to hamper efforts to improve the state of the domestic industry.

In short, the safeguard measure has certainly improved the state of the industry and is essential given the dominance of imports, which account for more than half the market share of flour. Consequently, the measure needs to remain in place if the domestic industry is to continue adjusting and regain lasting stability.

4. Indicate whether:

i. the measure has been, or will be, withdrawn as a result of the review. If yes, then indicate the date of withdrawal; and,

The existing safeguard measure concerning imports of flour is to remain in place.

ii. the pace of liberalization has been, or will be, increased as a result of the review. If yes, then indicate the revised timetable for progressive liberalization.

The pace of liberalization has not been modified.

In accordance with Article 9.1 of the Agreement on Safeguards, the measure shall not be applied to imports of flour originating in the following developing country Members of the WTO:

Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina, Armenia; Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia, Plurinational State of; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Central African Republic; Chad; Chile; Colombia; Congo; Costa Rica; Côte d'Ivoire; Cuba; Democratic Republic of the Congo; Djibouti; Dominica; Dominican Republic; Ecuador; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Indonesia; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; North Macedonia; Nicaragua; Niger; 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; Senegal; Seychelles; Sierra Leone; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; Ukraine; United Arab Emirates; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.

Additional information and comments should be sent to the following address:

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