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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 THEREOF  
CAUSED BY INCREASED IMPORTS**

**NOTIFICATION UNDER ARTICLE 12.1(C) OF  
THE AGREEMENT ON SAFEGUARDS**

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

MADAGASCAR

*Concentrated milk*

The following communication, dated and received on 18 September 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 concentrated milk. Madagascar also wishes to notify the Committee, under Article 9, footnote 2, of the Agreement, of its decision not to apply the proposed safeguard measure to imports from developing countries.

Pursuant to Article 12.3 of the Agreement on Safeguards, Madagascar stands ready to consult with those Members having a substantial interest as exporters of the product concerned.

**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**

Madagascar's accession to the WTO in 1995 did not take into account the risk associated with the expansion of the trade in "fat-filled milk powder", particularly in recent years. This is a milk substitute produced from drying skimmed milk powder with vegetable fat, mainly palm oil. Classified as a low-cost product, it is often exported to countries such as Madagascar where the majority of consumers have weak purchasing power. It is also used as a raw material for producing concentrated milk, which is sold 30% cheaper than concentrated milk made from cow's milk. Since consumers are not able to distinguish between these two types of concentrated milk, they logically tend to choose low-priced concentrated milk produced using fat-filled milk powders. This is arguably the cause of the increase in imports of concentrated milk to Madagascar, the main exporting country of which is Malaysia, where the multinational company, Olam, a producer of dairy products and fat-filled blends, is located. Thus, the development of trade in "fat-filled milk powder" at the global level is an unforeseen circumstance that explains the increase in imports.

**ii. Increase in imports in absolute terms**

In absolute terms, imports of concentrated milk have risen steadily and significantly. Between 2020 and 2021, they increased by 33 index points, and by 40 index points between 2021 and 2022. In short, imports increased by 73 index points over the period considered.

**iii. Increase in imports relative to domestic production**

Relative to domestic production, imports of concentrated milk continued to increase during the period of investigation, with an increase of 110 index points. In the last two years, the share of imports in relation to domestic production increased by 67 index points and 43 index points, respectively.

**B. SERIOUS INJURY**

The determination of serious injury to the domestic concentrated milk industry was based on all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry. On the basis of the data available to the Authority, it was determined that the domestic industry had suffered serious injury.

**i. Rate of increase in imports**

Data from the investigation showed that there was a sharp and significant increase of 40 index points in the volume of imports of concentrated milk in 2022 compared to 2021. Relative to domestic production, the share of imports increased significantly during the period considered. This situation has had a very negative impact on the performance indicators of the domestic industry.

**ii. Share of the domestic market taken by imports**

The market share taken by imports increased by 17 index points between 2020 and 2022. On average, importers hold 82% of the local market. At the same time, over the three years, the domestic industry lost half of its market share.

**iii. Domestic production**

Domestic production of concentrated milk saw a significant decline of 21 index points between 2020 and 2021. In contrast, between 2021 and 2022, the volume of domestic production recorded a slight increase of 3 index points. Despite this increase, the petitioner is still unable to achieve the same production volume of concentrated milk as in 2020, as between 2020 and 2022, production decreased by 18 index points.

**iv. Changes in the level of sales**

The sales volume dropped by 29 index points in 2021. Despite a negligible increase of 3 index points between 2021 and 2022, the domestic industry's sales volume in the last year of the investigation showed a considerable gap compared to the base year.

**v. Production capacity utilization rate**

Given the low level of production, the domestic production capacity utilization rate is very low. During the period considered, it remained below half. The highest level was in 2020, as it showed a downward trend. Compared with the base year, this utilization rate fell by 18 index points. A significant proportion of this capacity has therefore remained unused for some years. This situation means the company cannot generate returns on its business and make new investments.

**vi. Employment**

Despite its difficulties in the face of rising imports, the domestic industry has made efforts to retain its workforce, with staff numbers remaining stable throughout the period considered.

**vii. Productivity**

Productivity of the domestic industry declined between 2020 and 2022 in line with production, with a drop of 18 index points. The lowest level was in 2021, when production was at its lowest.

**viii. Inventories**

The inventory volume of concentrated milk at the end of each year of the investigation period grew by 321 index points in 2022. In 2021, the volume was already far more than double its level in 2020, and it had quadrupled in 2022 when compared to the inventory volume of concentrated milk in the base year.

**ix. Profitability**

The decline in sales volume has affected the company's profitability. During the period of investigation from 2020 to 2022, the company lost 53 index points from its profit. The petitioner's profit fell by 23 index points in 2021 compared with the base year. In 2022, its profit continued to fall, as it dropped sharply by 30 index points, while its sales volume increased by 3 index points.

**C. CAUSAL LINK****i. Effect of increased imports**

| YEAR                                  | 2020 | 2021 | 2022 |
|---------------------------------------|------|------|------|
| Imports                               | 100  | 133  | 173  |
| Domestic consumption                  | 100  | 117  | 148  |
| Production                            | 100  | 79   | 82   |
| Sales                                 | 100  | 71   | 74   |
| Production capacity utilization rate  | 100  | 79   | 82   |
| Market share of imports               | 100  | 114  | 117  |
| Market share of the domestic industry | 100  | 61   | 50   |
| Performance                           | 100  | 77   | 47   |

Imports of concentrated milk into Madagascar increased during the period 2020-2022. This increase has caused serious injury to the domestic industry, particularly in terms of profitability, production, sales, production capacity utilization and market share.

The significant increase in domestic demand between 2020 and 2022 was largely absorbed by a substantial rise in imports. Despite the negligible increase in sales volume in 2022, it did not reach the same level as in 2020. Moreover, the company's profits have fallen significantly.

The domestic industry's market share is moving in the opposite direction to that of imports. Unlike imports, which increased by 33 and 40 index points successively over the last two years, the domestic industry's market share has lost 39 and 11 index points successively over the same period.

**ii. Other causal factors****- Contraction in demand or changes in consumption patterns**

There was no change in the way concentrated milk was consumed or used during the period concerned. Concentrated milk, whether local or imported, is generally used for consumption in households and public catering. It is also used in dessert mixes. The hypothesis of a change in consumption patterns cannot therefore be considered a cause of the injury.

With regard to contraction in demand, this cannot be considered a cause of the injury either. Domestic consumption has increased every year. It increased by 17 index points in 2021 and 31 index points in 2022. Overall, between 2020 and 2022, it increased 48 index points. It is therefore held that the injury to the domestic industry cannot be attributed to a contraction in domestic market demand.

- **Competition between domestic producers**

As Socolait is the only producer of concentrated milk in Madagascar, competition with other domestic producers does not exist and cannot be considered as an injury factor.

- **Technological developments**

Although the production units have been in operation since 1972, the company has undertaken regular upgrades to keep pace with changing technology and to acquire new, state-of-the-art machinery for improved performance. As a result, the company is able to produce high-quality concentrated milk and obtain higher yields by means of the new machines. Consequently, lagging behind in terms of technology cannot be considered a source of the injury suffered by Socolait.

- **Export performance**

As all the concentrated milk produced by the petitioner is sold on the local market, the cause of the injury suffered by the domestic industry cannot be attributed to poor export performance.

- **Product quality**

Milk production and collection comply with strict hygiene rules, under the constant supervision of the company's technicians. Milk undergoes various compliance tests throughout the collection network. In addition, the company has its own laboratory that is responsible for checking the quality of the fresh milk as soon as it arrives at the plant and throughout the manufacturing process. Furthermore, a monitoring mechanism has been set up to ensure that product quality is maintained until final consumption. Thus, the quality of locally produced milk cannot be considered a factor causing injury to the domestic industry.

## **1.2 Precise description of the product involved**

Concentrated milk packaged in different types of packaging and imported under HS codes 04029100 and 04029900 in accordance with the Malagasy customs tariff. Concentrated milk may contain added sugar or not, and may be skimmed or semi-skimmed.

## **1.3 Precise description of the proposed measure**

The definitive safeguard measure will take the form of a tariff rate quota, including a fixed annual quota of 3,000 tonnes, in excess of which an additional duty of 32% must be paid.

## **1.4 Proposed date of introduction of the measure**

The definitive safeguard measure will enter into force on 16 September 2023, the date of publication of the public notice in two newspapers authorized to receive legal notices: *L'Express de Madagascar* 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 6 June 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 of application of the safeguard measure | Quota (additional duty at a rate of 0%) | Rate of additional duty applied to out-of-quota imports |
|------------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| 6 June 2023 - 31 December 2023                 | 3,000 tonnes/year                       | 32%                                                     |
| 2024                                           |                                         | 31%                                                     |
| 2025                                           |                                         | 30%                                                     |
| 2026                                           |                                         | 29%                                                     |
| 1 January 2027 - 5 June 2027                   |                                         | 28%                                                     |

## 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 programme is based on the following areas: production volume, cost control, quality, marketing strategy, investment and staffing levels.

## 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](mailto:dg.anmcc@gmail.com); [dg@anmcc.mg](mailto:dg@anmcc.mg).

## 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 a tariff rate quota, including a fixed annual quota of 3,000 tonnes, in excess of which an additional duty of 32% must be paid.

### 2.2 Products subject to the measure

Concentrated milk packaged in different types of packaging and imported under HS codes 04029100 and 04029900 in accordance with the Malagasy customs tariff. Concentrated milk may contain added sugar or not, and may be skimmed or semi-skimmed.

### 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; Egypt; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; India; Indonesia; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; North Macedonia; 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; Türkiye; 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:

Monsieur Le Directeur Général de l'ANMCC  
Enceinte Ex-Conquête Antanimena, Antananarivo 101, Madagascar

**Tel.:** +261 34 05 441 41

**Email:** [dq.anmcc@gmail.com](mailto:dq.anmcc@gmail.com)/[dq@anmcc.mg](mailto:dq@anmcc.mg)

**Website:** [www.anmcc.mg](http://www.anmcc.mg)

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**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

*Concentrated Milk**Supplement*

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

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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 concentrated milk.

**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 concentrated milk classified under the following headings of the Malagasy customs tariff nomenclature: 04029100 and 04029900.

The application of this safeguard measure was notified to the WTO in document [G/SG/N/8/MDG/9-G/SG/N/10/MDG/9-G/SG/N/11/MDG/9/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**

In absolute terms, the volume of imports of concentrated milk remained more or less stable in 2024 following the implementation of the safeguard measure, increasing by only 1 index point compared with 2023. This confirms the stability of imports despite the application of the measure.

**ii. Import trends in relative terms**

Relative to domestic production, the volume of imports shrank in 2024. Imports decreased significantly by 20 index points compared with the previous year. This is due to the introduction of the measure in 2023 and the increase in local production volume.

**(b) Indicators****i. Domestic consumption**

In 2023 and 2024, the volume of domestic consumption increased. In 2024, domestic consumption rose by 13 index points compared with the previous year.

**ii. Market share taken by imports**

The market shares taken by imports and the domestic industry moved in opposite directions. In 2024, the market share taken by imports shrank. It fell by 10 index points in 2024 compared with 2023. Conversely, the market share of the domestic industry grew by 22 index points. Nevertheless, imports continue to hold the largest share of the concentrated milk market (61%).

**iii. Production**

The domestic industry's production volume increased during the second year of application of the measure. With the opening of a new manufacturing plant in 2024, the domestic production volume of concentrated milk increased by 27 index points compared with 2023.

**iv. Sales**

The application of the safeguard measure to imports of concentrated milk increased the sales of the domestic industry. In 2024, the domestic industry's sales volume rose by 38 index points. This trend shows that the domestic industry was able to benefit from the growth in domestic demand.

**v. Production capacity utilization rate**

The opening of a new manufacturing plant for concentrated milk in 2024 doubled production capacity, accounting for an increase of 118 index points. However, the domestic industry failed to leverage this growth in production capacity, which could have increased its production volume. Accordingly, the production capacity utilization rate fell sharply by 42 index points in 2024 compared with 2023.

**vi. Employment**

The domestic industry's workforce has expanded over the past two years. This is necessary to ensure the operation of the new manufacturing plant.

**vii. Productivity**

The domestic industry's productivity plummeted during the second year of application of the measure, falling sharply by 54 index points. This is due to the industry's difficulty in capitalizing on its investments to increase production capacity.

**viii. Inventory**

The inventory of concentrated milk declined by 5 index points in 2024. However, it remains at a high level, generating additional costs that negatively impact the domestic industry's profit margin.

**ix. Profitability**

Over the past two years, the domestic industry's profitability has increased slightly. The domestic industry's profits grew by 9 index points in 2024. However, this trend is not commensurate with the increase in sales.

**(c) Conclusion of mid-term review**

While the domestic industry's production volume, sales, production capacity and workforce increased in 2024, boosted by the opening of a new manufacturing plant, its production capacity utilization

rate and productivity plummeted. Moreover, the domestic industry's profitability did not increase commensurately with sales due to a smaller profit margin.

Accordingly, even if the introduction of the safeguard measure concerning imports of concentrated milk encouraged the industry to invest in increasing its production capacity with a view to strengthening its position in the domestic market, the industry's development remains constrained by mass imports of "creamer", a directly competitive substitute product for real concentrated milk that is sold at a lower price. To this end, the safeguard measure needs to remain in place for both real concentrated milk and directly competitive products.

#### **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 concentrated milk 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 concentrated milk 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; Egypt; El Salvador; Eswatini; Fiji; Gabon; Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; India; Indonesia; Israel; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Malawi; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; North Macedonia; 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; Türkiye; 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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**Bâtiment Maison des Produits 67 Ha 101 - ANTANANARIVO – MADAGASCAR**  
**Tel.: (+261) 34 05 441 41**  
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