



**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT
THEREOF CAUSED BY INCREASED IMPORTS**

**NOTIFICATION UNDER ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS
(NOTIFICATION OF A PROPOSAL TO IMPOSE A MEASURE)**

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

MADAGASCAR

(Blankets and Travelling Rugs)

The following communication, dated 25 June 2019, is being circulated at the request of the delegation of Madagascar.

On 20 September 2018, the National Trade Remedies Authority (ANMCC) initiated a safeguard investigation on blankets and travelling rugs imported into Madagascar. The initiation of the investigation and the imposition of the provisional measure were notified to the WTO Committee on Safeguards in documents G/SG/N/6/MDG/2 and G/SG/N/7/MDG/2.

Consistent with Article 12.3 of the Agreement on Safeguards, Madagascar is prepared to consult with those Members having a substantial interest as exporters of the product concerned.

The evidence gathered by the competent authority during the investigation is set out below.

**1 NOTIFICATION UNDER ARTICLE 12.1(B) AND 12.1(C) OF THE AGREEMENT ON
SAFEGUARDS UPON MAKING A FINDING OF SERIOUS INJURY**

SERIOUS INJURY

The determination of serious injury to the domestic blanket and travelling rug 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 collected during the injury investigation, the following was determined:

i. Rate of increase in imports

During the investigation period, blankets and travelling rugs were imported in greatly increased quantities, both in absolute terms and relative to domestic production. The increase in imports was sudden, recent, sharp and significant. According to data provided by the company SOMACOU, the increase had a negative effect on domestic industry performance indicators such as market share, the production capacity utilization rate, productivity, profitability, production volume and sales.

ii. Market share taken by imports

	2013	2014	2015	2016	2017	2018
Market share of the industry (index base 100 in 2013)	100	55	47	19	12	20
Market share taken by imports (index base 100 in 2013)	100	236	260	344	344	340

The domestic industry's market share fell sharply from 2013, declining 80 points between 2013 and 2018. In contrast, the market share taken by imports of blankets and travelling rugs increased.

iii. Production of the industry

	2013	2014	2015	2016	2017	2018
Volume of production (index base 100 in 2013)	100	75	91	126	70	45

The domestic industry's volume of production fell 25 points from 2013 to 2014. The slight improvement in 2015 and 2016 did not last; from 2017, the volume of production dropped significantly below its 2013 level. The domestic industry's production declined continuously over the last three years, reaching its lowest level of the investigation period in 2018.

iv. Change in level of sales and turnover

	2013	2014	2015	2016	2017	2018
Turnover (index base 100 in 2013)	100	98	122	129	109	118
Sales volume (index base 100 in 2013)	100	91	108	107	85	70

The applicant company recorded a 2-point decline in its turnover from 2013 to 2014 and a 20-point one from 2016 to 2017. The other years, turnover appears to improve because the company attempted to refocus on high-end products. This accounts for the difference in the trends in turnover and sales volume. SOMACOU's sales volume declined continuously during the last three years of the investigation period.

v. Production capacity utilization rate

	2013	2014	2015	2016	2017	2018
Capacity utilization (index base 100 in 2013)	100	72	88	118	75	54

The production capacity utilization rate of the blanket and travelling rug industry declined during the investigation period. Over the course of the investigation period, the applicant company's production capacity utilization rate fell 46 index points. Despite a slight improvement in 2016, the production capacity utilization rate sunk steadily over the last three years and reached its lowest level, 15%, in 2018.

vi. Employment

	2013	2014	2015	2016	2017	2018
Number of employees (index base 100 in 2013)	100	116	86	96	89	74

Despite efforts made by SOMACOU since 2013 to maintain the size of its workforce and to recover the skill sets lost in 2015 and 2016, the new conditions of competition on the domestic market, which is largely flooded with imported blankets and travelling rugs, have led to the loss of a large percentage of jobs. From 2017 to 2018, the level of employment declined 15 points. There was a 26-point drop in employment over the course of the investigation period.

vii. Productivity

	2013	2014	2015	2016	2017	2018
Coverage (index base 100 in 2013)	100	65	106	131	79	61

Source: Questionnaire responses

The domestic industry's productivity, significantly affected by the weak production capacity utilization rate, fell 35 points from 2013 to 2014. The slight improvement from 2015 to 2016 was only fleeting. It was immediately followed by a stunning 52-point drop from 2016 to 2017. Productivity was at its lowest level of the investigation period in 2018.

viii. Inventory

	2013	2014	2015	2016	2017	2018
Final inventory (index base 100 in 2013)	100	97	99	177	176	146

The preceding analyses show that the domestic industry's annual production volume was in decline during the investigation period. Despite this low annual production volume, the domestic industry had difficulty selling its products on the market. As a result, the annual inventory volume was very high during the period analysed, with more than 50% of the blankets and travelling rugs manufactured remaining in inventory. Inventory levels were at their highest in 2016 and 2017. Inventory amounts even exceeded sales volumes in 2017. They decreased slightly in 2018.

ix. Profitability

	2013	2014	2015	2016	2017	2018
Losses (index base 100 in 2013)	-100	-19	-139	-126	-66	-20

From 2013, the company consistently incurred huge financial losses, which varied according to the volume of sales. The highest losses occurred in 2015, the year when sales volume was also at its highest. This means that the company took a financial loss on every unit sold. The losses continued through 2018.

x. Selling price

	2013	2014	2015	2016	2017	2018
Selling price (index base 100 in 2013)	100	108	112	120	129	164

The table of the annual changes in selling prices reveals that the domestic industry has been attempting to adjust its selling prices since 2013. However, because of competition from imports, it has had to align its prices with the market. Its selling prices have been stuck below its cost prices despite the constant rise in production costs.

xi. Change in production costs

	2013	2014	2015	2016	2017	2018
Production cost (index base 100 in 2013)	100	112	126	134	139	152

There was an upward trend in production costs owing to the decrease in production volume during the investigation period. Production costs rose 52 points between 2013 and 2018.

UNFORESEEN DEVELOPMENTS

The ANMCC's consideration of unforeseen circumstances under Article XIX(1)(a) of the GATT was based on the following elements:

- China's rise in international trade rests on its comparative advantage in labour-intensive industries, which is due to its almost limitless workforce.
- China is the world's largest exporter of blankets and travelling rugs, and it is almost impossible for the world's manufacturers to withstand that domination.
- Egypt was Africa's top importer of blankets and travelling rugs before 2015. Its safeguard measure on imports of blankets and travelling rugs resulted in a significant decrease in Chinese exports of those products to Africa. That situation prompted China to modify its export pattern and channel exports to other markets, including, it would seem, the Madagascar market.
- China used that opportunity to redirect its exports to Madagascar in an attempt to regain the market share lost in Egypt. In 2016, Egypt's imports of blankets and travelling rugs decreased by 3,838 tonnes while Madagascar's imports of those products increased by 1,334 tonnes, or 35% of the market lost.

These developments could not be foreseen when tariff concessions were being negotiated in the WTO framework and occurred after Madagascar's accession to the WTO. They are undoubtedly responsible for the increase in imports of blankets and travelling rugs to Madagascar.

CAUSAL LINK

The causal link between the increase in imports of blankets and travelling rugs and the serious injury to the domestic industry was demonstrated through the following elements:

i. Increase in imports

According to the data collected during the investigation, the volume of imports of blankets and travelling rugs increased steadily and significantly, both in absolute terms and relative to domestic production, from 2013. Madagascar's imports of blankets and travelling rugs increased 792% from 2013 to 2018. The rise continued through April 2019. The applicant demonstrated that there had been a continuous and very sharp increase in the share of imported blankets and travelling rugs relative to domestic production from 2013 and that the rate of increase had been quite remarkable.

Moreover, the market share held by imports increased 160 points between 2013 and 2015. It rose continuously throughout the period examined and amounted to []% of the market in 2017. Conversely, the domestic industry's market share declined considerably from year to year over the period analysed. In 2017, the domestic industry's share was miniscule and represented only 12 index points. It is therefore concluded that the increased imports cannot be seen as a response to changes in domestic consumption, but rather occurred at the expense of domestic production.

Furthermore, a comparison of the selling prices offered to end consumers revealed a big difference in domestic markets. Imported blankets and travelling rugs are around 40 to 50% cheaper than blankets and travelling rugs manufactured domestically.

For the reasons laid out above, there is a clear correlation between the increase in imports and the serious injury to the domestic industry.

ii. Coinciding trends

The volume of imports was at its highest in 2017; that was also the year when the domestic industry's market share was at its lowest, there was the biggest year-on-year drop in production, of 56 points, and an enormous financial loss was incurred.

The drop in sales volume, which was accompanied by a big increase in production costs, resulted in huge financial losses. It is key that they occurred at the same time, as it attests to the existence of a causal link between the increase in imports and the serious injury.

iii. Export sales of the domestic industry

Since SOMACOU has never exported its products, the injury it suffered cannot be attributed to poor export performance.

iv. Contraction in demand or change in the pattern of consumption

As shown in the table below, the analysis of the investigation data has revealed that the injury to the domestic industry is not caused by a reduction in domestic demand or consumption. It is instead caused by the choices of its customers being redirected to imported products sold at low prices. During the investigation period, consumption of blankets and travelling rugs increased steadily, but the industry was unable to take advantage of this favourable situation.

Table 9: Consumption of blankets and travelling rugs

	2013	2014	2015	2016	2017	2018
Consumption (index base 100 in 2013)	100	169	231	584	694	365

Indeed, its sales and production decreased substantially in 2014, 2017 and 2018. The slight improvement in sales recorded for 2015 is not significant in the face of the changes in domestic demand and the increase in imports. This is why SOMACOU's market share declined by 80 index points from 2013 while imports aggressively gained ground. This shows that the decline in sales and production was certainly caused by the increase in imports of blankets and travelling rugs.

v. Change in domestic prices and costs

As explained above, the industry's production costs rose year after year from 2013. Given the increase in imports, SOMACOU stressed that, in order to respond to its customers' choices being redirected to imported products and to remain on the market, its selling prices had to be aligned with those of imported products, even if they were below its cost price. Despite this effort, however, the company's market share has continued to fall over several years. Furthermore, the import and selling prices of imported blankets and travelling rugs consistently declined. The import price in 2018 was around half of what it had been in 2015. The following table shows this decline:

Table 10: Unit import price

	2013	2014	2015	2016	2017	2018
Unit import price (dollars/piece)	5.05	5.81	6.05	5.77	3.48	3.25
Change (%)	-	15%	4%	-4%	-40%	-7%

vi. Competition between domestic producers

Given that SOMACOU is Madagascar's sole producer of blankets and travelling rugs, competition between domestic producers does not exist and could never be a factor in the injury to the domestic industry.

Absolute increase in imports or increase in imports relative to domestic production

The absolute increase in imports is presented in the table below:

	2013	2014	2015	2016	2017	2018	April 2018	April 2019
Imports (in tonnes)	133	379	566	1,900	2,404	1,186	86	156
Annual change	-	185	49	236	27	-50	-	81
Increase (index base 100 in 2013 and April 2018)	100	285	426	1,429	1,808	892	100	181

From 2013 to 2017, there was a significant and unprecedented increase, of 1,708%, in imports of blankets and travelling rugs. The most notable increases occurred from 2013 to 2014 and from 2015 to 2016. During those two periods, imports jumped 185% and 236%, respectively. This means that the volume of imports rose from 133 tonnes to 379 tonnes between 2013 and 2014, and from 566 tonnes to 1,900 tonnes between 2015 and 2016. Import volumes were at their highest in 2017, when they amounted to 2,404 tonnes.

The decrease in import volumes in 2018 seems questionable, given the flooding of the local market by imported blankets and travelling rugs. The significant difference between the quantity of blankets and travelling rugs imported, amounting to 551 tonnes according to the Madagascar customs service, and the quantity exported by China, amounting to 1,186 tonnes according to Trade Map data, for a single year confirms the suspicion.

In any case, the rate of increase in imports of blankets and travelling rugs over the entire investigation period comes to a considerable 792%.

Furthermore, the increase in imports of blankets and travelling rugs regained momentum in the most recent period analysed. There was an 81% increase in imports of blankets and travelling rugs in the first four months of 2019 compared to the same period the preceding year.

It is therefore concluded that, in absolute terms, there was a significant, sharp and continuous increase in imports of blankets and travelling rugs, both over the entire investigation period and in a very recent period.

Increase in imports relative to domestic production

Imports of blankets and travelling rugs consistently increased relative to domestic production at a significant annual rate, going from 100 index points in 2013 to 1,962 in 2018 and peaking at 2,559 in 2017. This increase continued through April 2019, as shown in the table below.

Table 12: Increase in imports relative to domestic production

	2013	2014	2015	2016	2017	2018	April 2019	April 2019
Domestic production (index base 100 in 2013 and April 2018)	100	75	91	126	70	45	100	94
Imports (in tonnes)	133	379	566	1,900	2,404	1,186	86	156
Imports/Production (%)	39	147	181	441	998	765	128	66
Imports/Production (index base 100 in 2013 and April 2018)	100	377	464	1,131	2,559	1,962	100	52

i. Adjustment plan

The domestic industry has prepared an adjustment plan that is based on enhancing its production utilization and its marketing strategy.

ii. Public interest

Given the latent production capacity of the domestic industry, the risk of the market being insufficiently supplied is very slim. The increase in the domestic industry's market share after implementation of the safeguard measure will allow it to increase its production volume and thereby reduce its unit production costs. Consequently, the concern over a significant rise in consumer prices will only be relevant for imported blankets and travelling rugs.

iii. Provide a precise description of the product involved

The products involved are blankets and travelling rugs of all colours, dimensions and weights, generally of wool, animal hair, cotton or man-made fibres, with a surface that is often brushed, classified under the following Madagascar customs tariff codes:

- 6301 1000: Electric blankets
- 6301 2000: Blankets and travelling rugs, of wool
- 6301 3000: Blankets and travelling rugs, of cotton
- 6301 4000: Blankets and travelling rugs, of synthetic fibres
- 6301 9000: Other blankets and travelling rugs

Blankets and travelling rugs are generally made with fabric thick enough to provide good protection from the cold. Travelling rugs often have a fringe made from the weave of the fabric itself, while blankets usually have hemmed, trimmed or otherwise finished edges.

iv. Provide a precise description of the proposed measure

The proposed definitive safeguard measure consists of an additional duty on top of the *ad valorem* customs duty of **41% of the c.i.f. value**.

v. Provide proposed date of introduction of the measure

The definitive safeguard measure will enter into force on the date of publication of the related notice.

vi. Provide expected duration of the measure

If adopted, the safeguard measure will remain in force for four years, including the period of application of the provisional measure beginning 3 June 2019.

vii. For a measure with a duration of more than three years, provide the proposed date for the review (under Article 7.4) to be held not later than the mid-term of the measure, if such a date for the review has already been scheduled

Not applicable

viii. If the expected duration is over one year, provide expected timetable for progressive liberalization of the measure.

The timetable for liberalization is as follows:

- Year 1: 41%
- Year 2: 38%
- Year 3: 35%
- Year 4: 32%

ix. Date of prior consultation with those Members having a substantial interest as exporters of the product concerned

Members having a substantial interest as exporters of the product concerned and wishing to consult with Madagascar under Article 12.3 of the Agreement on Safeguards may send a request to the Director General of the ANMCC at the following email address: dg.anmcc@gmail.com / dg@anmcc.gov.mg

The consultations will take place no later than **5 July 2019**.

2 NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2

i. Specify the measure

The definitive safeguard measure consists of an additional duty on top of the *ad valorem* customs duty of **41% of the c.i.f. value**.

ii. Specify the products subject to the measure

The definitive safeguard measure applies to blankets and travelling rugs imported under the following Madagascar customs tariff codes:

- 6301 1000: Electric blankets
- 6301 2000: Blankets and travelling rugs, of wool
- 6301 3000: Blankets and travelling rugs, of cotton
- 6301 4000: Blankets and travelling rugs, of synthetic fibres
- 6301 9000: Other blankets and travelling rugs

iii. Specify the developing countries to which the measure is not applied under Article 9.1 of the Agreement on Safeguards, and the import shares of these countries individually and collectively

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; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Moldova; Mongolia; Montenegro; Morocco; Mozambique; Myanmar; Namibia; Nepal; 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; The former Yugoslav Republic of Macedonia; Togo; Tonga; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukraine; United Arab Emirates; Uruguay; Vanuatu; Venezuela, Bolivarian Republic of; Viet Nam; Yemen; Zambia; Zimbabwe.

iv. Further information

Information on the determination may be obtained from:

Monsieur Le Directeur Général de l'ANMCC
 Enceinte Ex conquête Antanimena - BP: 7653
 Email: dq.anmcc@gmail.com ; dq@anmcc.gov.mg
 101- ANTANANARIVO – MADAGASCAR



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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLES 7.2 AND 12.1(C) OF THE AGREEMENT ON SAFEGUARDS
(EXTENSION OF THE EXISTING MEASURE)**

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

MADAGASCAR

Blankets and Travelling Rugs

Supplement

The following communication, dated and received on 2 June 2023, is being circulated at the request of the delegation of Madagascar.

Pursuant to Articles 7.2 and 12.1 (c) of the Agreement on Safeguards, the Committee on Safeguards is hereby notified of the outcome of the review investigation in respect of the extension of the safeguard measure on imports of blankets and travelling rugs to Madagascar.

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

**1 NOTIFICATION UNDER ARTICLES 7.2 AND 12.1(C) OF THE AGREEMENT ON
SAFEGUARDS UPON TAKING A DECISION TO EXTEND A SAFEGUARD MEASURE**

**1.1 Evidence that the safeguard measure continues to be necessary to remedy or prevent
serious injury and that the industry concerned is adjusting**

In order to determine whether the safeguard measure continues to be necessary to prevent or remedy serious injury, and whether the domestic industry has made adjustments, the National Authority for Trade Remedies (ANMCC) conducted a comprehensive analysis of relevant indicators having a bearing on the economic situation of the domestic blanket and travelling rug industry, as well as import trends over the safeguard application period.

a. Import trends

	2019	2020	2021	2022
Imports (kg)	841,000	679,000	838,000	1,584,000
Imports (index base 100=2019)	100	81	100	188
Imports/production (index base 100=2019)	100	88	75	153

The safeguard measure reduced the volume of imports of blankets and travelling rugs by 19% in the first two years of application. In absolute terms, it went from 841 tonnes in 2019 to 679 tonnes in 2020. However, imports ticked up again in 2021 and, in 2022, reached their highest level of the period under review (2019-2022). This upward trend is likely to continue if the safeguard measure

is withdrawn. Import trends in relative terms compared to domestic production followed the same direction as in absolute terms. This confirms the need to extend the safeguard measure.

b. Situation of the domestic industry

When evaluating the economic situation of the domestic industry, import trends and other relevant data were taken into account. The ANMCC reviewed the data for the period under consideration:

	2019	2020	2021	2022
Market share of imports (index base 100=2019)	100	97	99	113
Market share of the domestic industry (index base 100=2019)	100	108	104	60
Domestic production (index base 100=2019)	100	92	133	123
Production capacity (index base 100=2019)	100	100	100	100
Production capacity utilization rate (%)	18	17	24	22
Production capacity utilization rate (index base 100=2019)	100	94	133	122
Sales (index base 100=2019)	100	120	139	126
Inventory volume (index base 100=2019)	100	69	84	102
Financial results (index base 100=2019)	100	136	225	192
Employment (index base 100=2019)	100	117	125	131
Productivity (index base 100=2019)	100	78	107	94

Imports lost a little market share over the course of the first three years of the review period. However, a significant increase was recorded in 2022. Conversely, the domestic industry had gained market share thanks to the adjustments it made between 2019 and 2021. Yet, with the sudden recovery in imports in 2022, the domestic industry lost considerable market share.

The volume of production of blankets and travelling rugs trended upward over the first three years of the review period. In 2022, there was a significant decline in production volume.

Since the industry's production capacity remained unchanged during the review period, the production capacity utilization rate followed the same trend as production volume.

The sales of domestic blankets and travelling rugs industry recorded a marked improvement up to 2021, before falling 13 index points in 2022.

The trend in the industry's inventory volume reflects its difficulties in selling its product after having made considerable efforts on the production front.

The application of the measure appears to be advantageous to the industry given the positive financial performance between 2019 and 2021, but it is far from being significant or sufficient relative to turnover. Furthermore, given the decline seen in 2022, its profitability is fragile.

In accordance with its adjustment plan, the domestic industry continued to increase its workforce throughout the review period. A rise of 31 index points was recorded between 2019 and 2022.

Following the decline in production volume, the steps taken by industry with regard to the workforce had a negative impact on its levels of productivity; a decrease of 13 index points was seen in 2022 compared to the previous year.

The indicators discussed above demonstrate the effectiveness of the measure in force which led to an improvement in the domestic industry's performance as of 2019. However, that improvement was undermined by the uptick in imports as of 2021. Market share, production, sales, financial results and productivity fell considerably in 2022, coinciding with a sharp increase in imports. It is clear that not extending the measure would lead to the continued growth of imports injurious to the domestic industry.

1.2 Description of the product subject to the safeguard measure

The products concerned are blankets and travelling rugs of all colours, dimensions and weights, generally of wool, animal hair, cotton or man-made fibres, with surfaces that are often brushed. They are classified under tariff headings **63011000 ; 63012000 ; 63013000 ; 63014000 and 63019000** of Madagascar's customs tariff.

1.3 Description of the proposed measure

The proposed measure takes the form of an additional duty of 30% of the c.i.f. value.

1.4 Proposed date of introduction of the measure

The proposed measure will enter into force on 3 June 2023.

1.5 Expected duration of the measure

The expected duration of the proposed measure is four (4) years.

1.6 Expected timetable for progressive liberalization of the measure

Period	Additional duty
3 June 2023-31 December 2023	30%
2024	29%
2025	28%
2026	27%
1 January 2027-2 June 2027	26%

1.7 If the notification relates only to a finding of serious injury or threat thereof, and does not relate to a decision to apply or extend a safeguard measure

Not applicable.

1.8 If the notification relates to a decision to apply or extend a safeguard measure, Members are encouraged to provide the following information:

a. The major exporting Members of imports of the product involved.

The major exporting country of blankets and travelling rugs to Madagascar is China.

b. If there are any exporting Members to which the measure does not apply for any reason other than the application of Article 9.1, the names of such exporting Members and reasons for non-application of the measure.

Not applicable.

1.9 Information relating to the extension of a safeguard measure

a. Evidence that the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof

Following the application of the safeguard measure, the economic indicators of the domestic industry improved significantly as of 2019. However, that improvement was undermined by the uptick in imports as of 2021. Market share, production, sales, financial results and productivity fell considerably in 2022, coinciding with a sharp increase in imports. It is clear that not extending the measure would lead to the continued growth of imports injurious to the domestic industry. This is why the safeguard measure continues to be necessary.

b. Evidence that the industry concerned is adjusting

The domestic industry has implemented an adjustment plan to increase the volume and quality of its products, and to improve its marketing strategy through various adjustment measures concerning technology, employment, cost control and distribution channels.

The improvement seen in most of the economic indicators analysed as part of the review investigation is clear evidence of the adjustments undertaken by the domestic industry. However, other adjustment measures are being implemented which require the extension of the safeguard measure.

c. Reference to the WTO document that notified the initial application of the measure

The initial application of the measure was notified in WTO document: G/SG/N/8/MDG/2 - G/SG/N/10/MDG/2 - G/SG/N/11/MDG/2/Suppl.2 .

d. Duration of the measure from initial application till the date at which it will be extended

Madagascar applied a safeguard measure on imports of blankets and travelling rugs for a period of four years, from its entry into force on 3 June 2019 to 2 June 2023. Madagascar plans to extend this safeguard measure for a further four years.

e. Precise description of the measure in place prior to the date of extension

The latest version of the measure in force can be found in notification: G/L/1402 - G/SG/N/13/MDG/2.

f. Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority.

The official documents regarding the investigation and the final decision can be found at: www.anmcc.mg

2 NOTIFICATION UNDER ARTICLE 9.1, FOOTNOTE 2, OF THE AGREEMENT ON SAFEGUARDS**2.1 Description of the product subject to the safeguard measure**

The products concerned are blankets and travelling rugs of all colours, dimensions and weights, generally of wool, animal hair, cotton or man-made fibres, with surfaces that are often brushed. They are classified under tariff headings **63011000 ; 63012000 ; 63013000 ; 63014000 and 63019000** of Madagascar's customs tariff.

2.2 Description of the proposed measure

The proposed measure takes the form of an additional duty of 30% of the c.i.f. value.

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; Malaysia; 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.

3 OFFER OF CONSULTATIONS UNDER ARTICLE 12.3

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

4 FURTHER INFORMATION

Further information 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 / dq@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

Blankets and Travelling Rugs

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 blankets and travelling rugs.

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 blankets and travelling rugs classified under the following headings of the Malagasy customs tariff nomenclature: 63011000, 63012000, 63013000, 63014000, 63019000 and 63090030.

The application of this safeguard measure was notified to the WTO in document [G/SG/N/10/MDG/2/Suppl.1](#) - [G/SG/N/11/MDG/2/Suppl.3](#).

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

Although imports of blankets and travelling rugs remained stable between 2022 and 2023, they more than doubled in 2024, to 235 index points, compared with 2022.

ii. Import trends in relative terms

Relative to the volume of domestic production, imports of blankets and travelling rugs continue to grow at an alarming rate. The gap between the volume of imports and the volume of domestic production widened steadily throughout the period under review. By 2022, imports already far

exceeded local production. The imbalance has since worsened: the import/production ratio increased by 26 points in 2023 compared with the previous year, then shot up by 306 points in 2024 compared with 2022, showing a major imbalance.

(b) Indicators

i. Domestic consumption

Domestic consumption remained stable in 2023 before increasing substantially in 2024. After a slight decrease of 2 index points in 2023, it jumped by 135 points the following year. Consequently, domestic consumption more than doubled between 2022 and 2024, increasing by 133 index points over the whole period. This suggests that the growth in domestic demand was fully met by imports.

ii. Market share taken by imports

During the review period, imports held a particularly large market share. Imports largely dominated the local market for blankets and travelling rugs. Over the past three years, they have covered almost all domestic demand, representing on average around 99% of market share, leaving domestic production with a tiny share of around 1%. Its share plummeted by 73 index points between 2022 and 2024.

iii. Production

Domestic production of blankets and travelling rugs has deteriorated significantly in recent years. In 2023, the production index fell from 100 to 78 compared with 2022, down 22 points. This decline worsened in 2024, with a further drop of 20 points compared with the previous year. In total, domestic production has almost halved. This negative trend has had a significant impact on production costs, indicating an accelerated weakening of industry performance.

iv. Sales

Despite increasing domestic demand, the sales volume of locally produced blankets and travelling rugs plummeted between 2022 and 2024. Domestic industry sales fell by 31 index points in 2023, followed by a further decline of 5 index points in 2024 compared with the previous year. This amounts to a total drop of 36 index points between 2022 and 2024, confirming the considerable difficulties local producers have in selling their goods on the Malagasy market, despite an apparent market opportunity.

v. Production capacity utilization rate

Faced with growing domestic demand, the blanket and travelling rug industry has invested in new equipment, increasing production capacity by 60 index points over the past three years. However, despite these investments, production volume has plummeted, leading to a drop in the production capacity utilization rate. The average utilization rate was only 13% during the review period. The production capacity utilization rate fell by 51 index points in 2023, followed by a further 13 points in 2024. This continuing decline is a concern for the survival of the domestic industry.

vi. Employment

The number of employees declined steadily between 2022 and 2024. In 2023, the workforce shrank by 33 index points. Between 2022 and 2024, the total decrease amounted to 35 index points. A shrinking workforce is indicative of a troubled domestic industry.

vii. Productivity

The productivity of the blanket and travelling rug industry has fluctuated over the past three years. Although it initially increased by 17 index points, mainly due to a significant reduction in the workforce, this trend did not continue. In 2024, productivity fell by 28 index points compared with the previous year, due to the sharp decline in production volume.

viii. Inventory

Despite the decrease in the volume of domestic production in 2023, the inventory volume rose by 33 index points. In 2024, the inventory recorded a slight decline of 2 index points compared with the previous year. Nonetheless, it remains well above 2022 levels, by 31 index points.

ix. Profitability

The drop in sales, the build-up of inventory and the low production capacity utilization rate of the domestic blanket and travelling rug industry have had a significant impact on costs and profitability over the past three years. Since 2023, the industry has been unable to cover its costs, and recorded continuous losses in 2024. This is not just a negative shift: it is a sharp deterioration with major losses. This decline considerably weakens the domestic industry's performance and seriously undermines its medium-term viability.

(c) Conclusion of mid-term review

Analysis of the state of the domestic blanket and travelling rug industry reveals a very critical and persistent situation, marked by a significant and continuous overall deterioration in performance between 2022 and 2024. Most key indicators showed a sharp and persistent decline.

Even after the renewal of the safeguard measure, the outcomes have been largely unsatisfactory. The domestic industry continues to face strong pressure from imports on the domestic market. Accordingly, in order for the domestic industry to continue its recovery, it is essential that the current safeguard measure remain in place, with some adjustments relating to the change in tariff line.

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 blankets and travelling rugs 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 blankets and travelling rugs 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; India; 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; Nicaragua; Niger; North Macedonia; Oman; 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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