



25 May 2023

(23-3610)

Page: 1/4

Committee on Safeguards

Original: French

**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**

Hot-Rolled Sheets

MOROCCO

Supplement

The following communication, dated and received on 25 May 2023, is being circulated at the request of the delegation of Morocco.

Pursuant to Article 7.2 and Article 12.1(c) of the Agreement on Safeguards, Morocco hereby notifies the extension of the safeguard measure on imports of hot-rolled sheets.

1 DESCRIPTION OF THE PRODUCT SUBJECT TO THE SAFEGUARD MEASURE

The products under consideration and subject to the review are hot-rolled steel sheets, whether or not in coils.

During the original investigation, the product under consideration was classified under the following Moroccan customs HS code tariff headings: 72.08, 72.11.13, 72.11.14, 72.11.19, 72.25.30, 72.25.40, 72.26.20.00.11, 72.26.20.00.21, 72.26.20.00.30, 72.26.20.00.40, 72.26.20.00.51, 72.26.20.00.52, 72.26.20.00.59, 72.26.91, 72.26.99.90.91 and 72.26.99.90.99.

In the edition of the Moroccan customs tariffs dated 1 January 2022, the product under consideration is now classified under the following tariff headings: 72.08, 72.11.13, 72.11.14, 72.11.19, 72.25.30, 72.25.40, 72.26.20.00.11, 72.26.20.00.20, 72.26.20.00.51, 72.26.20.00.52, 72.26.20.00.59, 72.26.91 and 72.26.99.80.00.

2 DESCRIPTION OF THE PROPOSED MEASURE

The safeguard measure consists of an additional *ad valorem* safeguard duty of 23%.

3 PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The definitive safeguard measure will be published in Morocco's Official Journal. Its provisions will enter into force on 19 June 2023.

4 EXPECTED DURATION OF THE MEASURE

The Moroccan Ministry of Industry and Trade (the Ministry) plans to renew the safeguard measure for an additional duration of three years, i.e. until 18 June 2026.

5 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

In order to satisfy the requirement for the progressive liberalization of the measure, in accordance with Article 65 of Law No. 15-09 on trade defence measures and Article 7.4 of the WTO Agreement on Safeguards, the additional *ad valorem* duty of 23% will be reduced by 1 percentage point each year.

6 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 remedy or prevent serious injury and whether the Moroccan industry is adjusting in accordance with Article 69 of Law No. 15-09 and Article 7.2 of the WTO Agreement on Safeguards, the Ministry examined the trend in imports of hot-rolled sheets and the domestic industry's economic and financial indicators. The Ministry then analysed the foreseeable and imminent behaviour of the imports and their effects on the Moroccan hot-rolled sheet industry after the lifting of the safeguard measure. The Ministry also examined this industry's restructuring programme.

6.1 Determination as to whether the safeguard measure continues to be necessary to remedy serious injury

In order to determine whether the safeguard measure continues to be necessary to remedy serious injury, the Ministry examined the domestic industry's economic and financial indicators, namely production, production capacity, rate of capacity utilization, sales, production costs, profitability, inventories, productivity and employment. An improvement in the situation of the Moroccan hot-rolled sheet industry was observed, but it remains very fragile.

TABLE 1: OVERVIEW OF INDICATORS OF SERIOUS INJURY SUFFERED BY THE DOMESTIC HOT-ROLLED SHEET INDUSTRY

(Index: 2018=100)	2018	2019	2020	2021	H1 2021	H1 2022
Imports (tonnes)	107,213	109,705	86,901	60,992	32,199	56,242
Production (tonnes)	100	110	90	115	100	108
Imports/Production	100	93	90	49	100	162
Domestic sales (tonnes)	100	110	108	118	100	94
Market share of domestic industry	100	101	104	113	100	92
Market share of imports	100	95	86	54	100	164
Domestic selling price (MAD/tonne)	100	92	96	129	100	139
Profitability (MAD/tonne)	100	60	146	315	100	158
Inventories (tonnes)	100	137	109	85	100	99
Production capacity (tonnes)	100	100	100	100	100	100
Production capacity utilization rate (%)	100	111	89	114	100	109
Investment (MAD)	100	63	107	100	100	461
Employment (persons)	100	108	104	112	100	102
Productivity (tonnes/employee)	100	102	87	103	100	106

Source: Data compiled from Foreign Exchange Board statistics and results of a survey for domestic producers.

6.2 Determination as to whether the safeguard measure continues to be necessary to prevent serious injury

In order to determine whether the safeguard measure continues to be necessary to prevent serious injury, the Ministry examined the risk that imports would increase in the coming years due to factors such as the following:

- i. the global overcapacity of steel products;
- ii. the decline in global demand; and
- iii. the increased protection of domestic markets.

Having examined the above factors, Morocco concluded that there is a real and imminent risk of imports of hot-rolled sheets increasing once the safeguard measure is lifted.

6.3 Determination as to whether the domestic industry engages in adjustment plans

The Moroccan hot-rolled sheet industry has provided evidence showing that it has begun implementing its structural adjustment plan aimed at increasing its competitiveness. The implementation of adjustment measures is ongoing.

7 REFERENCE TO THE WTO DOCUMENT THAT NOTIFIED THE INITIAL APPLICATION OF THE MEASURE

The WTO documents containing the most recent Article 12.1(c) notification are document G/SG/N/8/MAR/7 - G/SG/N/10/MAR/7 - G/SG/N/11/MAR/7/Suppl.1, published on 13 May 2020, and its supplement G/SG/N/8/MAR/7/Suppl.1 - G/SG/N/10/MAR/7/Suppl.1 - G/SG/N/11/MAR/7/Suppl.2, published on 23 November 2020.

8 DURATION OF THE MEASURE FROM INITIAL APPLICATION UNTIL THE DATE AT WHICH IT WILL BE EXTENDED

Morocco applied a safeguard measure to imports of hot-rolled sheets, which entered into force on 19 June 2020 for a duration of three years until 18 June 2023. Morocco plans to extend this safeguard measure for a further three years, i.e. until 18 June 2026.

9 DEVELOPING COUNTRIES EXCLUDED FROM THE SAFEGUARD MEASURE UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS

Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Kingdom of Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia; Botswana; 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; Indonesia; Jamaica; Jordan; Kazakhstan; Kenya; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Madagascar; Malawi; Malaysia; Malawi; Maldives; Mali; Mauritania; Mauritius; Mexico; Republic of Moldova; Mongolia; Montenegro; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; North Macedonia; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Rwanda; Saint Lucia; Saint Kitts and Nevis; Saint Vincent and the Grenadines; Samoa; Senegal; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Togo; Tonga; Trinidad and Tobago; Tunisia; Uganda; United Arab Emirates; Uruguay; Vanuatu; Bolivarian Republic of Venezuela; Viet Nam; Yemen; Zambia; Zimbabwe.

10 OFFER OF CONSULTATIONS UNDER ARTICLE 12.3

In accordance with Article 12.3 of the Agreement on Safeguards, Morocco is ready to consult on the proposed safeguard measure with those Members having a substantial interest as exporters of the products concerned.
