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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**

MADAGASCAR

Certain types of edible vegetable oils

The following communication, dated and received on 18 July 2024, is being circulated at the request of the delegation of Madagascar.

In accordance with Article 12.1(a) of the Agreement on Safeguards, Madagascar hereby notifies the Committee on Safeguards of the initiation of an investigation in respect of imports of certain types of edible vegetable oils.

1 DATE OF INITIATION

The investigation was initiated on 18 July 2024, the date on which the notice of initiation was published in two national newspapers authorized to receive legal notices: *La Vérité* and *TARATRA*.

2 PRODUCT UNDER CONSIDERATION

Certain types of edible vegetable oils falling under Madagascar customs tariff codes **15079000, 15081091, 15089000, 15121100, 15121110, 15121900, 15122900, 15131100, 15131191, 15131199, 15131900, 15132100, 15141110, 15141190, 15141900, 15149110, 15149190** and **15149900**. These codes are indicative and are subject to change.

3 EXPORTING COUNTRIES

The main exporting countries are Argentina, Egypt and Malaysia.

4 REASONS JUSTIFYING THE INITIATION OF THE INVESTIGATION

The domestic industry producing like and directly competitive products has filed a petition requesting the application of a safeguard measure. The petition contains sufficient evidence of serious injury caused by increased imports of edible oils. Thus, all the relevant conditions for initiating the investigation have been met.

4.1 Unforeseen developments

Sunflower, soya bean and palm oils are among the oils imported into Madagascar and are appreciated by local consumers. The world oil market is constantly evolving and growing year on year in line with the specific needs of different countries. Global consumers are increasingly interested in olive, turnip and rapeseed oils. These oils are considered to be healthier than oils such as soya bean or sunflower. Some countries, particularly in Europe, are gradually moving towards

the consumption of rapeseed or turnip oil and olive oil. This is why imports of certain types of edible vegetable oils have increased significantly in other countries, including Madagascar.

India, the world's leading consumer and importer of edible vegetable oil, has launched a national palm oil policy to increase domestic oilseed production and achieve national self-sufficiency in cooking oil, with the aim of boosting vegetable oil production. The dissemination of studies on oils and the implementation of the Indian Government's policy have led to a sharp drop in demand for soya bean, sunflower and palm oils in India and in developed countries, including in Europe. This situation has prompted oil producers and exporters to look for other market opportunities in countries like Madagascar.

These circumstances have led to increased imports of edible vegetable oils into Madagascar. This could not have been foreseen at the time of its accession to the WTO.

4.2 Increase in imports

i. Absolute change in imports

According to the petition, in absolute terms, an increase was recorded during the review period from 2021 to 2023. There was an increase of 4 index points in 2022 and 19 index points in 2023 compared to the base year of 2021.

ii. Relative change in imports

There has been an increase in imports of edible vegetable oils relative to domestic production during the period under investigation. Compared to the base year, this increase was 10 index points in 2022 and 42 points in 2023.

4.3 Serious injury

i. Production

According to the petition data, decreases in edible vegetable oil production volumes were observed during the period under consideration. Compared to the base year, the volume dropped, because of the growth in imports, by 6 index points in 2022 and 16 points in 2023.

ii. Sales and market share

a. Sales volume

Despite a slight increase of 5 index points in 2022, the domestic industry's sales volume declined by 10 index points in 2023 compared to 2021.

b. Market share taken by imports

The market share of imports increased by 13 index points in 2023. By contrast, the domestic industry's share fell by 15 index points in the same year.

iii. Inventory

Inventories of the domestic industry decreased during the period under consideration. They fell by around 8 index points in 2022 and 7 index points in 2023 compared to the base year.

iv. Employment and productivity

Employment in the domestic industry remained stable during the period under investigation. However, productivity declined by 7 index points in 2022 and 16 index points in 2023.

v. Production capacity utilization

According to the petition data, the production capacity utilization rate fell during the investigation period. This decrease was around 40 index points in 2022 and 58 points in 2023.

vi. Results

Despite increasing by 29 index points in 2022, the results of the domestic industry were down by 49 index points in 2023 compared to the previous year.

4.4 Causal link

i. Effect of increased imports

In the light of the foregoing analysis, it can be seen that the increase in imports of edible oils coincides with the deterioration of most of the domestic industry's indicators. It can be concluded that the injury suffered by the domestic industry is likely to have been caused by increased imports.

ii. Other serious injury factors

a. Domestic competition

The increase in imports caused the other producers of refined vegetable oils to cease production. Only HITA products are present in the local market. Thus, domestic competition cannot be considered a source of the injury suffered by the domestic industry.

b. Contraction in demand

Domestic consumption of edible oils increased continuously during the period under consideration. That explains why a contraction in demand is in no way the source of the injury to local producers.

c. Technology used

HITA has technology that enables it to produce oils that meet the health and quality requirements of consumers. Moreover, consumers do not distinguish between imported and domestically produced goods.

d. Export performance

Since the products of the domestic industry are all intended for the domestic market, their export performance cannot be regarded as the cause of the injury suffered by the industry.

In the light of the foregoing, the authority has concluded that none of these other factors can be considered a primary cause of the serious injury suffered by the domestic industry. Thus, the existence of a causal link between the increased imports and the serious injury has been verified.

5 DURATION OF THE INVESTIGATION

The investigation will last for around 9 to 12 months.

6 FURTHER INFORMATION

Interested parties must make themselves known to the ANMCC, the investigating authority, within a period of 30 days after the initiation of the investigation.

Any information or comments that interested parties would like to communicate, and the request for a questionnaire, must be sent to the ANMCC within 30 days of the date of initiation of the investigation.

The ANMCC may organize public hearings, either at the request of interested parties or *ex officio*, so as to enable interested parties to present evidence and, in particular, to have the opportunity to respond to the presentations of other parties and to make their views known, and to defend their interests.

Replies to the questionnaire and any other relevant information that the parties wish to submit must be sent to the ANMCC within 30 working days.

If the replies to the questionnaire and any additional information requested from the interested parties within the framework of this investigation are not provided within the specified time frame, decisions will be made on the basis of the best information available. This will also be the case if information is erroneous or incomplete.

7 FURTHER INFORMATION

Any requests for further information and correspondence relating to this investigation must be addressed to:

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