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Committee on Safeguards

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

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

MOROCCO

*Coated wood board*

*Supplement*

The following communication, dated and received on 15 August 2022, is being circulated at the request of the delegation of Morocco.

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Pursuant to Article 12.1(c) of the Agreement on Safeguards, Morocco hereby notifies the extension of the safeguard measure on imports of coated wood board.

**1 DESCRIPTION OF THE PRODUCT SUBJECT TO THE SAFEGUARD MEASURE**

The product subject to the review investigation is board made from pieces of wood agglomerated with a binding substance, other than oriented strand board (OSB) and waferboard, which is surface-covered with melamine decor paper or decorative laminates of plastic, hereinafter referred to as "coated wood board". This product is imported under the following tariff headings and subheadings of Morocco's Harmonized System: 4410.11.20.90, 4410.11.30.90, 4410.19.92.90 and 4410.19.93.90.

**2 DESCRIPTION OF THE PROPOSED MEASURE**

The safeguard measure consists of an additional specific duty of MAD 1.6/kg applicable to coated wood board exceeding a quota of 33,000 tonnes.

**3 PROPOSED DATE OF INTRODUCTION OF THE MEASURE**

The definitive safeguard measure will be published in the Official Journal of Morocco. Its provisions will enter into force on 20 September 2022.

**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 19 September 2025.

## 5 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

The level of the quota for coated wood board will continue to increase by 3% each year to meet the liberalization requirement, in accordance with Article 65 of Law No. 15-09 on trade defence measures and Article 7.4 of the WTO Agreement on Safeguards.

**Table 1: Annual quota levels for coated wood board**

(In tonnes)

<b>Safeguard measure periods</b>	<b>Annual quota</b>
From 20 September 2022 to 19 September 2023	33,000
From 20 September 2023 to 19 September 2024	33,990
From 20 September 2024 to 19 September 2025	35,009.7

## 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 whether the safeguard measure was still needed to remedy serious injury. In this connection, it examined import trends for coated wood board, and the Moroccan industry's economic and financial indicators. The Ministry then examined whether the safeguard measure continued to be necessary to prevent serious injury. The examination focused, for that purpose, on the foreseeable and imminent behaviour of the imports and their effects on the Moroccan coated wood board 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 coated wood board industry was observed, but it remains very fragile.

**Table 2: Overview of indicators of serious injury suffered by the domestic coated wood board industry**

(Index: 2018=100)	2018	2019	2020	2021
<b>Imports (m<sup>2</sup>)</b>	4,831,923	5,406,332	3,745,970	3,555,782
<b>Production (m<sup>2</sup>)</b>	100	112	134	177
<b>Imports/Production</b>	100	100	58	42
<b>Domestic sales (m<sup>2</sup>)</b>	100	99	134	169
<b>Market share of domestic industry</b>	100	92	143	167
<b>Market share of imports</b>	100	104	83	73
<b>Domestic selling price (MAD/m<sup>2</sup>)</b>	100	106	105	117
<b>Profitability (MAD/m<sup>2</sup>)</b>	(100)	(55)	33	66
<b>Inventories (m<sup>2</sup>)</b>	100	123	112	114
<b>Production capacity (m<sup>2</sup>)</b>	100	174	174	174
<b>Production capacity utilization rate in (%)</b>	100	64	77	102
<b>Investment (MAD)</b>	100	3	3	5
<b>Employment (persons)</b>	100	119	126	127
<b>Productivity (m<sup>2</sup>/employee)</b>	100	94	107	139

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 attractiveness of the Moroccan market;
- ii. The available productive capacity of the main exporting producers of coated wood board;
- iii. Exporters' low prices; and
- iv. The collapse of the Turkish lira exchange rate.

Having examined the above factors, Morocco concluded that there is a real and imminent risk of imports of coated wood board increasing once the safeguard measure is lifted.

## 6.3 Determination as to whether the domestic industry engages in adjustment measures

The Moroccan coated wood board 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 document containing the most recent Article 12.1(c) notification is document G/SG/N/8/MAR/6/Corr.1 - G/SG/N/10/MAR/6/Corr.1 - G/SG/N/11/MAR/6/Corr.1, published on 25 July 2019.

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

Morocco applied a safeguard measure to imports of coated wood board, which entered into force on 20 September 2019 for a duration of three years until 19 September 2022. Morocco plans to extend this safeguard measure for three years, i.e. until 19 September 2025.

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

Afghanistan; Albania; Angola; Antigua and Barbuda; Argentina; Armenia; Kingdom of Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cabo Verde; Cambodia; Cameroon; Central African Republic; Chad; Chile; China; Chinese Taipei; 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; Hong Kong, China; India; Indonesia; Jamaica; Jordan; Kazakhstan; Kenya; Republic of Korea; Kuwait; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Liberia; Macao, China; Madagascar; Malawi; Malaysia; Maldives; Mali; Mauritania; Mauritius; Mexico; Republic of Moldova; Mongolia; Montenegro; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Rwanda; Saint Lucia; Saint Kitts and Nevis; Saint Vincent and the Grenadines; Samoa; Kingdom of Saudi Arabia; Senegal; Seychelles; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Tajikistan; Tanzania; Thailand; the former Yugoslav Republic of Macedonia; 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.

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