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Committee on Safeguards

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

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

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

CHINA

*(Sugar)*

The following communication, dated 22 May 2017, is being circulated at the request of the delegation of China.\*

On 22 May 2017, the Ministry of Commerce of the People's Republic of China published the decision to take a safeguard measure in respect of import of sugar from 22 May 2017 (Public Notice No. 26 of 2017). China hereby notifies, pursuant to Article 12.1(c) of the WTO Agreement on Safeguards, the decision to apply a safeguard measure in respect of imports of sugar and, pursuant to Article 9, footnote 2, of the WTO Agreement on Safeguards, the non-application of a safeguard measure to developing countries under Article 9.1 of the Agreement on Safeguards.

This communication is in follow-up to China's notifications of 22 September 2016 under Article 12.1(a) of the WTO Agreement on Safeguards on initiating the safeguard investigation in document G/SG/N/6/CHN/2 and 26 April 2017 under Article 12.1(b) on finding serious injury caused by increased imports of sugar in document G/SG/N/8/CHN/2 respectively. These notifications and the previous one submitted under Article 12.1(b), which were made by adopting the latest formats for certain notifications under the Agreement on Safeguards circulated by the Secretariat, do not cover all the content of the Public Notice No. 26 of 2017 of the Ministry of Commerce of China. The content not covered by the notifications can be accessed in the Public No. 26 Notice of 2017 of the Ministry of Commerce of China published on the website <http://www.mofcom.gov.cn>.

**Notification to the Committee on Safeguards upon Taking a Decision to Apply a Safeguard Measure**

*1. Provide evidence, citing relevant data and the applicable period of investigation of serious injury or threat thereof caused by increased imports.*

During the investigation period (from 2011 through the first quarter of 2016), affected by the increased imports, the major production and operation indicators of the domestic industry such as sales income, sales price, pre-tax profits and return on investment have suffered an overall

\* Copy of MOFCOM's public notice and its annexes have been submitted electronically (in Chinese only). To consult these documents, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) of the Rules Division.

deterioration, and the domestic industry has suffered a significant and overall impairment. The increased imports have caused serious injury to the domestic industry.

### Major Production and Operation Indicators of the Domestic Industry

Item	Unit	2011	2012	2013	2014	2015	2015 1 <sup>st</sup> quarter	2016 1 <sup>st</sup> quarter
<b>Demand</b>	10K MT	1,374.91	1,403.92	1,494.34	1,504.84	1,510.00	396.65	397.44
<b>Import Quantity</b>	10K MT	291.94	374.74	454.55	348.58	484.59	99.97	60.54
<b>Import Price</b>	USD/MT	665.75	598.75	455.10	428.67	366.10	384.56	357.13
<b>Import market Share</b>	%	21.23%	26.69%	30.42%	23.16%	32.09%	25.20%	15.23%
<b>Pressing capacity</b>	10K MT	9,525.41	9,687.60	9,840.99	10,188.7 5	10,176.3 8	7,197.14	7,142.73
<b>Utilization of Capacity</b>	%	68.44%	77.72%	80.35%	78.72%	63.97%	65.59%	56.35%
<b>Production</b>	10K MT	786.46	894.30	953.09	972.80	801.03	572.81	484.36
<b>Sales Quantity</b>	10K MT	779.40	926.78	948.30	964.88	821.54	236.25	176.40
<b>Market Share</b>	%	56.69%	66.01%	63.46%	64.12%	54.41%	59.56%	44.38%
<b>Sales Income</b>	100M CNY	472.88	487.08	440.62	372.95	354.91	94.43	80.61
<b>Sales Price</b>	CNY/MT	6,067.24	5,255.60	4,646.45	3,865.25	4,320.00	3,996.85	4,569.61
<b>Production Cost</b>	CNY/MT	4,422.60	4,428.54	4,212.60	3,827.80	3,911.99	3,738.24	4,234.28
<b>Pre-tax Profit</b>	100M CNY	77.09	17.01	-15.72	-51.51	-5.63	-9.32	-6.01
<b>Return on Investments</b>	%	12.26%	2.31%	-2.03%	-6.62%	-0.71%	-0.99%	-0.56%
<b>Net Cash flow</b>	100M CNY	51.61	41.87	-51.03	-65.44	-60.72	-91.66	-116.50
<b>Closing Inventory</b>	10K MT	129.53	99.26	108.63	121.35	106.69	453.74	417.66
<b>Employment</b>	Person	75,355	75,720	74,271	70,763	65,671	67,078	63,063
<b>Labor productivity</b>	MT/Person	104.37	118.11	128.33	137.47	121.98	85.39	76.81

2. Provide information on whether there is an absolute increase in imports or an increase in imports relative to domestic production (please see also Article 2.1 for the context).

The imports of the product under investigation in absolute term have shown "recent, sudden, sharp and significant" enough increase during the investigation period, and the percentage of imported product under investigation in domestic production and the market share of the product under investigation have shown an overall growth trend.

### Change of Import of Product under Investigation

Quantity Unit: 10k MT

Period	Import Quantity	Percentage of Change	Period	Import Quantity	Percentage of Change
2011	291.94	65.31%	1 <sup>st</sup> quarter 2011	7.93	-
2012	374.74	28.36%	1 <sup>st</sup> quarter 2012	49.93	529.38%
2013	454.55	21.30%	1 <sup>st</sup> quarter 2013	52.88	5.92%
2014	348.58	-23.31%	1 <sup>st</sup> quarter 2014	86.36	63.31%

2015	484.59	39.02%	1 <sup>st</sup> quarter 2015	99.97	15.76%
-	-	-	1 <sup>st</sup> quarter 2016	60.54	-39.44%

### Change of Quarterly Import of Product under Investigation during 2011 - 2015

Unit: 10k MT

Period	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter of Next Year
2011	7.93	44.12	114.91	124.98	49.93
2012	49.93	94.52	156.70	73.57	52.89
2013	52.89	73.91	165.77	162.02	86.35
2014	86.35	52.84	101.19	108.2	99.98
2015	99.98	131.34	141.36	111.64	60.54

### Comparison of Import of Product under Investigation to Total Domestic Production

Quantity Unit: 10k MT

Period	Import Quantity	Percentage of Change	Domestic Total Production	Percentage of Change	Percentage of Domestic Production Accounted for by Product under Investigation
2011	291.94	65.31%	1,066.66	-	27.37%
2012	374.74	28.36%	1,178.80	10.51%	31.79%
2013	454.55	21.30%	1,283.93	8.92%	35.40%
2014	348.58	-23.31%	1,248.26	-2.78%	27.93%
2015	484.59	39.02%	1,026.16	-17.79%	47.22%
2015 Q1	99.97	-	734.08	-	13.62%
2016 Q1	60.54	-39.44%	607.96	-17.18%	9.96%

### Change in Market Share of Product Under Investigation

Quantity Unit: 10k MT

Period	Domestic Demand	Import of Product under Investigation	Market Share	Change in Percentage points
2011	1,374.91	291.94	21.23%	+8.39
2012	1,403.92	374.74	26.69%	+5.46
2013	1,494.34	454.55	30.42%	+3.73
2014	1,504.84	348.58	23.16%	-7.25
2015	1,510.00	484.59	32.09%	+8.93
2015 Q1	396.65	99.97	25.20%	-
2016 Q1	397.44	60.54	15.23%	-9.97

Note: Market share = Import quantity / Domestic Demand

3. Provide the precise description of the product involved. Provide the Harmonized System numbers under which the product enters at least at a 6-digit HS level, and at a sub-national level (e.g. 8-digit HS, 9-digit HS or 10-digit HS) if practicable. (The HS codes will be provided for reference purposes only.)

Sugar is the collective name of any sugar of which sucrose (molecular formula  $C_{12}H_{22}O_{11}$ ) is the main component, consisting of raw sugar and refined sugar. Raw sugar refers to the kind of raw material sugar, made from sugar cane or sugar beets through processing, which is not directly edible or can not be used as additives. Refined sugar refers to any sugar made from sugar cane or

sugar beets or raw sugar through processing, which is directly edible or can be used as additives, such as white granulated sugar, brown granulated sugar, superfine sugar, brown sugar, etc.

This product is classified under the following code of the Customs Import and Export Tariff of the People's Republic of China: 17011200, 17011300, 17011400, 17019100, 17019910, 17019920, 17019990 (among which code 17011300 and 17011400 is classified under code 17011100 in the 2011 version of the Customs Import and Export Tariff of the People's Republic of China).

*4. If the final measure replaces a provisional measure, or if a final measure is extended, a Member is encouraged to provide a written description of any part of the imported product that will no longer be subject to the measure and the Harmonized System numbers under which it enters at least at a 6-digit level, and at a sub-national level (e.g., 8-digit, 9-digit or 10-digit level) if practicable.*

Not applicable.

*5. Provide precise description of the proposed measure.*

The safeguard measure will take the form of an additional *ad valorem* duty of 45%, which will be progressively reduced to 35% for the third year of its implementation. This duty will apply to imports outside the existing tariff quota.

*6. Provide proposed date of introduction of the measure.*

The safeguard measure should enter into force on 22 May 2017.

*7. Provide expected duration of the measure.*

The measure imposed will remain in force for three years.

*8. 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.

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

The measure shall be progressively liberalized at regular intervals as follows:

<b>Duration</b>	<b>Additional <i>ad valorem</i> duty</b>
22 May 2017-21 May 2018	45%
22 May 2018-21 May 2019	40%
22 May 2019-21 May 2020	35%

*10. 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:*

*(i) provide the deadlines for interested parties to comment or any other procedures relevant to the decision to apply the measures, and*

*(ii) provide information regarding procedures for prior consultation with those Members having a substantial interest as exporters of the product concerned.*

Please refer to the notification in the document G/SG/N/8/CHN/2.

*11. If the measure is being extended, also provide:*

*(i) evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy serious injury;*

(ii) reference to the WTO document that notified the initial application of the measure;

(iii) duration of the measure from initial application till the date at which it will be extended; and,

(iv) precise description of the measure in place prior to the date of extension (in this context, please note that the last sentence of Article 7.4 states that: "A measure extended under paragraph 2 shall not be more restrictive than it was at the end of the initial period, and should continue to be liberalized.")

Not applicable.

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

(i) The major exporting Members of imports of the product involved.

Brazil, Thailand, Cuba, Australia, Guatemala, Republic of Korea were the major exporting Members of sugar in 2015. The import shares of these countries collectively were more than 97%.

(ii) 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.

13. Members are encouraged to attach, in an electronic form, publicly available document(s) containing the relevant decision(s) made by the competent authority. This document may be in the original language of the Member, even when the language is not one of the official languages of the WTO. The document will neither be translated nor circulated to the Committee, but will be made available by the Secretariat to Members requesting it.

Public Notice of the Ministry of Commerce of the People's Republic of China (2017 No. 26), which was adopted on 22 May 2017, is publicly available and may be consulted at <http://www.mofcom.gov.cn>. The Public Notice in electronic form is attached herewith.

### **Notification to the Committee on Safeguards of Non-application of Safeguard Measure to Developing Countries (Regions)**

1. Specify the measure.

The safeguard measure is described in the notification submitted under Article 12.1(c) of the Agreement on Safeguards.

2. Specify the product subject to the measure.

The product subject to the measure is described in the notification submitted under Article 12.1(c) of the Agreement on Safeguards.

3. 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.

The list of developing countries (regions) with their import shares individually excluded from the measure is attached herewith. The import shares of these countries (regions) collectively are about 2.48%.

4. Subsequently, if there is a change in the list of developing countries exempted from the application of the safeguard measure pursuant to Article 9.1, please notify:

(i) the reference to the WTO document that notified the Members about the initial action under footnote 2 to Article 9.1;

(ii) if applicable, names of the countries which are dropped from the list of developing countries to which the safeguard measure does not apply pursuant to Article 9.1, the list of the countries remaining on the list, the individual and collective import shares of the developing countries remaining on the list, and the date on which the safeguard measure applies to the countries dropped from the list;

(iii) if applicable, names of the countries which are added to the list of developing countries to which the safeguard measure does not apply pursuant to Article 9.1, the list of all the countries on the list, the individual and collective import shares of the developing countries on the list, and the date from which the safeguard measure does not apply to the countries which are added to the list.

Not applicable.

### List of Developing Countries (Regions) Excluded from the Application of the Safeguard Measure

Countries (Regions)	Import Share Individually
Afghanistan	0.00%
Bahrain	0.00%
Bangladesh	0.00%
Bhutan	0.00%
Brunei	0.00%
Myanmar	0.11%
Cambodia	0.05%
Korea, DPR	0.00%
Hong Kong, China	0.00%
India	0.03%
Indonesia	0.00%
Iran	0.00%
Iraq	0.00%
Jordan	0.00%
Kuwait	0.00%
Lao PDR	0.00%
Lebanon	0.00%
Macao, China	0.00%
Malaysia	0.18%
Maldives	0.00%
Mongolia	0.00%
Nepal	0.00%
Oman	0.00%
Pakistan	0.00%
Palestine	0.00%
Philippines	0.00%
Qatar	0.00%
Saudi Arabia	0.00%
Singapore	0.00%
Sri Lanka	0.00%
Syrian Arab Republic	0.00%
Turkey	0.00%
United Arab Emirates	0.05%
Yemen	0.00%
Viet Nam	0.00%
Timor-Leste	0.00%
Kazakhstan	0.00%
Kyrgyzstan	0.00%
Tajikistan	0.00%
Turkmenistan	0.00%
Uzbekistan	0.00%
Algeria	0.00%
Angola	0.00%
Benin	0.00%
Botswana	0.00%
Burundi	0.00%
Cameroon	0.00%

Countries (Regions)	Import Share Individually
Canary Islands	0.00%
Cape Verde	0.00%
Central African Republic	0.00%
Ceuta	0.00%
Chad	0.00%
Comoros	0.00%
Congo	0.00%
Djibouti	0.00%
Egypt	0.00%
Equatorial Guinea	0.00%
Ethiopia	0.00%
Gabon	0.00%
Gambia	0.00%
Ghana	0.00%
Guinea	0.00%
Guinea-Bissau	0.00%
Cote d'Ivoire	0.00%
Kenya	0.00%
Liberia	0.00%
Libya	0.00%
Madagascar	0.00%
Malawi	0.00%
Mali	0.00%
Mauritania	0.00%
Mauritius	0.01%
Morocco	0.00%
Mozambique	0.00%
Namibia	0.00%
Niger	0.00%
Nigeria	0.00%
Reunion	0.00%
Rwanda	0.00%
Sao Tome and Principe	0.00%
Senegal	0.00%
Seychelles	0.00%
Sierra Leone	0.00%
Somalia	0.00%
South Africa	0.00%
Western Sahara	0.00%
Sudan	0.00%
Tanzania	0.00%
Togo	0.00%
Tunisia	0.00%
Uganda	0.00%
Burkina Faso	0.00%
Congo, DR	0.00%
Zambia	0.00%
Zimbabwe	0.00%
Lesotho	0.00%
Melilla	0.00%
Swaziland	0.00%
Eritrea	0.00%
Mayotte	0.00%
Republic of South Sudan	0.00%
Albania	0.00%
Andorra	0.00%
Gibraltar	0.00%
Monaco	0.00%
San Marino	0.00%
Georgia	0.00%
Armenia	0.00%
Azerbaijan	0.00%
Belarus	0.00%
Moldova	0.00%
Russian Federation	0.00%

<b>Countries (Regions)</b>	<b>Import Share Individually</b>
Ukraine	0.00%
State Union of Serbia and Montenegro	0.00%
Macedonia, FYR	0.00%
Bosnia and Herzegovina	0.00%
Vatican City State	0.00%
Faroe Islands	0.00%
Serbia	0.00%
Montenegro	0.00%
Antigua & Barbuda	0.00%
Argentina	0.00%
Aruba	0.00%
Bahamas	0.00%
Barbados	0.00%
Belize	0.00%
Bolivia, Plurinational State of	0.00%
Bonaire	0.00%
Cayman Islands	0.00%
Chile	0.00%
Colombia	0.01%
Dominica	0.00%
Costa Rica	0.00%
Curacao	0.00%
Dominican Republic	0.00%
Ecuador	0.00%
French Guiana	0.00%
Grenada	0.00%
Guadeloupe	0.00%
Guyana	0.00%
Haiti	0.00%
Honduras	0.00%
Jamaica	0.00%
Martinique	0.00%
Mexico	0.00%
Montserrat	0.00%
Nicaragua	0.00%
Panama	0.00%
Paraguay	0.00%
Peru	0.00%
Puerto Rico	0.00%
Saba	0.00%
Saint Lucia	0.00%
Saint Martin Islands	0.00%
Saint Vincent and Grenadines	0.00%
El Salvador	2.04%
Suriname	0.00%
Trinidad and Tobago	0.00%
Turks and Caicos Islands	0.00%
Uruguay	0.00%
Venezuela	0.00%
Virgin Islands, British	0.00%
Saint Kitts and Nevis	0.00%
Saint. Pierre and Miquelon	0.00%
Netherlands Antilles	0.00%
Greenland	0.00%
Bermuda	0.00%
Cook Islands	0.00%
Fiji	0.00%
Gambier Islands	0.00%
Marquesas Islands	0.00%
Nauru	0.00%
New Caledonia	0.00%
Vanuatu	0.00%
Norfolk Island	0.00%
Papua New Guinea	0.00%
Society Islands	0.00%



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<b>Countries (Regions)</b>	<b>Import Share Individually</b>
Solomon Islands	0.00%
Tonga	0.00%
Tuamotu Islands	0.00%
Tubai Islands	0.00%
Samoa	0.00%
Kiribati	0.00%
Tuvalu	0.00%
Micronesia, Federated States	0.00%
Marshall Islands	0.00%
Palau	0.00%
French Polynesia	0.00%
Wallis and Futuna	0.00%

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