

Committee on Safeguards

Original: Spanish

**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON
SAFEGUARDS BEFORE TAKING A PROVISIONAL SAFEGUARDS
MEASURE REFERRED TO IN ARTICLE 6**

CHILE

The following communication, dated 3 July 2000, has been received from the Permanent Mission of Chile.

Pursuant to Article 12.4 of the Agreement on Safeguards, Chile hereby notifies that the investigating authority has decided to recommend the application of a safeguard measure on imports of powdered and liquid milk, as follows:

1. Products subject to the measure:

Powdered milk: classified under tariff headings 04.02.1000, 04.02.2110, 04.02.2120, 04.02.2130, 04.02.2140, 04.02.2150, 04.02.2160, 04.02.2170, 04.02.2180, 04.02.2910, 04.02.2920, 04.02.2930, 04.02.2940, 04.02.2950, 04.02.2960, 04.02.2970 and 04.02.2980 in Chile's harmonized tariff.

Liquid UHT milk: classified under tariff headings 0401.1000, 0401.2000 and 0401.3000 in Chile's harmonized tariff

2. Provisional measure: *ad valorem* tariff surcharge of 16 per cent.

3. Proposed date of introduction of the measure: first days of July 2000.

4. Expected duration of the measure: until a decision is taken on whether or not to apply a definitive measure.

5. Provide the basis for:

(i) Making a preliminary determination, as provided for in Article 6 of the Agreement on Safeguards, that increased imports have caused or are threatening to cause serious injury:

The information available shows a close link between domestic and external prices of powdered milk. Consequently, the downward trend in international prices of this product in recent years has been reflected in a reduction by the same amount in domestic prices. In the case of liquid UHT milk, there has been an increase in imports at prices which oblige the domestic industry to reduce its earnings in order to be competitive.

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- (ii) Basis for determining that there are critical circumstances where delay would cause damage which would be difficult to repair:

The situation in the dairy sector has deteriorated to such an extent that it has led to a decrease in investment and production, the closure of dairies, a fall in the number of jobs, and has also had other effects. In addition, recent increases in imports of liquid milk at low prices have constituted a threat and an indication which makes it even more necessary to apply urgent measures.
