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**Council for Trade in Goods
Committee on Safeguards**

Original: English

**NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT
ON SAFEGUARDS OF THE RESULTS OF A MID-TERM
REVIEW REFERRED TO IN ARTICLE 7.4**

VIET NAM

(Monosodium glutamate)

The following communication, dated 30 November 2018, is being circulated at the request of the Delegation of Viet Nam.¹

This notification is made pursuant to paragraph 5 of Article 12 of the Agreement on Safeguards, which sets forth that mid-term reviews, under paragraph 4 of Article 7, shall be notified to the Council for Trade in Goods, in conformity with the format established in document G/SG/1/Rev.1, dated 5 November 2009.

1 SPECIFY THE MEASURE AND THE PRODUCT SUBJECT TO THE MEASURE FOR WHICH THE MID-TERM REVIEW WAS CONDUCTED, AND PROVIDE REFERENCE TO THE WTO DOCUMENT THAT NOTIFIED THE SAFEGUARD MEASURE SUBJECT TO THE REVIEW

The measure is a tariff on imports of Monosodium glutamate. Further details regarding the measure are set out in the notification on definitive measures: G/SG/N/7/VNM/3/Rev.1-G/SG/N/8/VNM/5-G/SG/N/10/VNM/4-G/SG/N/11/VNM/3/Rev.1 dated 23 October 2017. The Subject Good under investigation is Monosodium glutamate classified under HS code 2922.4220 imported into Viet Nam.

2 PROVIDE THE DATES OF INITIATION AND CONCLUSION OF THE REVIEW

On 1 September 2015, Vietnam Competition Authority (now the Trade Remedies Authority of Viet Nam) hereafter referred to as the "Investigating Authority" initiated an investigation to apply a definitive safeguard measure on imports of Monosodium glutamate which was imposed on 25 March 2016. In March 2018, the Investigating Authority initiated the review process and the conclusion of the review was issued on 30 October 2018.

3 DESCRIBE THE RESULTS OF THE REVIEW, PROVIDING SOME DETAIL ON THE BASIS FOR REACHING THOSE RESULTS

In order to review the situation of the domestic industry after the imposition of the safeguard measure, the Investigating Authority conducted analysis focusing on data related to the period between 2015 and 2017.

The results of review of the safeguard measure are as follows:

¹ A copy of the decision of the competent authority has been submitted electronically (in Vietnamese only). To consult this document, please contact Ms Budd (hilary.budd@wto.org) or Ms Naville (delphine.naville@wto.org) of the Rules Division.

- The effective safeguard measure has made a positive impact on the reduction of Monosodium glutamate imports.
- On the source of imports, China, Indonesia and Thailand are the three main exporters of Monosodium glutamate into Viet Nam.
- During the investigation, the domestic industry has made an plan for 04 years. So after 2 years of implementation of the safeguard measure, the domestic industry still needs more time to recover.

The state of production and business of the domestic industry after the safeguard measure took effect:

- Capacity utilisation increased from 86% in 2015 to 97% in 2016 and fell to 93% in 2017.
- Profit on domestic sales increased by 20.93% in 2016 compared to the previous year, and decreased by 9.27% in 2017 compared to 2016.
- The profit margin increased from 14.55% in 2015 to 17.36% in 2016 and decreased to 15.05% in 2017.
- The number of employees was reduced from 2,715 people in 2016 down to 2,697 people in 2017, while labour costs continued to increase.
- Inventories fell sharply to 39.77% in 2016. However, inventories increased rapidly in 2017 by 23.43%.

Overall, with the indicators on the production and business as above showed that the production and business situation of the domestic industry has not significantly improved in the period 2015-2017. Especially in 2017, when the tariffs were reduced according to the roadmap, some indicators of production and business of the domestic industry also showed signs of decline.

Therefore, maintaining the safeguard measure is necessary to ensure its effectiveness for the recovery of the domestic industry.

4 CONCLUSION

Based on the result of the mid-term review, the Investigating Authority considers that the imposition of safeguard duty is still necessary and recommends that the pace of liberalization should remain unchanged.

LEGAL AFFAIRS DIVISION
TRADE REMEDIES AUTHORITY OF VIET NAM – MINISTRY OF INDUSTRY AND TRADE

Address: 25 Ngo Quyen Street, Hoan Kiem District, Hanoi, Vietnam

Phone: (+84 24) 7303.7898 (ext: 130)

Fax: (+84 24) 7303.7897

Email: pvtn@moit.gov.vn
