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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**

KYRGYZ REPUBLIC

(Wheat flour)

The following communication, dated 26 July 2013, is being circulated at the request of the Delegation of the Kyrgyz Republic.

Pursuant to Article 12.1(a) of the Agreement on Safeguards, the Kyrgyz Republic hereby notifies the Committee on Safeguards with the following:

1. Specify the date when the investigation was initiated

On 2 July 2013 in accordance with the Law of the Kyrgyz Republic on Safeguards N 141 dated 31 October 1998 and in conformity with Decree of Government of the Kyrgyz Republic dated 27 June 2013 N 381 On the Initiation of Investigation and Implementation of Temporary Safeguards for import of wheat flour, the special investigation with simultaneous introduction of temporary safeguard measures was brought into action by the competent authority of the Kyrgyz Republic (the Ministry of Economy of the Kyrgyz Republic) in respect of the import of wheat flour to the Kyrgyz Republic.

A public notice was placed in local newspaper "Erkin Too" on 2 July 2013, N 55 (2321).

2. Specify the product subject to investigation

The product subject to investigation is wheat flour which is classified under the Kyrgyz Republic HS code number 1101 00 110 0, 1101 00 150 0.

3. Provide the reason for the initiation of investigation

The preliminary analysis of import of wheat flour to the territory of the Kyrgyz Republic for the period from 2010 to 2012 determined the following:

- comparing to 2010 the volume of import of flour in 2011 was increased for more than 5.3 times and 4.35 times in 2012;
- main financial and economic indicators of domestic producers of wheat flour for the period 2010-2012 are characterized by the negative dynamics;
- workload of production capacities of domestic enterprises on flour production within the given period was decreased from 42.3% to 291%;
- volume of flour production in 2010 compared to 2009 was decreased by 6.7% in 2011 as compared to 2010 by 8.2%;

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- specific weight of import in total consumption value of flour in Kyrgyzstan was increased from 5% in 2010 to 24.85% in 2012. In 1st quarter of 2013 this indicator was already 33%.

However the volumes of flour import indicate the real potentiality for further significant growth and their level have suppressive effect on prices of domestic producers.

On the basis of the above mentioned factors the Ministry of Economy of the Kyrgyz Republic took a decision to initiate investigation in relation to import of wheat flour to the Kyrgyz Republic.