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**ELP Trade Remedies Update:  
Recommendation of Safeguard Measures (Quantitative Restrictions)**

## ELP Trade Remedies Update:

### Recommendation of Safeguard Measures (Quantitative Restrictions)

#### Introduction

On May 15, 2023, the Directorate General of Trade Remedies (“DGTR”) recommended a levy of safeguard measures in the form of quantitative restrictions on imports of Polyvinyl Chloride (PVC) Suspension Resins with Residual Vinyl Chloride Monomer (RVCM) Content above 2 PPM (“PUC”). This is the second such recommendation made by the Indian DGTR.

#### Key findings

The DGTR upon receiving an application seeking safeguard measures (quantitative restrictions) on imports of the PUC into India conducted a detailed investigation and *inter alia* found as follows:

- The imports of the PUC increased significantly in absolute and relative terms. These were also undercutting the prices of the domestic industry.
- The domestic industry suffered serious injury in the most recent period on account of the imports of the PUC, particularly in terms of profitability and inventory.
- The imposition of the safeguard measures would be in public interest since further serious injury to the domestic industry would be prevented. As regards the demand for the PUC, it can be met by the imports of the excluded like article (i.e., PVC suspension resins with RVCM content upto 2PPM) and imports from certain developing countries against whom the safeguard measures are not applied.

#### Safeguard measures (quantitative restrictions)

Pursuant to finding the above, the DGTR recommended a levy of safeguard measures (quantitative restrictions) i.e., quota (in MT) on the imports of the PUC i.e., PVC Suspension Resins with RVCM **above** 2 PPM and (**not** PVC Suspension Resins with RVCM **upto** 2 PPM) for a period of **one (1) year**.

Quarter	1	2	3	4
<b>Total PUC (imported during 2019-20, 2020-21 and 2021-22)</b>	54,203	54,920	55,646	56,382
<b>Imports from China PR</b>	20,494	20,765	21,039	21,317
<b>Imports from Taiwan</b>	15,100	15,299	15,502	15,707
<b>Imports from US</b>	9,690	9,818	9,948	10,079
<b>Imports from Russia</b>	8,920	9,038	9,157	9,279
<b>Imports – developing countries</b>	Developing countries listed under Notification no. 19/2016-Customs (NT) dated 5 February 2016 excluded from the application of safeguard measures			

#### Modalities for governing the safeguard measures (quantitative restrictions)

For the purposes of implementation of these measures, the DGTR has noted that it would be appropriate to consider the specification on the basis of a certificate of analysis, which is presented along with each consignment. It also noted that the imports are to be permitted only through EDI ports to facilitate real-

time/electronic monitoring on a quarterly basis. Further, in order to enable importers, and exporters to regulate the volume of imports smoothly, the DGTR laid down some additional conditions:

- Total imports allowed in any quarter shall not exceed the total of that quarter and the next quarter.
- Any unutilized quota for a quarter shall be added to the next quarter.
- Any excessively utilized quota for a quarter shall be deducted from the quota for the next quarter.

**Way forward:**

For the aforementioned quota and modalities to come into effect, the Directorate General of Foreign Trade (“DGFT”), in the exercise of its powers under the Foreign Trade Development & Regulations Act, 1992, must issue a notification amending India’s Import Policy.

In the first *Safeguard Measures (quantitative restrictions) investigation concerning Isopropyl Alcohol (“IPA”)*, the DGTR recommendation was issued on 30 September 2021. However, Notification no. 64/2015-2020 giving effect to the said recommendation was issued by DGFT on 31 March 2023 i.e., after a gap of 18 months from the issuance of the recommendation. Also, Notification no. 4/2023 setting out the procedure to apply for a registration certificate to import IPA as per the prescribed quota was also issued on 11 April 2023.

Given that there is no prescribed time period within which the DGFT may exercise its discretion to give effect to such a recommendation of the DGTR, it is unclear at the moment when a similar notification giving effect to the safeguard measures (quantitative restrictions) on imports of the PUC will be issued.

As always, we at ELP will closely monitor developments concerning the implementation of the DGTR’s recommendation – watch this space for further updates.

*We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:*

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