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CHAPTER 7

TRADE REMEDIES

SECTION A

INITIAL PROVISIONS

ARTICLE 7.1

Definitions

For the purposes of this Chapter:

- (a) "Anti-Dumping Agreement" means the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, set out in Annex 1A to the WTO Agreement;
- (b) "Agreement on Agriculture" means the Agreement on Agriculture, set out in Annex 1A to the WTO Agreement;
- (c) "Agreement on Safeguards" means the Agreement on Safeguards, set out in Annex 1A to the WTO Agreement;
- (d) "SCM Agreement" means the Agreement on Subsidies and Countervailing Measures, set out in Annex 1A to the WTO Agreement;

- (e) "Agricultural products" shall have the same meaning as under the Agreement on Agriculture.

ARTICLE 7.2

Exclusion from dispute settlement mechanism

Neither Party shall have recourse to dispute settlement provisions of this Agreement for any matter arising under Section A, Section B and Section C of this Chapter.

SECTION B

ANTI-DUMPING AND COUNTERVAILING MEASURES

ARTICLE 7.3

General Provisions

1. Each Party retains its rights and obligations arising from the Anti-Dumping Agreement and from the SCM Agreement.
2. For the purpose of this Section, origin shall be determined in accordance with the applicable non-preferential rules of origin of each Party.

ARTICLE 7.4

Transparency

1. After receipt by a Party's investigating authority of a properly documented application for an anti-dumping or a countervailing investigation with respect to imports from the other Party, and

before proceeding to initiate an investigation, the Party shall provide written notification to the other Party.

2. Before initiating a countervailing investigation, a Party shall afford the other Party an opportunity to consult with its investigating authority with the aim of seeking a mutually agreed solution. The consultations shall be held after providing sufficient time, but no less than 7 days, after the sending of the invitation.

3. In accordance with Article 6.2 of the Anti-Dumping Agreement and Article 12.2 of the SCM Agreement, upon request of an interested party, a Party shall grant them the possibility to be heard in order to express their views during an anti-dumping or a countervailing investigation, provided that the granting of such request does not prevent the investigation from proceeding expeditiously.

4. Before a final finding is issued, the investigating authority shall inform the parties participating in the investigation of the essential facts that form the basis of the decision. Such disclosure shall be made in writing and should take place within sufficient time for the parties to defend their interests. The preliminary finding, if issued, shall contain sufficient detailed information specifying the reasons leading to the decision.

ARTICLE 7.5

Consideration of Public Interest

Anti-dumping or countervailing measures may not be applied by a Party where, on the basis of the information made available during the investigation, it can clearly be concluded that it is not in the public interest to apply such measures. Such consideration of public interest shall be in accordance with the domestic laws, rules and regulations. Public interest may take into account the situation of various interested parties, including the domestic industry, importers and their representative associations, representative users and representative consumer organizations, to the extent they have provided relevant information to the investigating authorities.

ARTICLE 7.6

Lesser Duty Rule

If a Party takes a decision to impose an anti-dumping duty or a countervailing duty, the Party shall, in accordance with its law, apply a duty less than the margin of dumping or a duty less than the subsidy margin, as the case maybe, where such lesser duty would be adequate to remove the injury to the domestic industry.

SECTION C

GLOBAL SAFEGUARD MEASURES

ARTICLE 7.7

General Provisions

Each Party retains its rights and obligations under Article XIX of GATT 1994, the WTO Agreement on Safeguards and Article 5 of the WTO Agreement on Agriculture.

ARTICLE 7.8

Transparency

1. Notwithstanding Article 7.7, at the request of the other Party and provided the latter has a substantial interest, the Party initiating a safeguard investigation or intending to take safeguard measures shall provide as soon as possible a written notification of all pertinent information regarding the initiation of a safeguard investigation or the imposition of global safeguard measures including on the provisional findings, where relevant. This is without prejudice to Article 3.2 of the WTO Agreement on Safeguards.

2. To the extent permitted by the Agreement on Safeguards, when imposing safeguard measures, the Parties shall endeavour to impose them in a way that least affects bilateral trade.

3. For the purpose of paragraph 2, if the Party intending to apply such measures considers that the legal requirements are met for the imposition of definitive safeguard measures, the Party shall notify the other Party, having a substantial interest and, upon request, give the possibility to hold bilateral consultations. If no satisfactory solution has been reached within 12 days of the notification, the importing Party may adopt the appropriate measures to remedy the problem.

4. For the purposes of this Article, it is considered that a Party has a substantial interest when it is among the five largest suppliers of the imported product during the most recent three-year period of time, measured in terms of either absolute volume or value.

SECTION D

BILATERAL SAFEGUARD MEASURES

ARTICLE 7.9

Definitions

For the purposes of this Section:

- (a) "domestic industry" means, with respect to an imported good, the producers as a whole of the like or directly competitive good operating within the territory of a Party, or those producers whose collective production of the like or directly competitive good constitutes a major proportion of the total domestic production of that good;
- (b) "serious injury" means a significant overall impairment in the position of a domestic industry;
- (c) "threat of serious injury" means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent.

ARTICLE 7.10

Application of a bilateral safeguard measure

1. If as a result of the reduction or elimination of a customs duty under this Agreement, a product originating a Party is being imported into the territory of the other Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such product from the other Party cause or threaten to cause a serious injury to domestic producers of like or directly competitive products, such Party may take appropriate measures under the conditions and in accordance with the procedures laid down in this Sub-Section:
2. If the conditions in paragraph 1 are met, the safeguard measures of the importing Party may only consist of one of the following:
 - (a) suspension of the further reduction of the rate of customs duty on the product concerned provided for under this Agreement; or
 - (b) increase in the rate of customs duty on the product concerned to a level which does not exceed the lesser of:
 - (i) the most-favoured nation applied rate of customs duty on the product in effect at the time the measure is taken; or
 - (ii) the most-favoured nation applied rate of customs duty on the product in effect on the day immediately preceding the date of entry into force of this Agreement.

ARTICLE 7.11

Conditions and limitations

1. A bilateral safeguard measure shall not be applied or maintained:

- (a) except to the extent, and for such time, as may be necessary to prevent or remedy the situation described in Article X.10. and to facilitate adjustment.
 - (b) for a period exceeding two years. The period may be extended by another two years if the competent authorities of the importing Party determine, in conformity with the procedures specified in this Sub-Section, that the measure continues to be necessary to prevent or remedy the situations described in Article X.10 and Article 15, and to facilitate adjustment provided that the total period of application of a safeguard measure, including the period of initial application and any extension thereof, does not exceed four years; or
 - (c) beyond the expiration of the transition period, except with the consent of the other Party. "Transition period" means 22 years from the date of entry into force of this Agreement.
2. Neither Party shall apply, with respect to the same product and during the same period:
- (a) a bilateral safeguard measure provided in this Agreement;
 - (b) a safeguard measure under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards; and
 - (c) a special safeguard under Article 5 of the WTO Agreement on Agriculture.
3. When a Party ceases to apply a bilateral safeguard measure, the rate of customs duty shall be the rate that would have been in effect for the product, according to the Schedule of that Party.

ARTICLE 7.12

Provisional measures

1. In critical circumstances where delay would cause damage that would be difficult to repair, a Party may apply a bilateral safeguard measure on a provisional basis, without complying with the requirements of Article 7.22, paragraph 1 of this Chapter, pursuant to a preliminary determination that there is clear evidence that imports of a product originating in the other Party have increased as

the result of the reduction or elimination of a customs duty under this Agreement, and that such imports cause or threaten to cause the situations described in Article 7.10.

2. The duration of any provisional measure shall not exceed two hundred days, during which time the Party shall comply with the relevant procedural rules laid down in Article 7.11. The Party shall promptly refund any tariff increases if the investigation described in Section XX does not result in a finding that the requirements of Article 7.10 are met. The duration of any provisional measure shall be counted as part of the period described in Article 7.11, paragraph 1 (b). The importing Party concerned shall inform the other Party concerned upon taking such provisional measures.

ARTICLE 7.13

Compensation and suspension of concessions

1. A Party applying a bilateral safeguard measure shall consult with the Party whose goods are subject to the measure in order to mutually agree on appropriate trade liberalising compensation in the form of concessions having substantially equivalent trade effects. The Party shall provide an opportunity for such consultations no later than 30 days after the application of definitive bilateral safeguard measure.

2. If the consultations described in paragraph 1 do not result in an agreement on trade liberalising compensation within 30 days, the Party whose products are subject to the bilateral safeguard measure may suspend the application of substantially equivalent concessions to the trade of the Party applying the safeguard measure. This action shall be applied only for the minimum period necessary to achieve the substantially equivalent effects.

3. The right to take action referred to in paragraph 2 shall not be exercised for:

- (a) the first two years that the measure is in effect; and
- (b) the first three years that the measure is in effect where it has been extended beyond two years.

ARTICLE 7.14

Time lapse in between two measures

A bilateral safeguard measure shall not be applied to a product originating in a Party which has already been subject to such a bilateral safeguard measure for a period of time equal to half of the duration of the previous bilateral safeguard measure.

ARTICLE 7.15

Outermost regions

1. Where any product originating in India is being imported directly into the territory of one or several outermost regions¹ of the EU in such increased quantities and under such conditions as to cause or threaten to cause serious deterioration in the economic situation of the outermost region(s) concerned of the EU Party, the EU Party, after having examined alternative solutions, may exceptionally take safeguard measures limited to the territory of the region(s) concerned.
2. Without prejudice to the provisions of paragraph 1, other rules laid down in this Section applicable to bilateral safeguards are also applicable to any safeguard adopted under this Article. Article. Any reference to "serious injury" in those other rules shall be understood as "serious deterioration" for the purposes of this Article.

¹ At the entry into force of this Agreement, the outermost regions of the EU are: Guadeloupe, French Guiana, Martinique, Reunion, Mayotte, St. Martin, the Azores, Madeira and the Canary Islands. This Article shall also apply to a country or an overseas territory that changes its status to an outermost region by a decision of the European Council in accordance with the procedure set out in Article 355 (6) of the Treaty on the Functioning of the EU from the date of adoption of that decision. In the event that an outermost region of the EU changes its status as such by the same procedure, this Article shall cease to be applicable from the European Council's decision accordingly. The EU shall notify the other Parties of any change in the territories considered as outermost regions of the EU.

3 For the purpose of paragraph 1, serious deterioration shall mean major difficulties in a sector of the economy producing like or directly competitive products. The determination of deterioration shall be based on objective factors, including the following elements:

- (a) the increase in the volume of imports in absolute or relative terms to domestic production and to imports from other sources; and
- (b) the effect of such imports on the situation of the relevant industry or the economic sector concerned, including inter alia on the levels of sales, production, financial situation and employment.

ARTICLE 7.16

Administration of Bilateral Safeguard Investigations

1. For the application of bilateral safeguard measures, the competent investigating authority shall comply with the provisions of this Section and in cases not covered by this Section, the competent investigating authority shall apply the rules established under its domestic legislation.
2. Each Party shall ensure the consistent, impartial and reasonable administration of its laws, regulations, decisions and rulings governing all bilateral safeguard investigation proceedings under this Section.

ARTICLE 7.17

Initiation of a safeguard proceeding

1. A safeguard proceeding may be initiated by the competent investigating authority pursuant to each Party's domestic legislation. In the cases when the proceeding is initiated on the basis of a written application, the entity filing the application shall demonstrate that it is representative of the domestic industry producing a product like or directly competitive with the imported product.

2. Once the investigation has been initiated, the written application shall be made available for public inspections, except for the confidential information contained.
3. Upon initiation of a safeguard proceeding, the competent investigating authority shall publish a notice of initiation of the proceeding in the official journal of the Party. The notice shall identify the entity which filed the written application, if applicable, the imported product that is the subject of the proceeding and its indicative subheading and the tariff item number under which it is classified, or the period within which interested parties may apply to participate in the investigation and the name and address of the office to be contacted for more information.

ARTICLE 7.18

Investigation

1. A Party may apply a safeguard measure only following an investigation by the competent investigating authority of that Party pursuant to procedures laid down in this Section. This investigation shall include reasonable public notice to all interested parties, opportunity to be heard and any other appropriate means by which importers, exporters and other interested parties can present evidence and their views, including the opportunity to respond to the presentations of other parties.
2. Each Party shall ensure that its competent investigating authority completes any such investigation within twelve months of its date of initiation.

ARTICLE 7.19

Evidence of injury and causal link

1. In conducting its proceeding, the competent investigating authority shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry, in particular the rate and amount of the increase in imports of the product concerned in absolute terms or relative to domestic production, the share of the domestic market taken by

increased imports, and changes in the level of sales, production, productivity, capacity utilisation, profits and losses, and employment.

2. The determination whether increased imports have caused or are threatening to cause the situations described in Article X.10, shall not be made, unless the investigation demonstrates, on the basis of objective evidence, the existence of a causal link between increased imports of the product concerned and the situations described in Article X.10. Where factors other than increased imports are, at the same time, causing the situations described in Article X.10, such injury shall not be attributed to increased imports.

ARTICLE 7.20

Hearings

In the course of each proceeding, the competent investigating authority shall:

- (a) hold a public hearing, after providing reasonable notice, to allow all interested parties to present evidence and to be heard; or
- (b) provide an opportunity to all interested parties to be heard where they have made a written application within the period laid down in the notice of initiation.

ARTICLE 7.21

Confidential information

Any information which is by nature confidential or which is provided on a confidential basis shall, upon cause being shown, be treated as such by the competent investigating authority. Such information shall not be disclosed without permission of the Party submitting it. Parties providing confidential information are requested to furnish non-confidential summaries thereof or, if such parties indicate that such information cannot be summarised, the reasons why a summary cannot be provided. However, if the competent investigating authority finds that a request for confidentiality

is not warranted and if the party concerned is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, the authority may disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

ARTICLE 7.22

Notifications and publications of definitive measures

1. Where the competent investigating authority of a Party takes the view that one of the circumstances set out in Article X.10 exists, that Party shall, as soon as possible, inform the other Party and provide all pertinent information, which shall include evidence of serious injury or threat thereof caused by increased imports, precise description of the product involved and the proposed measures, and where applicable, the proposed date of imposition and expected duration.
2. Upon request, a Party proposing to apply a measure shall provide adequate opportunity for consultations with the other Party prior to the conclusion of the investigation.
3. The competent investigating authority shall also publish its findings and reasoned conclusions reached on all pertinent issues of fact and law in the official journal of the Party, including the description of the imported product and the situation, which has given rise to the imposition of measures in accordance with Article X.10, the causal link between such situation and the increased imports, and the form, level and duration of the measures.
4. The competent investigating authority shall not disclose any information provided pursuant to any undertaking concerning confidential information that may have been made in the course of the proceedings.