



NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

NOTIFICATION OF A RECOMMENDATION TO IMPOSE A MEASURE

NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2 OF THE AGREEMENT ON SAFEGUARDS

INDIA

Isopropyl Alcohol

The following communication, dated and received on 3 February 2022, is being circulated at the request of the delegation of India.

In continuation to WTO document G/SG/N/6/IND/47 dated 15 November 2019, India notifies that there has been a finding of serious injury or threat thereof caused by increased imports of the product "Isopropyl Alcohol".

1. INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS

The Product Under Consideration (PUC) i.e., Isopropyl Alcohol (IPA), which is also known as "Isopropanol", is imported into India from various countries, with major quantities being imported from China PR, Korea RP, Singapore and Taiwan. The Period of Investigation (POI) is April 2016 to June 2019 and the most recent period for the purpose has been considered as January 2019 – June 2019. The volume of imports over the period is as under:

Particulars	Units	2016-17	2017-18	Apr-Dec-18 Annual	Jan-Jun 19 Annual	July-Dec 19 Annual
Import volumes including domestic industry	MT	85,348	97,533	1,21,422	1,58,736	1,29,165
Trend	Indexed	100	114	142	186	151
Imports by domestic industry	MT	***	***	***	***	***
Trend	Indexed	100	105	116	128	99
Imports by Others	MT	31,529	40,967	58,883	89,875	75,802
Trend	Indexed	100	130	187	285	240
Demand in India	MT	***	***	***	***	***
Trend	Indexed	100	109	117	135	122

From the above table, it would be evident that the total volume of imports of the PUC have increased from 85,348 MT in 2016-17 to 1,58,736 MT in Jan-Jun, 2019 (Annual), implying an increase of 86% over the period, while the demand for the product increased by only 35%. After excluding the domestic industry-imports, the volume of imports of the PUC have increased from 31,529 MT in 2016-17 to 89,875 MT in Jan-Jun, 2019 (Annual), implying an increase of 185% over the period. Further, the imports have also increased at an increasing rate, when compared on a year-on-year basis. Thus there has clearly been a surge in imports during the investigation period.

2. SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

a. Serious Injury

An evaluation of the overall position of the Domestic Industry (DI), in the light of almost all the relevant factors, having a bearing on the situation of the DI, shows a significant overall impairment.

Evidence of serious injury has been analysed and explained in subsequent paragraphs. The Directorate General of Trade Remedies (DGTR) has thus concluded that DI has suffered serious injury.

b. Threat of serious injury

As stated in the table indicated above, imports of the PUC in India during the POI have not only increased in absolute terms but also increased in relation to production of the DI.

Increase in imports in absolute terms shows a clear surge in imports and has a rising trend, which is significant enough to constitute "increased imports" within the meaning of Section 8B of the Customs Tariff Act, 1975. Increased imports of the PUC threaten to cause serious injury to the DI.

3. EVIDENCE OF SERIOUS INJURY

a. Assessment of demand/consumption

For the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of Indian Producers and imports from all sources has been taken into account. It is seen that the demand for the PUC has shown significant increase over the period. Further, imports of the product increased at a pace faster than the increase in demand.

b. Share of Domestic Industry

Share of imports and domestic industry are indicated below:

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 (Annual)	Jan-Jun 2019 (Annual)	July-Dec 2019 (Annual)
Market share excluding domestic industry imports:						
Imports	%	31%	36%	50%	64%	56%
Trend	Indexed	100	116	159	205	179
Domestic Industry	%	***	***	***	***	***
Trend	Indexed	100	93	73	52	64
Total	%	100%	100%	100%	100%	100%
Market share including domestic industry imports:						
Imports	%	55%	58%	67%	76%	68%
Trend	Indexed	100	105	121	138	124
Domestic Industry's trading	%	***	***	***	***	***
Other importers	%	20%	24%	32%	43%	40%
Trend	Indexed	100	119	159	211	197
Total imports	%	55%	58%	67%	76%	68%
Trend	Indexed	100	105	121	138	124
Domestic industry	%	***	***	***	***	***
Trend	Indexed	100	94	74	54	70
Total for all	%	100%	100%	100%	100%	100%

The market share of the DI has been determined by considering both manufacturing and trading. It is seen that the market share of the DI shows a decline whether or not trading is included. Further, it is seen that the market share of the imports has increased significantly. As a result, market share of the DI fell sharply.

c. Domestic Sales

The domestic sales of the DI were as follows. It is seen that domestic sales of the DI declined significantly over the period. The decline in sales is despite increase in demand and unutilised capacities with the DI.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-Jun 2019 Annual	July-Dec 2019 Annual
Domestic Sales	MT	***	***	***	***	***
Trend	Indexed	100	103	86	73	86
Export sales	MT	***	***	***	***	***
Trend	Indexed	100	143	121	39	48

d. Production

The level of production over the period changed as under:

Particulars	Units	2016-17	2017-18	Apr-Dec-18 Annual	Jan-Jun 19 Annual	July-Dec 19 Annual
Production	MT	***	***	***	***	***
Trend	Indexed	100	100	86	74	85

It is seen that the production of the domestic industry declined significantly in the recent period. The decline in production is despite increase in demand for the product.

The production by the domestic industry reduced and ratio of imports to production by the domestic industry also increase indicating the change in business model under the distress of surge.

e. Capacity utilization

It can be seen from the table below that the capacity utilisation of the DI declined significantly in the recent period with the increase in imports in the Country.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-Jun 2019 Annual	July-Dec 2019 Annual
Installed capacity	MT	***	***	***	***	***
Trend	Indexed	100	100	100	100	100
Production	MT	***	***	***	***	***
Trend	Indexed	100	100	86	74	85
Capacity utilization	%	***	***	***	***	***
Trend	Indexed	100	100	86	74	85

f. Employment

It is seen that the employment with the DI has not got materially impacted.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-Jun 2019 Annual	July-Dec 2019 Annual
No. of employees	Nos	***	***	***	***	***
Wages	Rs in Lacs	999	1,243	1,289	1,240	1,084

g. Productivity

The productivity per employee and per day declined over the injury period, following the decline in production of the DI.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-June 2019 Annual	July-Dec 2019 Annual
No. of employees	Nos	***	***	***	***	***
Trend	Indexed	100	98	109	109	109
Wages	Rs in Lacs	***	***	***	***	***
Trend	Indexed	100	124	129	124	109

h. Profit/loss

The profit/ loss of the DI over the period was as under. It is seen that the profits of the DI declined sharply over the injury period. Further, the DI started suffering financial losses in the recent period with the surge in imports.

The injury on amount of trading is noted to be significantly lower than form the injury on account of manufacturing and the shift towards import is one to control the injury to be maximum possible extent therefore the imports by domestic industry can't be construed as self-inflicted.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-June 2019 Annual	July-Dec 2019 Annual
Profit/loss	Rs/MT					
Own Production	Rs/MT	***	***	(***)	(***)	(***)
Trend	Indexed	100	58	(12)	(74)	(129)
Trading	Rs/MT	***	(***)	(***)	(***)	(***)
Trend	Indexed	100	(55)	(35)	(410)	(66)
Total profit/loss	Rs in Lacs					
Own production	Rs in Lacs	***	***	(***)	(***)	(***)
Trend	Indexed	100	60	(10)	(54)	(87)
Trading	Rs in Lacs	***	(***)	(***)	(***)	(***)
Trend	Indexed	100	(57)	(43)	(514)	(82)

i. Inventory

The inventory position of the DI over the period was as below. It is seen that the inventories with the DI declined in 2017-18. The inventories have however increased significantly in the recent period with the surge in imports.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-June 2019 Annual	July-Dec 2019 Annual
Own production	MT	***	***	***	***	***
Trend	Indexed	100	88	41	95	154
Opening	MT	***	***	***	***	***
Trend	Indexed	100	262	57	92	254
Closing	MT	***	***	***	***	***
Trend	Indexed	100	22	35	97	116
Trading	MT	***	***	***	***	***
Trend	Indexed	100	224	341	473	506
Opening	MT	***	***	***	***	***
Trend	Indexed	100	327	630	825	1,193
Closing	MT	***	***	***	***	***
Trend	Indexed	100	193	252	365	296

j. Price undercutting

The level of price undercutting has been noted as below. It is seen that the imports have been undercutting the domestic price throughout the injury period. However, the price undercutting has increased significantly in the recent period.

Particulars	Units	2016-17	2017-18	Apr-Dec 2018 Annual	Jan-June 2019 Annual	July-Dec 2019 Annual
Landed value	Rs/MT	58,499	67,088	73,803	63,220	52,361
Trend	Indexed	100	115	126	108	90
Net sales realization	Rs/MT	***	***	***	***	***
Trend	Indexed	100	111	120	111	94
Price undercutting	Rs/MT	***	***	***	***	***
Price undercutting	Indexed	100	66	38	157	151
Price undercutting	%	***	***	***	***	***
Price undercutting	Range	1-10%	1-10%	1-10%	5-15%	10-15%

It is thus seen that the performance of the domestic industry has deteriorated in both volume and price parameters i.e. in respect of production, capacity utilisation, domestic sales, inventories, market share and profits. Accordingly, it is evident that the DI has suffered serious injury.

4. UNFORESEEN DEVELOPMENTS

The domestic industry submitted that the unforeseen development leading to increase in imports was the non-competitiveness of propylene-based IPA versus acetone-based IPA, resulting in the latter becoming cheaper. The applicant has also relied upon the decline in domestic demand in China PR due to shut down of downstream plants and imposition of tariffs by USA against the downstream products. In brief, the following evidence satisfies the requirements of unforeseen developments:

- decline in prices of acetone leading to decline in IPA prices;
- surplus and increased capacities with foreign producers;
- increased supply of acetone-based IPA at lower prices;
- reduced demand for the PUC in China PR.

5. ADJUSTMENT PLAN

Adjustment plan submitted by DI is appropriate to facilitate positive adjustment to the increased import. Further, the adjustment plan implementation during the course of measures will be suitably evaluated either on Directorate General of Trade Remedies (DGTR)s' own initiative or on receipt of an application in this regard.

6. PRODUCT INVOLVED

The PUC consists of 99.8% of IPA, 0.1% of water and 0.1% impurities. IPA is a compound with the chemical formula $\text{CH}_3\text{CHOHCH}_3$ and can be produced using Acetone or Propylene. It is a colourless, flammable liquid and is used in production of a variety of industrial and household chemicals, bulk drugs and drug formulations, antiseptics, disinfectants and detergents etc. The subject products are classifiable under the tariff heading 2905, under code 2905 12 20, in the First Schedule to the Customs Tariff Act, 1975. It is clarified that the said HS Code is indicative only and the product description shall prevail in all circumstances.

7. PRECISE DESCRIPTION OF THE PROPOSED MEASURE

DGTR, the competent authority has recommended imposition of quantitative restrictions on imports of the PUC into India in quantity (MT) as specified in the Table below.

QR Quota (in MT)

Country	Quarters							
	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
China PR	9,356	9,356	9,356	9,356	9,924	9,924	10,526	10,526
Germany	1,995	1,995	1,995	1,995	2,116	2,116	2,244	2,244
Japan	1,411	1,411	1,411	1,411	1,496	1,496	1,587	1,587
Korea RP	5,929	5,929	5,929	5,929	6,290	6,290	6,672	6,672
Netherland	2,283	2,283	2,283	2,283	2,421	2,421	2,568	2,568
Singapore	2,515	2,515	2,515	2,515	2,668	2,668	2,830	2,830
Taiwan	4,050	4,050	4,050	4,050	4,296	4,296	4,557	4,557
USA	2,087	2,087	2,087	2,087	2,214	2,214	2,348	2,348
Other Countries	669	669	669	669	710	710	753	753
Grand Total	30,294	30,294	30,294	30,294	32,134	32,134	34,085	34,085

Accordingly, the competent authority recommends imposition of quantitative restrictions on the imports of subject goods for a period of two years from the date of notification under the Foreign Trade (Development and Regulation) Act, 1992, as amended.

8. FURTHER INFORMATION

The Final Findings were published in Gazette of India on 30 September 2021 and can be seen at <https://www.dgtr.gov.in>.

9. PROPOSED DATE OF IMPOSITION OF SAFEGUARD MEASURE

The safeguard measure will be applicable from the date of issue of notification in this regard by the Department of Commerce, Ministry of Commerce and Industry, Government of India.

10. INVITATION FOR CONSULTATIONS

Consistent with Article 12.3 of the Agreement on Safeguards, India proposes to give an opportunity for consultation for those Members having substantial interest as exporters of the product concerned, for the purpose of exchanging views on the measure proposed.

Members who wish to engage in consultations may contact the Directorate General of Foreign Trade (DGFT), New Delhi addressed to DGFT at dgft@nic.in within 10 days from the date of issuance of this notification. Consultations will take place in a virtual setting.

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2
OF THE AGREEMENT ON SAFEGUARDS**

1. SPECIFY THE MEASURE

Safeguards measures in the form of quantitative restrictions has been recommended on imports of the PUC into India in quantity (MT) as specified in the table below:

QR Quota (in MT)

Country	Quarters							
	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
China PR	9,356	9,356	9,356	9,356	9,924	9,924	10,526	10,526
Germany	1,995	1,995	1,995	1,995	2,116	2,116	2,244	2,244
Japan	1,411	1,411	1,411	1,411	1,496	1,496	1,587	1,587
Korea RP	5,929	5,929	5,929	5,929	6,290	6,290	6,672	6,672
Netherland	2,283	2,283	2,283	2,283	2,421	2,421	2,568	2,568
Singapore	2,515	2,515	2,515	2,515	2,668	2,668	2,830	2,830
Taiwan	4,050	4,050	4,050	4,050	4,296	4,296	4,557	4,557
USA	2,087	2,087	2,087	2,087	2,214	2,214	2,348	2,348
Other Countries	669	669	669	669	710	710	753	753
Grand Total	30,294	30,294	30,294	30,294	32,134	32,134	34,085	34,085

2. SPECIFY THE PRODUCT SUBJECT TO THE MEASURE

The product concerned (PUC) is "Isopropyl Alcohol" which is also known as Isopropanol and is used in production of a variety of industrial and household chemicals, bulk drugs formulations, antiseptics, disinfectants and detergents etc. The subject products are classifiable under the tariff heading 2905, under code 2905 12 20, in the First Schedule to the Customs Tariff Act, 1975. It is clarified that the said HS Code is indicative only and the product description shall prevail in all circumstances.

3. SPECIFY THE DEVELOPING COUNTRIES TO WHICH THE MEASURE IS NOT APPLIED UNDER ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS, AND THE IMPORT SHARE OF THESE COUNTRIES INDIVIDUALLY AND COLLECTIVELY

As the imports from the developing countries listed in the notification no. 19/2016-customs (NT) dated 5 February, 2016, other than China PR, do not exceed 3% individually and 9% collectively, imports of "Isopropyl Alcohol" originating from such developing countries (other than China PR) will not attract Quantitative Restrictions in terms of Section 9A(1) of the Foreign Trade (Development and Regulation) Act, 1992, as amended.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India Ministry of Finance (Department of Revenue)

(Central Board of Excise and Customs)

Notification**No. 19/2016 - Customs (N.T.)**New Delhi, 5th February, 2016

G.S.R..(E).- In pursuance of clause (a) of sub-section (6) of section 8B of the Customs Tariff Act, 1975 (51 of 1975) and in supersession of notification of the Government of India in the Ministry of Finance, Department of Revenue, No. 103/98 Cus, dated the 14th December, 1998, published in the Gazette of India, Extraordinary vide number G.S.R. 737(E), dated the 14th December, 1998, except as respects things done or omitted to be done before such supersession, the Central Government, hereby notifies the following countries as developing countries for the purposes of the said section, namely :-

1	Afghanistan	45	Ghana	89	Palestine
2	Albania	46	Grenada	90	Panama
3	Algeria	47	Guatemala	91	Papua New Guinea
4	Angola	48	Guinea	92	Paraguay
5	Armenia	49	Guinea Bissau	93	Peru
6	Azerbaijan	50	Guyana	94	Philippines
7	Bangladesh	51	Haiti	95	Republic of Moldova
8	Belarus	52	Honduras	96	Romania
9	Belize	53	Indonesia	97	Rwanda
10	Benin	54	Iran (Islamic Republic of)	98	Saint Lucia
11	Bhutan	55	Iraq	99	Saint Vincent and the Grenadines
12	Bolivia (Plurinational State of)	56	Jamaica	100	Samoa
13	Bosnia and Herzegovina	57	Jordan	101	Sao Tome and Principe
14	Botswana	58	Kazakhstan	102	Senegal
15	Brazil	59	Kenya	103	Serbia
16	Bulgaria	60	Kiribati	104	Sierra Leone
17	Burkina Faso	61	Kyrgyzstan	105	Solomon Islands
18	Burundi	62	Lao Peoples Democratic Republic	106	Somalia
19	Cabo Verde	63	Lebanon	107	South Africa
20	Cambodia	64	Lesotho	108	South Sudan
21	Cameroon	65	Liberia	109	Sri Lanka
22	Central African Republic	66	Libya	110	Sudan

23	Chad	67	Madagascar	111	Suriname
24	China	68	Malawi	112	Swaziland
25	Colombia	69	Malaysia	113	Syrian Arab Republic
26	Comoros	70	Maldives	114	Tajikistan
27	Congo	71	Mali	115	Thailand
28	Costa Rica	72	Marshall Islands	116	The former Yugoslav Republic of Macedonia
29	Côte D'Ivoire	73	Mauritania	117	Timor-Leste
30	Cuba	74	Mauritius	118	Togo
31	Democratic People' Republic of Korea	75	Mexico	119	Tonga
32	Democratic Republic of the Congo	76	Micronesia (Federal State of)	120	Tunisia
33	Djibouti	77	Mongolia	121	Turkey
34	Dominica	78	Montenegro	122	Turkmenistan
35	Dominican Republic	79	Morocco	123	Tuvalu
36	Ecuador	80	Mozambique	124	Uganda
37	Egypt	81	Myanmar	125	Ukraine
38	El Salvador	82	Namibia	126	United Republic of Tanzania
39	Eritrea	83	Nepal	127	Uzbekistan
40	Ethiopia	84	Nicaragua	128	Vanuatu
41	Fiji	85	Niger	129	Viet Nam
42	Gabon	86	Nigeria	130	Yemen
43	Gambia	87	Pakistan	131	Zambia
44	Georgia	88	Palau	132	Zimbabwe

[F. No.21000/22/2015-OSD(ICD)]

(Satyajit Mohanty)

Director to the Government of India
