SAFE GUARD MEASURES

Global Safeguards

Article 1.- The Parties shall retain their rights and obligations to apply safeguard measures consistent with Article XIX of GATT 1994 and the WTO Agreement on Safeguards.

Definitions

Article 2.- For the purposes of this Annex:

1. "serious injury" shall be understood to mean the significant overall impairment in the position of a domestic industry;

2. "threat of serious injury" shall be understood to mean the serious injury that is clearly imminent, based on facts and not merely on allegation, conjecture or remote possibility; and

3. "domestic industry" shall be understood to mean the producers as a whole of the like or directly competitive products, operating in the territory of the Party, or those whose collective output of the like or directly competitive products constitutes a major proportion of the total production of such products. In the latter case, the investigating authority shall provide the reasons why the domestic industry cannot be understood to mean the producers as a whole of the like or directly competitive products operating in the territory of the Party.
Preferential Safeguards

Conditions for Application of Preferential Safeguard Measures

Article 3.-

1. Without prejudice to the rights and obligations referred to in Article 1, the Parties can apply preferential safeguard measures under the conditions established in this Annex, when the imports of a product under preferential terms have increased in such quantities, absolute or relative to domestic production of the importing Party, and under such conditions as to cause or threaten to cause serious injury to the importing Party’s domestic industry.

2. The safeguard measure shall be applied only to the extent necessary to prevent or remedy serious injury.

3. Preferential safeguard measures shall be applied following an investigation by the competent authorities of the importing Party under the procedures established in this Annex.

Article 4. - Preferential Safeguard measures may not be applied in the first year after the tariff preferences negotiated under the Preferential Trade Agreement (hereinafter referred to as ‘the Agreement’) come into force.

Article 5.-

1. MERCOSUR may apply preferential safeguard measures:

(a) as a sole entity, as far as all requirements to determine the existence of serious injury or threat thereof is being caused by the imports of a product under preferential terms have been fulfilled on the basis of conditions applied to Mercosur as a whole; or
(b) on behalf of one of its States Parties, in which case the requirements for the
determination of the existence of serious injury or threat thereof being caused
by the imports of a product under preferential terms shall be based on the
conditions prevailing in that State Party of the customs union and the measure
shall be limited to that State Party.

2. India may apply preferential safeguard measures only to the imports from
Signatory Party or Contracting Party where such serious injury or threat thereof
is being caused by the imports of a product under preferential terms.

Article 6.- The preferential safeguard measures adopted under this Annex shall
consist of temporary suspension or reduction of the tariff preferences established
in this Agreement for the product subject to the measure.

Article 7.-

1. The Party that applies a preferential safeguard measure should establish an
import quota for the product concerned under the agreed preference established
in this Agreement. The import quota shall not be less than the average imports of
the product concerned in the thirty-six (36) month period previous to the period
for which serious injury was determined. A different level of quota may be
applied if it is duly justified.

2. In case a quota is not established, the preferential safeguard measure shall
consist only of a reduction of the preference which shall not be greater than 50%
of the tariff preference established in this Agreement.
Article 8.- The total period of application of a preferential safeguard measure including the period of application of any provisional measure shall not exceed two (2) years.

Article 9- No preferential safeguard shall be applied again to the import of a product under preferential treatment which has been subject to such a measure unless the period of non-application is at least of one (1) year from the end of the previous measure.

Article 10.-
1. The investigation to determine serious injury or threat thereof as a result of increased preferential imports of a certain product shall take into consideration all relevant factors of an objective and quantifiable nature having a bearing on the situation of the domestic industry affected, particularly the following:

(a) the amount and rate of the increase in preferential imports of the product concerned in absolute and relative terms;
(b) the share of the domestic market taken by increased preferential imports;
(c) the price of the preferential imports;
(d) the consequent impact on the domestic industry of the like or directly competitive products, based on factors, including: production, productivity, capacity utilisation, stock, sales, market share, prices, profits and losses, return on investment, cash flow and employment;
(e) the relationship between the preferential and non-preferential imports, as well as between the increase of one and the other; and
(f) other factors that, although not related to the evolution of preferential imports, have a causal relationship with the injury or the threat of injury to the domestic industry in question.
2. When factors other than increased preferential imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to the increased preferential imports.

**Investigation and Transparency Procedures**

**Article 11.** A Party may initiate a safeguard investigation at the request of the domestic producers in the importing Party of the like or directly competitive products.

**Article 12.** The purpose of investigation shall be:

(a) to assess the quantities and conditions under which the product is being imported;
(b) to determine the existence of serious injury or threat of serious injury to the domestic industry; and
(c) to determine the causal link between the increased preferential imports of the product concerned and the serious injury or threat thereof to the domestic industry, in compliance with Article 10 of this Annex.

**Article 13.** The period between the date of publication of the decision to initiate the investigation and the publication of the final decision shall not exceed one (1) year.

**Article 14.** Each Party shall establish or maintain transparent, effective and equitable procedures for the impartial and reasonable application of safeguard measures, in compliance with the provisions established in this Annex.

**Provisional Safeguards**

**Article 15.** In critical circumstances where delay may cause damage which
would be difficult to repair, a Party, after due notification, may take a provisional safeguard measure pursuant to a preliminary determination that there is clear evidence that increased preferential imports have caused or are threatening to cause serious injury. The duration of the provisional measure shall not exceed two hundred (200) days, during which period the requirements of this Annex shall be met. If final determination concludes that there was no serious injury or threat thereof to domestic industry caused by imports under preferential terms, the increased tariff, if collected under provisional measures, shall be promptly refunded.

**Public Notice**

**Article 16.-** The importing Party shall notify the exporting Party of:

(a) the decision to initiate the investigation under this Annex;
(b) the decision to apply provisional safeguard measure;
(c) the decision to apply or not definitive safeguard measure.

The decision shall be notified by the Party within a period of seven (7) days from the publication and shall be accompanied by the appropriate public notice.

**Article 17.-** The public notice of the initiation of a safeguard investigation shall include the following information:

(a) the name of the petitioner;
(b) the complete description of the imported product under investigation, which is sufficient for customs purposes, and its classification under the Harmonized System;
(c) the deadline for the request for hearings and the venue where hearings shall be held;
(d) the deadline for the submission of information, statements and other
documents;
(e) the address where request or other documents related to the investigation can be examined;
(f) the name, address and telephone number of the institution which can provide further information; and
(g) a summary of the facts upon which the initiation of the investigation was based, including data on imports that have supposedly increased in absolute or relative terms to total production or internal consumption and analysis of the domestic industry situation based on all the elements conveyed in the request.

**Article 18.-** The public notice of the decision to apply a provisional or definitive safeguard measure shall include the following information:

(a) the complete description of the product subject to the safeguard measure, which is sufficient for customs purposes, and its tariff classification under the Harmonised System;
(b) information and evidence leading to the decision, such as:
   i) the increasing or increased preferential imports;
   ii) the situation of the domestic industry;
   iii) the fact that the increasing preferential imports are causing or threatening to cause serious injury to the domestic industry; and
   iv) in the case of preliminary determination, the existence of critical circumstances;
(c) other reasoned findings and conclusions on all relevant issues of fact and law;
(d) description of the measure to be adopted;
(e) the date of entry into force of the measure and its duration.

**Article 19.-** A Party proposing to apply a definitive safeguard measure shall provide adequate opportunity for prior consultations to the exporting Party. With
this objective, the Party shall notify the other Party its decision to apply a definitive safeguard measure. The notification shall be provided no less than thirty (30) days before the measure comes into force.

**The notifications shall include:**

i) evidence of the existence of serious injury or threat of serious injury to the domestic industry caused by the increased preferential imports;

ii) complete description of the imported product subject to the measure, which is sufficient for customs purposes, and its classification under the Harmonized System;

iii) description of the measure proposed;

iv) the date of entry into force of the measure and its duration;

v) the period for consultations; and

vi) the criteria employed or any objective information proving that the conditions established in this Annex for the application of a measure have been met.

**Article 20.** At any stage of the investigation, the notified Party may request consultations with the other Party or any additional information that it considers necessary.