

CHEMEXCIL

Basic Chemicals, Cosmetics & Dyes Export Promotion Council

(Set-up by Ministry of Commerce and Industry, Govt of India)

Jhansi Castle, 4th floor, 7-Cooperage Road, Mumbai - 400 001.

Tel : 91-22-22021288, 22021330 Fax : 91-22-22026684.

E-mail : info@chemexcil.gov.in

Website : <http://www.chemexcil.gov.in>

EPC/LIC/COVID19

20/04/2020

TO ALL THE MEMBERS OF THE COUNCIL

COVID-19

Recommendations for 15% COVID 19 import tax on chemicals and other products from May, 2020 to 31st march 2021 and Refund of all duties and taxes for export of productsIIP:- Validity Extended for UN Certificates (till 1st June, 2020)

Dear Member,

We have received communication from Chemical Ministry informing that their committee has been proposing to recommend for 15% COVID TAX on import of chemicals and other products to safeguard the domestic Industry.

The global outbreak of COVID-19 has posed great challenges and all countries are passing through very difficult phase and consequent economic slowdowns. The Government of India has taken all steps to contain the spread of the virus and is also working out various measures to mitigate the adverse impacts on our economy. Global developments during the pandemic have amply demonstrated the need of becoming self-reliant in key and strategic areas. Chemicals and petrochemicals (CPC) industry provides raw materials, inputs and performance enhancers to virtually all sectors of the economy and consequently, a robust Indian economy should be based strong domestic CPC sector.

However, the global outbreak of COVID-19 has resulted into unprecedented disruptions in human life and all round contractions in economies. During the lock down period in many adjoining countries, the upstream industry which requires less manpower continued operations whereas more labour intensive downstream industries were shut down causing building up of huge inventories. This situation is likely to compel the producers in competing countries to dump their products into India causing major injury to the domestic industry. Hence under this unprecedented situation, it is necessary to protect the domestic producers against any surge in imports caused by the pandemic.

Since, globally all economies are expected to contract, the quantities imported by India cannot be expected to increase over that during the previous year. Hence, any increase in quantity of import should be considered as surge in import and the Indian manufacturers must be provided protection against such import. Initiation of proceedings and imposition of safe-guard duty and anti-dumping duty is time

consuming and takes at least 6 to 9 months and by that time irreparable damage is done to the domestic industry.

The Proposal / recommendation are given below

(i) For all imports of all products under chapters 28, 29, 32, 38, 39, 40, 54, 55 during the period 1 May 2020 to 31 March 2021 may be assessed on provisional basis. If during any of the above months the total import of any product exceeds the monthly average of imports during 1 January 2019 to 31 December 2019, an additional customs duty of 15% shall be levied on entire quantity of imports, including imports from FTA countries, made during that particular month. Suitable mechanism may be created in the DGCIS office to monitor the imports during the above mentioned period and to enforce the proposal through CBIC.

(ii) Refund of all duties and taxes for export of products under the above chapters may be implemented at the earliest.

You are therefore requested to let us know the impact of above proposal on your business (export / domestic market.)

You are requested to forward comments if any at earliest so that we can provide the information to Ministry. The comments be sent on e-mail ids. ed@chemexcil.gov.in, deepak.gupta@chemexcil.gov.in, adreach@chemexcil.gov.in and robengaluru@chemexcil.gov.in urgently.

Take care and stay safe!

Thanking You,
Yours faithfully,
S.G. BHARADI
EXECUTIVE DIRECTOR
CHEMEXCIL