



DIRECTORATE GENERAL OF SAFEGUARDS

CUSTOMS AND CENTRAL EXCISE
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NOTICE OF INITIATION OF SAFEGUARD INVESTIGATION

[Under Rule 6 of the Customs Tariff

(Identification and Assessment of Safeguard Duty) Rules, 1997]

New Delhi, 20th April, 2009

No. D-22011/ 25 /2009

Sub: Initiation of safeguard investigation concerning imports of Coated Paper and Paper Board into India

G.S.R An application has been filed before me under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997 by (1) ITC Limited -Paperboards and Specialty Papers Division, 106, Sardar Patel Road, Secunderabad – 500003, Andhra Pradesh, (2) Ballarpur Industries Limited, First India Place, Tower C, Mehrauli Gurgaon Road, Gurgaon (Haryana) – 122001 and (3) JK Paper Limited, Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi-110 002 supported by Indian Paper Manufacturers Association, PHD House, (4th floor), 4/2 Siri Institutional Area (Opp. Asian Games Village), New Delhi-110 016 for imposition of Safeguard Duty on increased imports of Coated Paper and Paper Board made primarily from virgin chemical pulp into India to protect the domestic producers of Coated Paper and Paper Board against serious injury and continued threat of serious injury.

2. **Domestic Industry:** The application has been filed by (1) ITC Limited -Paperboards and Specialty Papers Division, (2) Ballarpur Industries Limited, and (3) JK Paper Limited – on behalf of domestic producers of

Coated Paper and Paper Board made primarily from virgin chemical pulp for imposition of Safeguard Duty on imports of Coated Paper and Paper Board and supported by Indian Paper Manufacturers Association. The application has been supported by all the known domestic producers of Coated Paper and Paper Board made from virgin chemical pulp in India accounting for almost 100% of the total domestic production. Accordingly, the applicants constitute domestic industry in terms of clause (b) of subsection (6) of Section 8B of the Customs Tariff Act, 1975.

3. **Product Involved:** The domestic industries manufacture Coated Paper and Paperboard made primarily from virgin chemical pulp falling under various headings of chapter heading 4810. The domestic industry has submitted that their products are directly competing products with imported products falling under 48101310, 48101320, 48101330, 48101390, 48101410, 48101420, 48101430, 48101490, 48101910, 48101920, 48101930, 48101990, 48102900, 48103100, 48103200, 48109200 and 48109900 of HSN as well as Customs Tariff Act, 1975. The applicants have alleged serious injury caused to the domestic producer by the increased imports of Coated paper and paperboard made primarily from virgin chemical pulp into India and falling under above headings at eight digit level. Papers and paperboards are made using pulp obtained by chemical or mechanical process or a combination of both. Further the pulp can be obtained either using fresh plant sources or from recycled paper. The present application covers coated paper and paperboard primarily made with virgin pulp using chemical process. The coating may be either on one side or both sides. Blade coating technology is most common for coating these papers and paperboards. The domestic industry has argued that the products falling under the headings mentioned above at eight digit level are same as far as their technical characteristics, chemical composition and other basic features are concerned. The products of all these headings find similar uses. Therefore these products are like and directly competing products.

4. **Increased Imports:** Coated paper and paperboard is imported into India from China, Indonesia, Finland and many other countries. The imports of coated paper and paperboard have shown an increasing trend in absolute terms as well as compared to the domestic sales. The share of imports during the period of investigation is as under

Year	Imports (MT)	Import (Indexed)
2006-07	106993	100.00
2007-08	132684	124.01
2008-09 (First nine months)	151848	189.23

5. **Serious Injury:** The increased imports of coated paper and paperboard have caused and are threatening to cause serious injury to the domestic producers of coated paper and paperboards as indicated by the following factors:

Sales: The share of domestic sales has seen a steep decline in recent period of 2008-09(April-Dec 2008) compared to 2007-08 as shown below. The share of domestic sales has shrunk to 61 % compared to 67% of previous year.

Market share in total consumption			
	2006-07	2007-08	2008-09 (Apr-Dec 2008)
% Share of imports	30	33	39
% Share of domestic Sales	70	67	61

b) Production: The share of domestic production in the domestic market has seen a steep decline in recent period of 2008-09(April-Dec 2008) compared to 2007-08. The share of domestic production has gone down to 61 % compared to 67% of previous year.

Share in total available material			
	2006-07	2007-08	2008-09 (Apr-Dec 2008)

% Share of imports	30	33	39
% Share of domestic production	70	67	61

d) Trend of Import Prices: The Export price to India has shown a steep decline during the period of investigation.

	Weighted Average CIF USD/MT
September 2008	940
October 2008	932
November 2008	913
December 2008	867

e) Profitability and return on capital employed: The Profitability and return on capital employed of domestic industry has gone down. The difference in landed price of imports and domestic selling price has gone up during the period of investigation and has caused serious injury and posing a continued threat of serious injury.

6. The domestic producers have requested for imposition of Safeguard Duty on imports of coated paper and paperboard for a period of three years. They have also requested for an immediate imposition of provisional Safeguard Duty in light of critical circumstances, leading to irreparable damage.

7. The application has been examined and it is found that prima facie increased imports of coated paper and paperboard in recent past have caused and are threatening to cause serious injury to the domestic producers of coated paper and paperboard and accordingly it has been decided to initiate a safeguard investigation through this notice.

8. All interested parties may make their views known within a period of 30 days from the date of this notice at the address given below so that the same

may be considered in final determination that may be made by the Director General.

The Director General (Safeguards)
Bhai Vir Singh Sahitya Sadan: 2nd Floor,
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Gole Market,
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All known interested parties are also being addressed separately.

Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) within 30 days from the date of this notice.

(S. S. RANA)
Director General (Safeguards)