

**DIRECTORATE GENERAL OF SAFEGUARDS
CUSTOMS AND CENTRAL EXCISE
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BHAI VIR SINGH MARG, GOLE MARKET
NEW DELHI-110001
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NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION

[Under Rule 6 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997]

New Delhi: 4th March, 2014
F.No. D-22011/ 20/2013

Sub: Initiation of safeguard investigation in respect of “ Sodium Citrate” being imported into India, falling under sub-heading 29181520 of the Customs Tariff Act 1975.

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 M/s. Posy Pharmachem Private Limited, No. 187/1A, Karoli, Nr. Khatraj Chokdi, Ta. Kalol, Dist. Gandhinagar, Gujarat, through his consultant M/S TPM Consultants, New Delhi for imposition of Safeguard Duty on imports of “ Sodium Citrate” (**Product under consideration**) into India to protect the domestic producers of “ Sodium Citrate” against serious injury/threat of serious injury caused by the increased imports of “ Sodium Citrate” into India. The “ Sodium Citrate” is being imported falling under sub-heading 29181520 of the Customs Tariff Act 1975. The classification is however indicative only and in no way binding on the scope of the present investigations.

2. Domestic Industry: M/s. Posy Pharmachem Private Limited, Gandhinagar, claimed that his production account for 46% of the total production of “ Sodium Citrate” in the country and other domestic producer who support the application M/s Sunil Chemicals, Mumbai accounts 44% and total share is 90% which represent a major proportion of the Indian production of “ Sodium Citrate” in the country and thus have the standing to file the present petition.

3. Product Involved: The product under consideration is “Sodium Citrate” which is a chemical compound that comes in the form of monosodium citrate, disodium citrate and trisodium citrate. It is sodium salt of citric Acid and has a sour and salty taste. Sodium Citrate is mainly used as an expectorant and urine alkalinizer. It is also used as a pharmaceutical aid, food additive in dairy Industries laboratory reagent in water

treatment, acidity regulator in drinks, an emulsifier for oils when making cheese and an antioxidant in food etc.

4. **Period of Investigation (POI):** The applicant for the purpose of the present application has considered the data for four years period. The applicant has submitted all the data from 2010-11 to 2013-14 (up to Jan.2014). The period for investigation selected is 2010-11 to 2013-14 (Annualised) which is long enough in order to take into consideration the market conditions and to ascertain the need of imposition of Safeguard Duty.

5. **Source of information:** The import data for the “ Sodium Citrate” has been taken from DGCI&S, Kolkata(Transaction wise) from 2010-11 till September,2013 and remaining period from Oct,13 to Jan.2014 has been procured from IBIS, Mumbai. The same has been taken into consideration for analysis. The domestic data from 2010-11 to 2013-14 (up to Jan.2014) has been submitted by the domestic industry and the same has been taken into consideration for injury analysis. The domestic data from 2010-11 to 2013-14 (up to Oct.2013) has been verified by on site visit by the department to the extent deemed necessary and available during visit.

6. **Increased Imports (Absolute & in relative terms):** “ Sodium Citrate” are imported into India from a number of countries, and primarily from China. The imports of “ Sodium Citrate” have shown an increasing trend in absolute terms as well as in relative terms. The imports of “ Sodium Citrate” during the financial year 2010-11 to 2013-14 (Annualised) remained as under:

IMPORTS & TREND

2010-11	2011-12	2012-13	2013-14(up to Jan.2014)	2013-14 (Annualised)
2621	2877	3721	3992	4791
100	110	142	152	183

The Imports have increased from 2621MT in 2010-11 to 4791MT in 2013-14 (Annualised) which shows an increasing trend both in absolute terms as compared to base year and with preceding year i.e. 2012-13 and from base year in relative terms.

6.(a) Imports in relation to Production:

During the period 2010-11 to 2013-14 (Annualised) the market percentage of import in

relation to production has increased from 99% to 162% as evident from the following details:

Financial Year	Total Imports (MT)	All India Production (MT)	% of import with respect to production
2010-11	2621	2556	99
2011-12	2877	2881	97
2012-13	3721	3227	112
2013-14 (Annualised)	4791	4032	162

7. Injury: The applicant have claimed that the increased imports of “ Sodium Citrate” have caused or threatening to cause serious injury to the domestic producers of “ Sodium Citrate” as indicated by the following factors:

a) *Production:* The production of the domestic industry declined in 2013-14 (Annualised) as compared to the previous year 2012-13, however, it has increased during the period 2010-11 to 2012-13.

YEAR	QTY(MT)
2010-11	1184
2011-12	1211
2012-13	1531
2013-14 (Annualised)	1498

b) *Share of domestic producers in domestic demand:* The market share of import increased from 57% in 2010-11 to 67% in 2013-14 (Annualised) whereas the market share of domestic Industry also increased during the same period.

Financial Year	Total Import (MT)	Sales of DI (MT)	Sales of other Indian Producers (MT)	Total Demand (MT)	Market Share(%)	
					DI	Import
2010-11	2621	505	1454	4580	11	57
2011-12	2877	632	1769	5278	12	55
2012-13	3721	1036	1787	6544	16	57
2013-14 (Annualised)	4791	1214	1236	7120	17	67

c) *Changes in the level of Sales* :- The sales of the domestic industry has increased during the period from 2010-11 to 2013-14 (Annualised) .

d) *Profit/loss* – the profitability of the domestic industry has steeply deteriorated to such a situation that the domestic industry is now suffering financial losses. This is evident from the table below:-

Financial Year	Profitability (Rs. /MT) (Indexed)
2010-11	-100
2011-12	-249
2012-13	-378
2013-14(Annualised)	-487

8. **Productivity:** During the period 2010-11 to 2012-13, in comparison, the productivity has increased and decreased in 2013-14 (Annualised) in comparison to preceding year 2012-13 on indexed basis.

2010-11	2011-12	2012-13	2013-14(up to Dec.13)	2013-14 (Annualised)
(Indexed) 100	102	129	105	127

9. The domestic industry has requested for immediate imposition of safeguard measures for a period of four years in their application. The domestic industry has also requested for imposition of provisional safeguard duty in view of performance of the domestic industry as a result of increased imports of product under consideration.

10. The application has been examined and it has been found that prima facie increased imports of “ Sodium Citrate” have caused or are threatening to cause serious injury to the domestic producers “ Sodium Citrate” and such increase in imports has caused irreparable damage to the domestic industry and accordingly, it has been decided to initiate an investigation through this notice.

11. All interested parties may make their views known within a period of 30 days from the date of this notice to:

The Director General (Safeguards)
Bhai Vir Singh Sahitya Sadan: 2nd Floor,
Bhai Vir Singh Marg,
Gole Market, New Delhi-110 001, INDIA.
Telefax: 011-23741542/ 23741537
E-mail: dgsafeguards@nic.in

12. All known interested parties are also being addressed separately.

13. 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) on the aforementioned address within 15 days from the date of this notice.

14. In terms of Rule 6 (7) of Customs Tariff (Identification and Assessment of Safeguard Duty) Rules, 1997, any interested party may inspect the public file containing non-confidential versions of the evidence submitted by the other interested parties after the expiry of 30 days from the date of this notice.

(R.K.SINGLA)
DIRECTOR GENERAL.