

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

**F.No. D-22011/10/2016/Pt-II**

**New Delhi, 19<sup>th</sup> April 2016**

**Sub: Initiation of Safeguard Investigation concerning Imports of “Unwrought Aluminum (Aluminium not alloyed and Aluminium alloys)” 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 (i) M/s. Vedanta limited –Aluminium & Power, Bhurkamunda, Distt. Jharsuguda-768202, Odisha (ii) M/s Bharat Aluminium Company Ltd, Aluminium Sadan, Core-6, Scope Office Complex, Lodi Road, New Delhi-110003 and (iii) M/s Hindalco Industries Limited, Century Bhavan, 3<sup>rd</sup> Floor, Dr. Annie Besant Road, Worli, Mumbai 400030 for imposition of Safeguard Duty on imports of “Unwrought Aluminum ( Aluminium not alloyed and Aluminium alloys)” into India to protect the domestic producers of “Unwrought Aluminum ( Aluminium not alloyed and Aluminium alloys)” against serious injury /threat of serious injury caused by the increased imports of “Unwrought Aluminum ( Aluminium not alloyed and Aluminium alloys)”

**2. Domestic Industry:** The application has been jointly filed by (i) M/s. Vedanta limited – Aluminium & Power, (ii) M/s Bharat Aluminium Company Ltd and (iii) M/s Hindalco Industries Limited for imposition of Safeguard Duty on imports of “Unwrought Aluminium”. On perusal of the application and latest data provided by the Applicants it is seen that the applicants account for more than 50% of the total production of “Unwrought Aluminium (Aluminium not alloyed and Aluminium alloys)” falling under Tariff Heading 7601 in India and hence, the applicants qualify as Domestic Industry in the product “Unwrought Aluminium ( Aluminium not- alloyed and Aluminium alloy)” .

**3. Product Involved:** The product under consideration Unwrought Aluminium (Aluminium not alloyed and Aluminium alloys) (hereinafter referred to as PUC) is classified under Customs Tariff Heading No.7601 of Chapter 76 of the Customs Tariff Act 1975.

4. **Period of investigation (POI):** Present application is based on serious injury /threat of serious injury to domestic industry caused by increased import of PUC. The Period of Investigation in the case has been taken from 2011-12 onwards till 2015-16 (Annualised).

5. **Source of information:** The import data till January, 2016 for the product under consideration has been taken from Export Import Data Bank, Ministry of Commerce ( <http://www.commerce.nic.in/eidb/icomq.asp>) and the domestic data from 2011-12 to 2015-16 has been submitted by the applicant and the same has been verified from the excise records and taken into consideration for analysis.

6. **Increased Imports:** Imports of PUC into India have shown significant increase. The data relating to imports of Unwrought Aluminium (alloyed and not alloyed) from 2011-2012 onwards is as under:

Financial Year	Total Import (MT)	Import Indexed
2011-12	242533	100
2012-13	308279	127
2013-14	348889	144
2014-15	343428	142
2015-16 (April - Jan, 2016)	360308	
2015-16 (Annualized)	432370	178

It is seen that in the imports of the PUC there is a substantial increase during the injury period. The imports have increased from 2,42,533 MT in 2011-12 to 4,32,370 MT till 2015-16 (Annualized.) recording an increase of 78%.

7. **Serious Injury to the Domestic industry:** The applicants (hereinafter referred to as DI) have claimed that the increased imports of PUC have caused and are threatening to cause serious injury to the domestic producers of PUC. To support their case of the threat of serious injury to the domestic industry they have supplied the data with regard to various performance parameters and the same has been analysed as detailed below:

a) **Production of DI:** The figures of domestic production of DI during the period of investigation are as shown below:

Financial Year	Production (MT)	Production Indexed
2011-12	887286	100
2012-13	931776	105
2013-14	1051100	118
2014-15	1353271	153
2015-16	1563639	176

It is observed that the production of PUC of the DI has increased over the investigation period.

**b) Increased Imports w.r.t total production:** PUC is imported into India from a number of countries, and mainly from UAE, Malaysia, Russia, South Africa, Oman, Qatar, Baharain, and Thailand. Though the imports of PUC have increased in absolute terms, their share when compared to the total production has more or less remained the same as is seen from the import and production data of PUC during the financial year 2011-12 to 2015-16 (Annualized) as under:

Financial Year	Total Imports (MT)	All India Production (MT)	Percentage of import with respect to all India production
2011-12	242533	1927464	13
2012-13	308279	2073367	15
2013-14	348889	2088900	17
2014-15	343428	2549372	13
2015-16	432370 (Annualised)	2818978	15

The Imports in absolute terms have increased from 2,42,533 MT in 2011-12 to 4,32,370 MT in 2015-16 (Annualised) which shows an increase of approximately 78%. The import as a percentage of total production was 13 % in 2011-12 and it has increased to 15% in 2015-16.

**c) Market Share & Changes in levels of Sales:**

( In MT )

Financial Year	Import	Sales of Domestic Industry (DI)	Captive consumption	Sales of other Indian Producers	Total Demand	% of Market Share			
						Import	DI(excluding captive)	DI (including captive consumption)	Others
2011-12	242533	636917	443811	945192	2268453	11	28	48	42
2012-13	308279	718198	567975	997410	2591862	12	28	50	38
2013-14	348889	671085	618920	940006	2578900	14	26	50	36
2014-15	343428	670398	605452	1134836	2754114	12	24	46	41
2015-16	432370*	893565	537977	1 063907	2927819	15	31	49	36

\*(Annualised)

During the period 2011-12 to 2015-16 the demand of the product has increased. The market share of import has increased from 11% in 2011-12 to 15% in 2015-16. During the same period the share of domestic industry only increased from 28% to 31% despite a significant level of increase in production capacities involving large capital investment. When calculated along with captive consumption, the share of DI remained stagnant at close to 50%.

**d) Capacity Utilization:** The installed capacity includes products of other tariff headings also. However, the capacity utilisation has been calculated with regard to actual production of Tariff heading 7601. The increasing imports are resulting in significant idling of production capacity of the domestic producers as can be seen in the Table below:

Financial Year	Installed Capacity (MT)	Production (MT)	Capacity Utilisation (%)
2011-12	2325096	887286	38
2012-13	2317954	931776	40
2013-14	2557393	1051100	41
2014-15	2904841	1353271	47
2015-16	3258465	1563639	48

**e) Profit/loss** –The profitability of the domestic industry has deteriorated in the recent year (2015-16) and the domestic industry is now suffering financial losses. This is seen from the table below:-

Financial Year	Profitability: Domestic profit (Rs. Lacs) (Indexed)
2011-12	100
2012-13	39
2013-14	7
2014-15	89
2015-16 (Annualized)	( 275)

**f) Inventories** –The figures of inventories with the domestic industry are as shown below:

Financial Year	Index
2011-12	100
2012-13	53
2013-14	46
2014-15	97
2015-16	49

It is observed that the inventory levels have fluctuated and have decreased between 2014-15 to 2015-16.

**g) Productivity & Employment:** There is increase in the level of employment keeping in tandem with increasing capacity. During the period 2011-12 to 2015-16, the domestic industry has been able to improve the productivity.

Financial Year	Production (MT)	Productivity per day(MT)	Employment (Indexed)
2011-12	887286	2535	100
2012-13	931776	2662	95
2013-14	1051100	3003	112
2014-15	1353271	3866	111
2015-16	1563639	4468	105

8. The DI has requested in their application for immediate imposition of Safeguard duty on imports of alloyed and not alloyed unwrought Aluminium into India for a period of four years. They have also requested for imposition of provisional Safeguard duty in view of the steep deterioration in performance of the domestic industry as a result of increased imports of the product under consideration.

9. After examining the application on different economic parameters, it is seen that prima facie, despite improvement in productivity, increased imports of PUC (alloyed and not alloyed unwrought Aluminium) in absolute term have caused losses to the domestic industry and are threatening to cause serious injury to the domestic producers of the PUC and as such it has been decided to initiate an investigation in the matter through this notice.

10. 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.

Telephone: 011- 23741537

FAX: 011-23741542

E-mail: [dgsafeguards@nic.in](mailto:dgsafeguards@nic.in)

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

12. 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.

(Vinay Chhabra)  
Director General.