

MINISTRY OF FINANCE

(Department of Revenue)

(OFFICE OF THE DIRECTOR GENERAL OF SAFEGUARDS CUSTOMS AND CENTRAL
EXCISE)

NOTIFICATION

New Delhi, the 19th February, 2010

Subject:- Review of Safeguard Duty on imports of Soda Ash in to India from People's Republic of China –Regarding

[Under Rule 17 of the Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 read with the Customs Tariff Act, 1975]

G S R Having regard to the Customs Tariff Act, 1975 and the Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 thereof

1. An application was filed Under Rules 5 of the Custom Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 by Alkali Manufacturers Association of India (AMAI) , 3rd Floor, Pankaj Chambers, Preet Vihar Commercial complex , Vikas Marg, Delhi-110092, for imposition of Safeguard duty on imports of Soda Ash into India from China to protect the domestic producers of Soda Ash from market disruption or threat of market disruption caused by the increased imports from People's Republic of China. The Notice of Initiation of Safeguard investigation concerning imports of Soda Ash into India from People's Republic of China was issued under Rule 6 of Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 on 16th January, 2009.
2. Subsequently, preliminary findings were issued on 30th January 2009. The provisional duties were levied on 20.04.2009 vide notification no.37/2009 - Customs, dated, 20.04.2009 at the rate of 20 per cent. *ad valorem* on import of Soda Ash, falling under sub-heading 2836 20 of the First Schedule to the said Act, when imported into India from the People's Republic of China. The Final finding was issued on 6th October, 2009 recommending imposition of safeguard duty at the rate of 20 per cent. *ad valorem* on import of Soda Ash. The definitive safeguard duty at the rate of 20% *ad valorem* on Soda Ash, falling under tariff item 2836 20 of the First Schedule to the said Act, when imported into India from the People's Republic of China was imposed vide Notification No. 122 / 2009-Customs dated 5th November, 2009. The safeguard duty is in force up to and inclusive of the 19th April, 2010.
3. The applicants have filed an application for extension of the safeguard duty beyond 19th April, 2010 as the threat of market disruption continues. They submitted that expiry of safeguard duty would cause damage to the domestic industry and requested for continued imposition of safeguard duty. They have also submitted evidences including continued import at large quantity at lower price, their production, sales, capacity

utilization and profitability in support of their claim through the application and subsequent submission.

4. **Imports:** The tables below gives the Quarterly import figures relating to Soda Ash from China and their import value.

Table 1

Soda Ash Imports from China Quantity (In MT)				
	2006-07	2007-08	2008-09	2009-10
Q1	17,836	2,256	10,046	1,10,329
Q2	19,112	6,362	10,716	53,686
Q3	7,929	21,268	20,261	48,560
Q4	16	7,804	67,624	-

Table 2

Import Prices – China (Rs./MT)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Q1	37,817	8,503	9,184	12,559	10,008
Q2	8,765	8,492	10,540	15,721	9,354
Q3	-	8,824	10,300	13,221	8,976
Q4	8,794	44,446	12,393	10,649	-

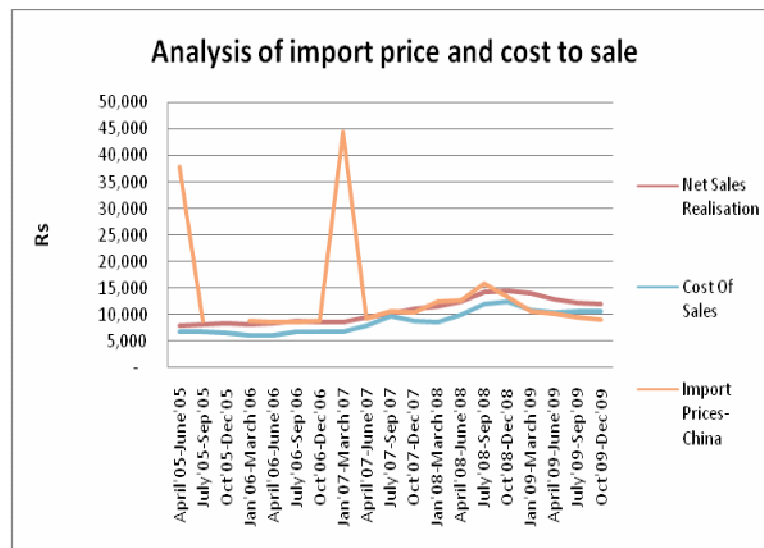
5. It is observed that the import continues to take place at high volume at low price. The average quarterly import volume from China in pre-recession period i.e April 2005 to September, 2009 was 10334.5 MT/quarter, but imports in Q2 and Q3 of 2009-10 was 53686 MT and 48560 MT, respectively, even after imposition of safeguard duty. The reason of continued large imports is continued fall in price of imports. The value/MT of soda ash fell to Rs. 8976 in Q3 of 2009-10 from 9,354 in Q2 of 2009-10. The trend of import price shows continuous declining trend from Q3 of 2008-09.
6. The tables below give information about the cost of production and net sales realization.

Cost of Sales (Rs./MT) (Indexed)					
	2005-06	2006-07	2007-08	2008-09	2009-10
Q1	100	92	119	149	155
Q2	103	102	146	182	160
Q3	99	100	133	188	164
Q4	91	102	130	163	

Net Sales Realization					
	2005-06	2006-07	2007-08	2008-09	2009-10
Q1	7873	8404	9493	12429	12877
Q2	8055	8760	10145	14275	12129
Q3	8234	8620	11155	14503	11894
Q4	8204	8650	11552	14000	

7. The analysis of cost of sales, net sales realization and import price (Graph 1) shows that the import price continues to fall even when the cost of sales in India remained stagnant. The high volume imports at lower price continue to depress net sales realization, leading to continuous decline in profit as well as profitability.

Graph 1



8. The effect of continued large imports at low value is also seen on production, sales and capacity utilization.
9. On examination of the application, it appears that prima facie increased imports of Soda Ash from People's Republic of China continue to threaten to cause market disruption to the domestic producers of Soda Ash and accordingly it has been decided to initiate review proceeding through this notice for continued imposition of safeguard duty.
10. The purpose of the review is to determine whether the safeguard measure is still needed.
11. **All interested parties may make their view known by 15th March, 2010 to:**

**The Director General (Safeguards)
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Bhai Vir Singh Shaitya Sadan : 2nd Floor,
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New Delhi-110001
India
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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) within 10 days from the date of this notice.**

**(I.D. Majumder)
Director General (Safeguards)**

F. No. D- 22011/ 05 / 2010