

**Directorate General of Safeguards,  
Customs & Central Excise,  
2nd Floor, Bhai Vir Singh Sahitya Sadan,  
Bhai Vir Singh Marg, Gole Market,  
New Delhi-110 001  
Telephone-23741538, Fax – 23741542**

F.No.D-22011/46/08  
2009

Dated 27th January

**NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION**

Under Rule 6 of the Custom Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002

New Delhi, 27th January, 2009

No. D-22011/46/08

**Sub: Initiation of Safeguard Investigation concerning imports of Aluminium Flat Rolled Products and Aluminium Foil into India from the People's Republic of China.**

**GSR** An application has been filed before me Under Rules 5 of the Custom Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 by M/s. Aluminium Association of India , 118, 1st Floor, Ramanashree Arcade, 18, M.G. Road, Bangalore-560 001 and M/s Hindalco Industries Limited, "Century Bhavan", 3rd Floor, Dr. Annie Besant Road, Worli Mumbai for imposition of Safeguard duty on imports of Aluminium Flat Rolled Products and Aluminium Foil into India from People's Republic of China to protect the domestic producers of Aluminium Flat Rolled Products and Aluminium Foil against market disruption caused or threatening to be caused by the increased imports from People's Republic of China.

**2. Domestic Industry :** The application has been filed by M/s. Aluminium Association of India , 118, 1st Floor, Ramanashree Arcade, 18, M.G. Road, Bangalore-560 001. One of its member companies M/s. Hindalco Industries Limited has provided relevant financial information to file this application. M/s Hindalco Industries Limited constitute 70.66% of total domestic production of Aluminium Flat Rolled Products and 56% of total domestic production of Aluminium Foil, as per

production records of 2007-08. M/s Aluminium Association of India supported by M/s Hindalco Industries Limited constitutes major share of the total production of products involved and thus the applicant is the domestic Industry in terms of subsection 7 of Section 8C of the Customs Tariff Act, 1975. They have requested for imposition of Safeguard duty on imports of Aluminium Flat Rolled Products and Aluminium Foil into India from People's Republic of China.

**3. Product Involved :** The applicant has alleged that increased imports of Aluminium Flat Rolled Products and Aluminium Foil from People's Republic of China into India have threatened to cause market disruption to domestic industry. Aluminium Flat Rolled Products and Aluminium Foil is classified as below:

Name of the Products	Customs Tariff Heading
Aluminium Flat Rolled Products	76061110, 76061190, 76061200, 76069110, 76069120, 76069190, 76069210, 76069290
Aluminium foil	76071110, 76071190, 76071910, 76071991, 76071992, 76071993, 76071994, 76071995, 76071999, 76072010, 76072090

**4. Increased Imports :** Imports of Aluminium Flat Rolled Products and Aluminium Foil from People's Republic of China into India have shown an increasing trend in absolute terms as well as compared to the domestic production. It has also been noticed that the rate of increase in imports from People's Republic of China is significantly higher than that from countries other than People's Republic of China. The statistics relating to imports of Aluminium Flat Rolled Products and Aluminium Foil during 2005-06 to 2008-09( April 08 to December 08 ) is as under.

**Table 1**

	Units	2005-06	Avg. per Month	2006-07	Avg. per Month	2007-08	Avg. per Month	April-Dec-08	Avg. per Month
Aluminium FRP									
All countries	MT	26,046	2170.5	36,968	3080.6	48,274	4022.8	33,925	3769.4
Trend	Indexed	100	100	142	142	185	185	174	174
China	MT	9,853	821	16,155	1346	26,617	2218	22,287	2476

Trend	Indexed	100	100	164	164	270	270	339	302
Other Countries	MT	16,193	1349	20,814	1734	21,657	1805	11,639	1293
Trend	Indexed	100	100	129	129	134	134	96	96
<b>Aluminium Foil</b>									
All countries	MT	20,263	1689	24,082	2007	39,390	3282	34,422	3825
Trend	Indexed	100	100	119	119	194	194	226	226
China	MT	5,437	453	10,777	898	23,925	1994	27,534	3059
Trend	Indexed	100	100	198	198	440	440	675	675
Other Countries	MT	14,826	1235	13,304	1109	15,465	1289	6,889	765
Trend	Indexed	100	100	90	90	104	104	62	62

**Table 2**

<b>Market Share of Domestic Industries for Aluminium Flat Rolled Products (FRP)</b>					
<b>Market Share in Demand</b>	<b>Unit</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>April-08 to Dec-08</b>
Total Indian Industry	%	84.99	80.71	78.34	77.35
HINDALCO	%	49.31	49.17	44.20	41.67
Imports from China	%	5.68	8.43	11.94	14.88
Other Countries-Imports	%	9.33	10.86	9.72	7.77

**Table 3**

<b>Market Share of Domestic Industries for Aluminium Foil</b>					
<b>Market Share in Demand</b>	<b>Unit</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>April-08 to Nov-08</b>
Total of Indian Industry	%	67.26	64.00	52.75	46.97
HINDALCO	%	41.67	38.10	29.25	25.80
Imports from China	%	8.78	16.11	28.70	42.42
Other Countries-Imports	%	23.96	19.89	18.55	10.61

**5. Market Disruption :** The analysis of the information available with the Directorate General Indicates loss of sales volume compared to the total domestic market. There is decline in average production per month as well as in capacity utilization during April to December, 2008 compared to that in 2007-08 (Table 4). It is also seen that the imports were significantly cheaper than the domestic industry product and thus imports are undercutting the prices of the domestic industry. Further, decline in manpower employed has also been noticed (Table 5).

**Table 4**

**(a) Aluminium Flat Rolled Products**

	Unit	2005-06	2006-07	2007-08	April-Dec-08
Capacity	MT	175,000	205,000	205,000	153,750
Production	MT	187,678	207,908	212,424	138,913
Capacity Utilization	%	107.24	101.42	103.62	90.35

**(b) Aluminium Foil**

	Unit	2005-06	2006-07	2007-08	April-Dec-08
Capacity	MT	40,000	40,000	40,000	30,000
Production	MT	28,567	28,360	27,558	19,043
Capacity Utilization	%	71.42	70.90	68.90	63.48

**Table 5**

**Man Power Deployment**

Year/ Month	FRP	FOIL
2005-06	3,076	1,565
2006-07	3,145	1,565
Apr'07	3,404	1,575
May'07	3,427	1,560
Jun'07	3,312	1,572

Jul'07	3,262	1,572
Aug'07	3,199	1,512
Sep'07	3,182	1,511
Oct'07	3,212	1,499
Nov'07	3,062	1,493
Dec'07	3,090	1,534
Jan'08	3,074	1,518
Feb'08	3,085	1,521
Mar'08	3,059	1,475
Apr'08	3,076	1,467
May'08	3,116	1,479
Jun'08	3,121	1,513
Jul'08	3,122	1,459
Aug'08	3,071	1,455
Sep'08	3,029	1,459
Oct'08	2,976	1,451
Nov'08	2,935	1,466
Dec'08	2,911	1,449

**6.** The domestic producers have requested for imposition of Safeguard duty on imports of Aluminium Flat Rolled Products and Aluminium Foil originating from People's Republic of China for a period of four years. They have also requested for imposition of provisional Safeguard duty in light of critical circumstances, leading to damage which would be difficult to repair.

**7.** The application has been examined and it appears that prima facie increased imports of Aluminium Flat Rolled Products and Aluminium Foil from People's Republic of China have caused/threatened to cause market disruption to the domestic producers of Aluminium Flat Rolled Products and Aluminium Foil and accordingly it has been decided to initiate an investigation through this notice

**8** All interested parties may make their view known by 27th February 2009 to:

The Director General (Safeguards)  
 Bhai Vir Singh Marg,  
 Bhai Vir Singh Shaitya Sadan : 2nd Floor,

Gole Market,  
New Delhi-110001  
India  
Telefax: 23741542/23741537  
E-mail: dgsafeguards@nic.in

9. All known interested parties are also being addressed separately.
10. **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 21 days from the date of this notice.**

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