

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, 19th December, 2008  
No. D-22011/23/2008

**Sub: Initiation of safeguard investigation concerning imports of Linear Alkyl Benzene [Customs Heading 3817 00 11] generally known as 'LAB' in commercial parlance.**

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. Reliance Industries Ltd., Mumbai, Tamilnadu Petroproducts Ltd., Chennai, Nirma Ltd., Ahmedabad and supported by Indian Oil Corporation Ltd., New Delhi for imposition of Safeguard Duty on imports of Linear Alkyl Benzene, known as 'LAB' in commercial parlance, into India to protect the domestic producers of Linear Alkyl Benzene (LAB) against serious injury caused by the increased imports of Linear Alkyl Benzene(LAB) into India.

**2. Domestic Industry:** The application has been filed by M/s. Reliance Industries Ltd., Mumbai, Tamilnadu Petroproducts Ltd., Chennai, Nirma Ltd., Ahmedabad and supported by Indian Oil Corporation Ltd., New Delhi for imposition of Safeguard Duty on imports of Linear Alkyl Benzene (LAB). The application has been made by domestic producers of Linear Alkyl Benzene (LAB) in India accounting for 100% of the total production.

**3. Product Involved:** The applicants have alleged serious injury caused to the domestic producers by the increased imports of Linear Alkyl Benzene (LAB) into India. Linear Alkyl Benzene (LAB) is classified under sub-heading No. 3817 00 11 of Schedule I of the Customs Tariff Act, 1975. It is used for the manufacture of Linear Alkyl Benzene Sulfonic Acid or the Sodium Salt of Linear Alkyl Benzene

Sulfonic Acid. These compounds constitute the 'Active' ingredients of household detergents. They are surface active compounds (surfactants) which are combined with various builders (often inorganic salts) to make up detergents (LAB Sulfonates + Soda Ash + STPP = Household detergent).

Linear Alkyl Benzene (LAB) is produced by first isolating C10 – C13 Paraffins from feedstock kerosene and converting it to their olefins. These olefins are then alkylated to Benzene to form Linear Alkyl Benzene.

**4. Increased Imports:** Linear Alkyl Benzene (LAB) is imported into India mainly from Qatar, Saudi Arab, Switzerland and Iran. The imports of Linear Alkyl Benzene (LAB) have shown an increasing trend in absolute terms as well as compared to the domestic production. The import and domestic production of Linear Alkyl Benzene (LAB) during the period from 2004-05 to 2007-08 was as under:

Year	Imports (MT)	Domestic Production (MT)
2004-05	9854	415383
2005-06	4871	467985
2006-07	21470	459082
2007-08	45505	470284

**5. Serious Injury to the domestic producers:** It is seen from the data supplied by the Domestic Industry that there has been an increase in the import volumes during the 2007-08 as compared to the base year. The import grew from 9854 MT in 2004-05 to 45505 MT in 2007-08. The share of import in domestic production during the same period rose from 3.82% in 2004-05 to 14.05% in 2007-08 and consequently share of domestic production in consumption came down from 96.18% to 85.95% seriously hampering the viability of domestic industry.

**6. Production:** Though domestic production increased from 415383 MT in 2004-05 to 470284 MT in 2007-08 share of domestic production in local consumption fell from 96.18% in 2004-05 to 85.95% in 2007-08 making these units unviable. In further support of their contention, the applicants on 28/11/2008 have informed about the closure of the following units due to worsening conditions.

1. The Tamilnadu Petroproducts Ltd. was operating at about 65% capacity until October 2008 and has been closed down on 24.11.2008.
2. The Reliance Industries Ltd. was operating at about 90% until

October 2008– November 2008 and was shut down on 24.11.2008.

3. The Nirma Ltd. was operating at about 70% capacity until October 2008 and they too shut down on 16.11.2008

7. The domestic producers have requested for imposition of Safeguard Duty on imports of Linear Alkyl Benzene (LAB) for a period of three years on a declining rate of 20% for 1st year, 15% in 2nd year and 10% in the 3rd year which they hope when coupled with the various restructuring measures already initiated will help the industry to survive. They have also requested for an immediate imposition of provisional Safeguard Duty in view of the prevailing critical circumstances leading to irreparable damage.

8. The application has been examined and prima facie it is found that increased imports of Linear Alkyl Benzene (LAB) have caused and are threatening to cause serious injury to the domestic producers of Linear Alkyl Benzene (LAB) and therefore it has been decided to initiate an investigation through this notice.

**9. 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: 91-11-23741542/91-11-23741537  
E-mail: dgsafeguards@nic.in

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

**11. 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.**

sd/-

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