

## Notice of Initiation

DIRECTORATE GENERAL OF SAFEGUARDS  
CUSTOMS AND CENTRAL EXCISE  
2ND FLOOR, BHAI VIR SINGH SAHITYA SADAN,  
BHAI VIR SINGH MARG, GOLE MARKET  
NEW DELHI-110001  
Telefax: 23741542, 23741537  
e-mail : dgsafeguards@nic.in

### NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION

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

New Delhi, 28th November, 2008  
No. D-22011/ 32/08

#### **Sub: Initiation of safeguard investigation concerning imports of Phthalic Anhydride 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 M/s. Thirumalai Chemicals Ltd, Ranipet Tamilnadu, M/s. IG Petrochemicals Ltd Raigad Maharashtra M/s. Mysore Petrochemicals Ltd, Raichur Karnataka and M/s SI Group India Ltd Navi Mumbai Maharashtra for imposition of Safeguard Duty on imports of Phthalic Anhydride into India to protect the domestic producers of Phthalic Anhydride against serious injury caused by the increased imports of Phthalic Anhydride into India.

**2. Domestic Industry :** The application has been filed by M/s Thirumalai Chemicals Ltd, Ranipet Tamilnadu, M/s. IG Petrochemicals Ltd Raigad Maharashtra, M/s. Mysore Petrochemicals Ltd, Raichur Karnataka and M/s. SI Group India Ltd Navi Mumbai Maharashtra for imposition of Safeguard Duty on imports of Phthalic Anhydride. The application has been made by four of the five domestic producers of Phthalic Anhydride in India accounting for 90% of the total production.

**3. Product Involved :** The applicants have alleged serious injury caused to the domestic producers by the increased imports of Phthalic Anhydride into India. Phthalic Anhydride classified under sub-heading No. 29173500 of Schedule I of the Customs Tariff Act 1975, is the principal commercial form of Phthalic Acid. It is

produced by catalytic oxidation of Ortho-xylene (OX) with air or by the catalytic oxidation of naphthalene and is used in organic synthesis of plastics (alkyd resins) and plasticizers, etc.

**4. Increased Imports:** Phthalic Anhydride is imported into India from Republic of Korea, Indonesia, Israel, Taiwan and Pakistan. The imports Pthalic Anhydride have shown an increasing trend in absolute terms as well as compared to the domestic production. The imports and domestic production of Phthalic Anhydride during 2005-06 to 2008-09 (first six months) remained as under:

Year	Imports (MT)	Domestic Production (MT)
2005-06	24,092	1,91,637
2006-07	14,133	2,22,959
2007-08	31,441	2,44,429
2008-09(First six months)	22398	1,13,614 *

\*All plants of the applicants are closed except one which is running partially from the month of October-November, leading to Zero capacity utilization of three plants which constitute 155500MT of production capacity. The partially closed unit has closed 50,000MT out of 110,000MT of production capacity.

**5. Injury:** The increased imports of Phthalic Anhydride have caused and are threatening to cause serious injury to the domestic producers of Phthalic Anhydride as indicated by the following factors:

**a) Production :** The domestic production which increased from 1,91,637 MT in 2005-06 to 2,22,959MT in 2006-07 and further to 2,44,429 MT in 2007-2008 has fallen to 1,13,614 MT in 2008-2009 (First six months). All plants of the applicants are closed except one which is running partially from the month of October-November, leading to Zero capacity utilization of three plants which constitute 155500MT of production capacity. The partially closed unit has closed 50,000MT out of 110,000MT of production capacity.

**b) Capacity Utilisation:** Out of the total capacity of 2,65,500 MT, accounted for by the applicant domestic producers, 2,05,500 MT has been shut down. The capacity utilization of three plants has become zero. One plant is running at around 55% of its capacity. As a whole 77.5% of existing capacity has zero percent of capacity utilization.

**c) Share of domestic producers in domestic consumption:** Market share of domestic producers has fallen significantly. Applicants had a market share of 81% in 2005-06 which increased to 90% during 2006-07 and then fell to 82% during 2007-08. In the first half of 2008-09, market share went down to 76%. As 77.5% of capacity is already closed, the share of domestic production in domestic consumption is likely to go down further. The closures of following factories as mentioned below imply major reduction in domestic production.

	<b>Name of the Plant</b>	<b>Date of Closure</b>
1.	M/s Thirumalai Chemicals Ltd, Ranipet Tamilnadu	7.10.2008
2.	M/s. SI Group India Ltd Navi Mumbai Maharashtra	11.10.2008
3.	M/s. IG Petrochemicals Ltd Raigad Maharashtra (partially closed)	25.10.2008
4.	M/s. Mysore Petrochemicals Ltd, Raichur Karnataka	1.11.2008

**6.** The domestic producers have requested for imposition of Safeguard Duty on imports of Phthalic Anhydride for a period of four years. They have also requested for an immediate imposition of provisional Safeguard Duty in light of critical circumstances, leading to irreparable damage.

**7.** The application has been examined and it is found that prima facie increased imports of Phthalic Anhydride have caused and are threatening to cause serious injury to the domestic producers of Phthalic Anhydride and accordingly it has been decided to initiate an investigation through this notice.

**8.** 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

**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.

sd-

(S. S. RANA)

Director General (Safeguards)

[Next \(Hindi Version\)](#)