

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, 16th January 2009.
No. D-22011/ 38/08

Sub: Initiation of safeguard investigation concerning imports of Oxo Alcohols(Acylic Alcohols) into India

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 Andhra Petrochemicals Limited, Saifabad, Hyderabad, Andhra Pradesh for imposition of Safeguard Duty on imports of Oxo Alcohols (Acylic Alcohols) into India to protect the domestic producers of Oxo Alcohols (Acylic Alcohols) against threat of serious injury caused by the increased imports of Oxo Alcohols (Acylic Alcohols) into India.

2. Domestic Industry: The application has been filed by M/s Andhra Petrochemicals Limited, Saifabad, Hyderabad for imposition of Safeguard Duty on imports of Oxo Alcohols (Acylic Alcohols). The applicant is the sole producer of Oxo Alcohols (Acylic Alcohols) in India accounting for 100% of the total production. The domestic industries manufacture Saturated Butan-1-ol(N-Butyl Alcohol) classified under 29051300 of HSN ,Customs Tariff Act, 1975 and ITC, 2-Ethyl Hexanol classified under 29051620 of HSN ,Customs Tariff Act, 1975 and ITC and other Butanols classified under 29051490 of HSN, Customs Tariff Act, 1975 and ITC. It is produced by reacting propylene with synthesis gas (a mixture of carbon monoxide and hydrogen) in the presence of homogeneous modified rhodium catalyst. The reactions are carried out at moderate temperature and pressure.

3. Product Involved: The applicant has alleged serious injury and threat of serious injury to the domestic producers by the increased imports of Oxo Alcohols

(Acyclic Alcohols) into India. The products involved are

Name of the Article	Classified under Customs Tariff Act, 1975
Normal butanol (also known as NBA) or n-butyl alcohols, butan-1-01	29051300
Iso butanol (also known as IBA) or Butan – 2-ol	29051490
Pentylol	29051400
2-Ethyl Hexanol (also known as 2-EHA)	29051620
Sabutol	29051210
Hexanol	29051390
Heptanol	29125000
Octanol and Iso octanol	29051690
Nonanol and Iso Nonanol	29051990
Decanol and Iso Decanol	29051700
And Mixtures Thereof.	

It has been contended by the applicant that the products involved are like or a directly competitive article to what is produced in India. Oxo Alcohols (Acyclic Alcohols) are mainly used as an agent / raw material in the Plasticizer Industry.

4. Increased Imports: Oxo Alcohols (Acyclic Alcohols) is imported into India from Republic of Korea, Iran, Saudia Arbia, UAE, Germany, Malaysia, and USA, The imports Oxo Alcohols (Acyclic Alcohols) have shown an increasing trend in absolute terms as well as compared to the domestic production. The imports show a surge from 2006-07 onwards and have increased drastically to 63181 MT in 2007-08 and six months trend during 2008-09 shows further increase. The imports of Oxo Alcohols (Acyclic Alcohols) during 2004-05 to 2008-09 (first six months) are as under:

	Import Quantity (MT)	Share of Imports (%)	Share of Domestic Industry(%)	Capacity Utilization
2004-05	47,812			
2005-06	47,187	52.49%	47.51%	109.52%
2006-07	52,513	55.32%	44.68%	108.74%
2007-08	63,181	59.48%	40.52%	110.38%
2008-09 (Upto Sept-08)	32,468	61.24%	38.76%	105.36%
2008-09 (October-08)	12,566	83.78%	16.22%	74.83%

5. Injury: The increased imports of Oxo Alcohols (Acyclic Alcohols) have caused and are threatening to cause serious injury to the domestic producers of Oxo Alcohols (Acyclic Alcohols) as a result of growing imports as indicated by the following factors:

a) **Share of Domestic Industry:** The share of domestic Industry is on steady decline during the period 2005-06 to 2008-09 (upto October -08) The plant of the applicant situated at M/s Andhra Petrochemical, Safiabab, Hyderabad has been shut down during the period 8.11.2008 to 7.12.2008.

b) **Capacity Utilisation:** The capacity utilization of the domestic industry has fallen down during the month of October 2008. There has been further fall in the capacity utilization during the month of November 2008 on account of closure of the plant.

c) **Other Factors :** Other factors, including price, profit and loss have been considered.

6. The domestic producer have requested for imposition of Safeguard Duty on imports of Oxo Alcohols (Acyclic Alcohols) for a period of four years. They have also requested for an immediate imposition of provisional Safeguard Duty in view of the prevailing critical circumstances leading to irreparable damage.

7. The application has been examined and it is found prima facie that increased imports of Oxo Alcohols (Acyclic Alcohols) have caused and are threatening to cause serious injury to the domestic producers of Oxo Alcohols (Acyclic Alcohols) 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 of Safeguards
Bhai Vir Singh Sahitya Sadan: 2nd Floor,
Bhai Vir Singh Marg
Gole Market,
New Delhi-110 001
INDIA.
Telefax: 23741542/ 23741537
E-mail: dgsafeguards@nic.in

9. All the known interested parties are also being addressed separately.

10. Any other party 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)**