

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

F.No.D-22011/02/09  
January 2009

Dated 16th

## **NOTICE OF INITIATION OF A SAFEGUARD INVESTIGATION**

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

New Delhi, 16th January, 2009

No. D-22011/02/09

**Sub: Initiation of Safeguard Investigation concerning imports of Soda Ash 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 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 People's Republic of China to protect the domestic producers of Soda Ash 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 on behalf of M/s Tata Chemicals Ltd. Andheri (East ), Mumbai, M/s Gujarat Heavy Chemicals Limited, Noida, M/s Saurashtra Chemicals Limited, Birla Sagar, Porbandar, Gujarat, M./s DCW Ltd, Nariman Point , Mumbai and M/s Nirma Ltd., Bhavnagar, Gujarat , whose production of Soda Ash account for more than 90% of the domestic production, for imposition of Safeguard duty as well as quantitative restrictions on imports of Soda Ash into India from People's Republic of China.

**3. Product Involved :** The applicant have alleged that increased imports of

Disodium Carbonate popularly known as Soda Ash from People’s Republic of China into India have threatened to cause market disruption to domestic industry. The product has chemical formula Na<sub>2</sub>CO<sub>3</sub>. Soda Ash is a white, crystalline, water-soluble material. Soda Ash is classified as below:

Name of the Products	HSN Chapter Heading	Customs Tariff Heading	ITC Heading
Soda ash	2836.20	28362010	28362010
		28362020	28362020
		28362090	28362090

The domestic industries produce Soda Ash by Solvay Process or modifications commonly known as Dual Process and Akzo Dry Lime Process.

**4. Increased Imports :** Imports of Soda Ash from People’s Republic of China into India have shown an increasing trend in absolute terms as well as compared to the domestic production. The statistics relating to imports of Soda Ash during 2005-06 to 2008-09( April 08 to December 08 ) is as under.

**Table 1**

	Import volume (MT)	Import volume (MT)/Month
2005-06	10,063	839
2006-07	47,252	3,938
2007-08	45,771	3,814
April-Oct.,08	28,284	4,041
Nov., 2008	10,000	10,000
Dec., 2008	15,000	15,000

Source – China Customs for the period upto Oct., 08 Industry estimates for Nov. & Dec., 08

**5. Market Disruption :** There has been significant decline in the demand in the world market where China has been exporting while their exports to India have increased. At the same time there has been creation of fresh capacities which has led to significant unutilized free disposable capacities in China. Further, the import prices from China is found to be significantly lower than prices prevailing in India indicating imported goods have entered and are likely to enter at prices that will have a significant depressing or suppressing effect on domestic prices, causing disruption in the domestic market. Moreover, the inventories with the domestic industry have increased by almost 280% between Nov., 2008 and Jan., 2009. The Table 2 below shows that average weekly domestic sales volumes are significantly lower than

production volumes leading to critical pile up of inventory. The production cost of domestic industries (confidential) has been found to be significantly higher than the landed cost of such imported goods.

**Table 2**

	<b>Average stock</b>	<b>Average weekly production</b>	<b>Average weekly domestic sales</b>
1/11 to 7/11/08	47721	42329	21439
8/11 to 14/11/08	51598	41516	19324
15/11 to 21/11/08	54008	41432	22201
22/11 to 30/11/08	60521	52285	24623
1/12 to 7/12/08	62611	40105	17074
8/12 to 14/12/08	70611	42607	17136
15/12 to 21/12/08	80049	43936	18576
22/12 to 31/12/08	88752	55971	26170
1/1 to 7/1/09	97047	38219	12802
Closing inventory	109799		

**6.** The domestic producers have requested for imposition of Safeguard duty as well as quantitative restrictions on imports of Soda Ash 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 Soda Ash from People’s Republic of China have threatened to cause market disruption to the domestic producers of Soda Ash and accordingly it has been decided to initiate an investigation through this notice

**8.** All interested parties may make their view known by 16th 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)**