



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, 20th April, 2009

No. D-22011/ 27 /2009

Sub: Initiation of safeguard investigation concerning imports of Uncoated Paper and Copy Paper 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 Indian Paper Manufacturers Association, PHD House, (4th floor), 4/2 Siri Institutional Area (Opp. Asian Games Village), New Delhi-110 016 on behalf of (1) ITC Limited -Paperboards and Specialty Papers Division, 106, Sardar Patel Road, Secunderabad – 500003, Andhra Pradesh, (2) Ballarpur Industries Limited, First India Place, Tower C, Mehrauli Gurgaon Road, Gurgaon (Haryana) – 122001, (3) JK Paper Limited, Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi-110 002, (4) M/s The Andhra Paper Mills Ltd, 501-509,Swapanlok Complex, 92/93, Sarojinidevi Road, Secunderabad-500 003, (5) M/s Tamilnadu Newsprint and Papers Limited , 67, Mount Road, Guindy, Chennai-600 032, (6) Abhishek Industries Ltd., (7) Century Pulp & Paper, (8) Emami Paper Mills Ltd., (9) Hindustan Paper Corporation Ltd. (10) Khanna Paper Mills Ltd., (11) The Mysore Paper Mills Ltd. (12) Orient Paper & Industries Ltd., (13) Pudumjee Pulp & Paper Mills Ltd., (14) Rama Newsprint and Papers Ltd., (15) Seshasayee paper and paper Board Ltd. (16) The Sirpur Paper Mills Ltd., (17) Star Paper Mills Ltd., (18) The west Coast Paper Mills Ltd. and (19) Yash Paper Mills Ltd. for imposition of Safeguard Duty on

increased imports of Uncoated Paper and copy Paper made primarily from virgin chemical pulp into India to protect the domestic producers of Uncoated Paper and copy Paper against serious injury and continued threat of serious injury.

2. Domestic Industry: The application has been filed by Indian Paper Manufacturers Association, on behalf of (1) ITC Limited (2) Ballarpur Industries Limited, (3) JK Paper Limited, (4) M/s The Andhra Paper Mills Ltd, (5) M/s Tamil Nadu Newsprint and Papers Limited , (6) Abhishek Industries Ltd., (7) Century Pulp & Paper, (8) Emami Paper Mills Ltd., (9) Hindustan Paper Corporation Ltd. (10) Khanna Paper Mills Ltd., (11) The Mysore Paper Mills Ltd. (12) Orient Paper & Industries Ltd., (13) Pudumjee Pulp & Paper Mills Ltd., (14) Rama Newsprint and Papers Ltd., (15) Seshasayee paper and paper Board Ltd. (16) The Sirpur Paper Mills Ltd., (17) Star Paper Mills Ltd., (18) The west Coast Paper Mills Ltd. and (19) Yash Paper Mills Ltd – on behalf of domestic producers of Uncoated Paper and copy Paper made primarily from virgin chemical pulp for imposition of Safeguard Duty on imports. The application has been supported by more than 80% of domestic producers of Uncoated Paper and copy Paper made from virgin pulp in India. Accordingly, the applicants constitute domestic industry in terms of clause (b) of subsection (6) of Section 8B of the Customs Tariff Act, 1975.

3. Product Involved: The domestic industries manufacture Uncoated Paper and copy Paper made primarily from virgin chemical pulp falling under various headings of chapter heading 4802. The domestic industry has submitted that their products are directly competing products with imported products falling under 4802 54 90, 4802 55 10, 4802 55 20, 4802 55 30, 4802 5540, 4802 55 50, 4802 55 90, 4802 5610, 4802 5620, 4802 5630, 4802 5640, 4802 56 50, 4802 5690, 4802 57 10, 4802 57 20, 4802 57 30, 4802 5740, 4802 57 50, 4802 5790, 4802 58 10, 4802 58 20, 4802 58 30, 4802 58 40, and 4802 58 90 of HSN as well as Customs Tariff Act, 1975. The applicants have alleged threat of serious injury caused to the domestic producer by the increased imports of Uncoated Paper and copy Paper made primarily from virgin chemical pulp into India and falling under above headings at eight digit level. Papers are made using pulp obtained by chemical or mechanical process or a combination of both. Further the pulp can be obtained either using fresh plant sources or from recycled paper. The present application covers Uncoated Paper and copy Paper primarily made with virgin pulp using chemical process. The domestic

industry has argued that the products falling under the headings mentioned above at eight digit level are same as far as their technical characteristics, chemical composition and other basic features are concerned. The products of all these headings find similar uses. Therefore these products are like and directly competing products.

4. Increased Imports: Uncoated Paper and copy Paper is imported into India from, Indonesia, Sweden, Germany, Finland, USA, China and many other countries. The imports of Uncoated Paper and copy Paper have shown an increasing trend in absolute terms as well as compared to the domestic sales. The share of imports during the period of investigation is as under

	2006-07	2007-08	2008-09 (Apr-Dec 2008)	2008-09 (Jan-March 09)(Estimate)
Imports	11077.00	17016.00	13504.00	5631.00
Monthly imports	923.08	1,418.00	1,500.44	1,877.00
Imports (indexed)	100.00	153.62	162.55	203.34

Note: In the month of January 2009, there is an Import of 1877 MT.

5. Serious Injury: The increased imports of Uncoated Paper and copy Paper are threatening serious injury to the domestic producers of Uncoated Paper and copy Paper as indicated by the following factors:

a) Sales: The share of imports has seen a very fast growth in recent period of 2008-09 compared to 2007-08 as shown below. The shares of imports are likely to be at 1.13% in last three months of 2008-09. Thus prima facie increased imports pose a threat of serious injury.

Market share in total consumption

	2006-07	2007-08	2008-09 (Apr-Dec 2008)	2008-09 (Jan-March 09)
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				(Estimate)
Imports	0.63	0.93	0.90	1.13
Domestic sales	99.37	99.07	99.10	98.87

b) Production: The share of imports has seen a very fast growth in recent period of 2008-09 compared to 2007-08 as shown below. The shares of imports are likely to be at 1.11% in last three months of 2008-09. With the increasing trend of price undercutting of imports, the share of domestic production is likely to go down drastically.

	Share in total available material			
			2008-09	2008-09
	2006-07	2007-08	(Apr-Dec 2008)	(Jan-March 09)(Estimate)
Share of imports (%)	0.63	0.93	0.89	1.11
Share of domestic production	99.37	99.07	99.11	98.89

c) Trend of Import Prices: The Export price to India has shown a steep decline during the period of investigation.

	Weighted Average CIF USD/MT
Sep-08	817
Oct-08	814
Nov-08	768
Dec-08	773

d) Profitability and return on capital employed: The Profitability and return on capital employed of domestic industry has gone

down. The difference in landed price of imports and domestic selling price has gone up during the period of investigation causing threat of serious injury.

6. The domestic producers have requested for imposition of Safeguard Duty on imports of Uncoated Paper and copy Paper for a period of three 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 Uncoated Paper and copy Paper in recent past have caused and are threatening to cause serious injury to the domestic producers of Uncoated Paper and copy Paper and accordingly it has been decided to initiate a safeguard 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 at the address given below so that the same may be considered in final determination that may be made by the Director General.

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 30 days from the date of this notice.

Sd/

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