

WORLD TRADE ORGANIZATION

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14 March 2003

(03-1494)

Committee on Safeguards

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NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION AND THE REASONS FOR IT

INDIA

The following communication, dated 12 March 2003, has been received from the Permanent Mission of India.

Attached herewith is a copy of the Notice of Initiation of safeguard proceedings (No. SG/INV/1/2003 dated 6 March 2003) issued by the Director General (Safeguards) against imports of Bisphenol A (BPA) into India.

OFFICE OF THE DIRECTOR GENERAL (SAFEGUARDS)
139, C.R. Buildings, I.P. Estate
NEW DELHI-110002

NOTIFICATION

F. No. SG/INV/1/2003

Dated: 6 March 2003

Notice of Initiation of a Safeguard Investigation

{Under Rule 6 of the Customs Tariff (Identification and
Assessment of Safeguard Duty) Rules 1997}

Subject: Initiation of safeguard Investigation concerning imports of Bisphenol A (BPA) into India

1. An application has been filed before me under Rule 5 of the Customs Tariff (Identification and Assessment of Safeguard Duty) Rules 1997, by Kesar Petroproducts Limited, Mumbai (KPL) for imposition of safeguard duty on imports of Bisphenol A (BPA) into India to protect domestic producers of BPA against serious injury caused by the increased imports of BPA into India.

2. Domestic industry

The application has been filed by KPL on behalf of the domestic producers of BPA for imposition of safeguard duty on imports of BPA. KPL is the only producer of BPA accounting for the total domestic production.

3. Product involved

The applicants have alleged serious injury caused to the domestic producers by the increased imports of BPA into India. BPA is classified under sub-heading No. 2907.23 of the First Schedule to the Customs Tariff Act 1975 and under 2907.2300 of the Indian Trade Classification (ITC), and is a basic organic chemical with chemical formula C_{15} , H_{16} and O_2 . The applicants produce BPA by reacting Phenol and Acetone. BPA is used in the manufacture of Epoxy Resins and Polycarbonates.

4. Increased imports

BPA is imported into India mainly from Belgium, China P.R., France, Germany, Japan, Korea (RP), the Netherlands, Singapore, Spain, Slovenia, U.K. and the US. The imports have shown an increase in absolute terms as well as compared to domestic production. The imports and domestic production of BPA during 1997-98 to 2002-03 (up to December) have been as under:

(In Mts)

Year	Domestic production	Imports	Imports from China, P.R. as % of domestic production
1997-98	4192	898	21.42
1998-99	5242	1376	26.25
1999-00	6147	2253	36.65
2000-01	5313	2056	38.70
2001-02	6124	4339	70.85
2002-03	3834	5982*	156.02

*The imports during April-September is 3988.35MTs and on prorata basis the imports work out to 5982MTs.

5. Injury

The increased imports of BPA have caused/threatened to cause serious injury to the domestic producers of BPA as indicated by the following factors:

- (a) International prices of BPA have been steadily falling. The CIF price of BPA over the last five years have fallen almost by 23 per cent. To keep up with this fall in the international prices and to retain their market share, the domestic producer had to reduce their prices of BPA, as a sequel their net price realizations have declined considerably and result in loss to the domestic producer.
- (b) The capacity utilization of the domestic producer which was 83.85 per cent in 1997-98 and improved to 102.45 in 1999-2000 declined to 61.24 per cent in 2001-2002 and further declined to about 52 per cent during the period 2002-2003 (up to December).
- (c) The closing stocks of domestic producer of BPA which decreased from 315.375MT in 1999-2000 to 72.625MT in 2000-2001 increased to 418.575MT at the end of March 2002.
- (d) The market share of domestic producer of BPA in the total domestic consumption of BPA which was about 70 per cent in 1997-1998 declined to 50 per cent in 2001-02 and further declined to about 34 per cent as indicated in the table below. The domestic producers have been able to retain this reduced market share only at the cost of reduction of their sales price. The net sales realization per MT of BPA dropped from Rs66191/- in 2000-01 to Rs62646/- in 2001-02 and further declined to Rs51303/- in 2002-03 (December).

Year	Domestic sales (including captive consumption	Total domestic consumption including imports	Share of domestic sales to domestic consumption (2/3 x 100%)
(1)	(2)	(3)	(4)
1997-98	2125	3023	70.29
1998-99	3222	4598	70.07
1999-00	3722	5975	62.29
2000-01	4983	7039	70.79
2001-02	4370	8709	50.18
2002-03 (up to December)	3149	9131	34.48

6. The domestic producers have requested the imposition of safeguard duty on imports of BPA.. They have also requested for an immediate imposition of provisional safeguard duty.

7. The application has been examined and it appears that *prima facie* increased imports of BPA have caused/threatened to cause serious injury to the domestic producers of BPA and accordingly it has been decided to initiate an investigation through this notice.

8. All interested parties may make their views known by **21 April 2003** to:

The Director General (Safeguards)
139, C.R. Buildings
I.P. Estate
New Delhi-110002
India

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 representation so as to reach the Director General (Safeguards) within 21 days from the date of this notice.

(B.K.MISHRA)
Director General (Specific Safeguards)
