

**MINISTRY OF FINANCE**  
**(Department of Revenue)**  
OFFICE OF THE DIRECTOR GENERAL OF SAFEGUARDS  
CUSTOMS AND CENTRAL EXCISE  
**NOTIFICATION**  
New Delhi, the 14<sup>th</sup> February 2011.

**Sub: Review of Safeguard Duty on imports of Aluminium Flat Rolled Products and Aluminium Foil into India from the People's Republic of China.**

[Under Rule 17 of the Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 read with the Section 8C of Customs Tariff Act, 1975]

1. **GSR** An application was filed before Director General Safeguards under Rules 5 of the Custom Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 by M/s. Aluminium Association of India , 118, 1st Floor, Ramanashree Arcade, 18, M.G. Road, Bangalore-560 001 and M/s Hindalco Industries Limited, "Century Bhavan", 3rd Floor, Dr. Annie Besant Road, Worli Mumbai for imposition of Safeguard duty on imports of Aluminium Flat Rolled Products and Aluminium Foil imported into India from People's Republic of China to protect the domestic producers of Aluminium Flat Rolled Products and Aluminium Foil against market disruption caused or threatening to be caused by the increased imports from People's Republic of China.
2. The Notice of Initiation of Safeguard investigation concerning imports of Aluminium Flat Rolled Products and Aluminium Foil into India from People's Republic of China was issued under Rule 6 of Customs Tariff (Transitional Product Specific Safeguard Duty) Rules, 2002 on 16<sup>th</sup> January, 2009.
3. Preliminary findings were issued on 2<sup>nd</sup> February 2009. The Central Government vide notification No.26/2009 - Customs, dated 23.03.2009 levied provisional safeguard duty for the period from 23.03.2009 to 08.10. 2009 at the rate of-
  - a) 21 per cent *ad valorem* on all goods falling under heading 7606 (Aluminium Flat Rolled Products) and
  - b) 35 per cent *ad valorem* on all goods falling under heading 7607 (Aluminium Foil) of the First Schedule to the said Act, when imported into India from People's Republic of China.
4. The Final finding was issued on 29<sup>th</sup> May, 2009 recommending imposition of Safeguard duty for the period of four (4) years at the rate of 14%, 12%, 10%, 8% on Aluminum Foil in first, second, third and fourth year respectively and at the rate of 30%, 25%, 20%, 15% on Aluminum Flat Rolled Products in first, second, third and fourth year respectively.
5. The Central Government imposed the definitive Safeguard duty for the period of two years vide Notification no. 71/2009-Cus. Dated 19<sup>th</sup> June 2009 as under:
  - (A) on Aluminum Flat Rolled Products falling under heading 7606 excluding ---
    - (a) Colour Coated Aluminium Coil with either PE (Polyester) Coating or PVDF (fluorine- carbon) Coating falling under CTH 7606
    - (b) Aluminium Composite panels,

(c) Aluminium-Manganese-Silicon based and/or Aluminium-Magnesium-Silicon based alloys, whether clad or unclad; with thickness between 0.05 mm to 3.00 mm; with post brazing yield strength greater than 45 MPA, falling under tariff heading 7606 for use in heat exchangers including radiators, charge air coolers, condensers, oil coolers, heater cores, evaporators, heat ventilation and air conditioning (HVAC) systems and parts thereof,

at the rate of :--

- i. 14% ad valorem, when imported from the 23<sup>rd</sup> day of March, 2009 to 22<sup>nd</sup> day March, 2010 (both days inclusive); and
- ii. 12% ad valorem, when imported from the 23<sup>rd</sup> day of March, 2010 to 22<sup>nd</sup> day March, 2011 (both days inclusive);

**(B)** on Aluminum Foil falling under heading 7607 excluding ---

- (a) Aluminium Foil of thickness less than 7 micron falling under CTH 7607
- (b) "Aluminium foil of 10.5 micron with rough surface and perforated whether printed or not; to be used by beer bottling unit"
- (c) Colour Coated Aluminium Coil with either PE (Polyester) Coating or PVDF (fluorine-carbon) Coating falling under CTH 7607.
- (d) Etched or formed Aluminium Foils falling under CTH 7607 meant to be used in the manufacture of Electrolytic capacitors.
- (e) Poly Aluminium Foil Coated with Copolymer falling under CTH 7607 to be used in the manufacture of PIJF Telecom Copper Cables or Optical Fiber Cables.
- (f) Aluminium-Manganese-Silicon based and/or Aluminium-Magnesium-Silicon based alloys, whether clad or unclad; with thickness between 0.05 mm to 3.00 mm; with post brazing yield strength greater than 45 MPA, falling under tariff heading 7607 for use in heat exchangers including radiators, charge air coolers, condensers, oil coolers, heater cores, evaporators, heat ventilation and air conditioning (HVAC) systems and parts thereof,

at the rate of :--

- i. 30% ad valorem, when imported from the 23<sup>rd</sup> day of March, 2009 to 22<sup>nd</sup> day March, 2010 (both days inclusive); and
- ii. 25% ad valorem, when imported from the 23<sup>rd</sup> day of March, 2011 to 22<sup>nd</sup> day March, 2011 (both days inclusive);

6. Now the applicants have filed an application of review for continued imposition of safeguard duty by extending the period of imposition of safeguard duty beyond 22<sup>nd</sup> day March, 2011 for two years as market disruption and the threat of market disruption continues. They have submitted that expiry of safeguard duty would cause damage to the domestic industry and have submitted evidences of continued imports and threat to market disruption along with their data of production, sales, capacity utilization, profitability etc. in support of their claim through the application and subsequent submissions.

7. **Increased Imports:** - Imports of Aluminum Flat Rolled Products and Aluminum Foil from People's Republic of China into India have shown an increasing trend. The Aluminum Flat Rolled Products and Aluminum Foil import from China increased by 28.87% and 28.36% in 2010-11 compared to 2009-10 even during the period of imposition of safeguard

duty. The people Republic of China continues to be the dominant exporter to India and the total volume of export from China continues to show increasing trend. The applicants have submitted that the continued increased import is due to huge surplus capacity available with China.

**Table 1A**

**ALUMINIUM FRP**

<b>Imports (MT)</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11(Upto June,10)</b>	<b>April-June 10 (annualized)</b>
China	4,596	8,906	17,065	17,926	13,560	4,369	17476
Other Countries	16,193	20,814	21,657	22,698	43,832	15,629	62516
Total Imports	20,789	29,720	38,721	40624	57392	19998	79992
% Share of China imports	22	30	44	44	24		22
Trend (CHINA)	100	194	371	390	295		380
SOURCE: DGCIS ( Qty not subjected to SG is excluded as per IBIS Data )							

**Table 1B**

**ALUMINIUM FOIL**

<b>Imports (MT)</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11(Upto June,10)</b>	<b>April-June 10 (annualized)</b>
China	4,642	8,897	19,064	26,954	15,998	5,134	20536
Other Countries	14,826	13,304	15,465	18,612	49,247	12,066	48264
Total Imports	19,468	22,201	34,529	45,566	65,245	17,200	68800
% Share of China imports	24	40	55	59	25		30
Trend (CHINA)	100	192	411	581	345		442
SOURCE: DGCIS ( Qty not subjected to SG is excluded as per IBIS Data )							

8. **Market Disruption and Threat to Market disruption:-** The applicants have claimed that continued increased import of Aluminum Flat Rolled Products and Aluminum Foil from China has caused and threaten to cause market disruption and have submitted evidence in support of their claim:

**Table 2A**

**Aluminum Flat Rolled Products-**

	Unit	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (up to Sept.)	2010-11 (Annualised)
Production	MT	187678	207908	214584	181784	205265	105028	210056
Domestic Sale	MT	85588	94235	98460	88334	121246	60290	120580
Demand	MT	168305	184398	213265	204832	281888		303948
Capacity Utilization	%	107.24	101.42	104.68	88.68	100.13		90.54
Profit/Loss	Indexed	100	107	48	76	108		130

Source: M/s. Hindalco & DGCIS

- 8A.** The Production of Domestic industry increased in 2010-11 with the increase in capacity. The domestic sales also increased but the increase in sale is disproportionate to the increase in domestic consumption. The capacity utilization of Domestic Industry decreased by 10% in 2010-11 with the increase in import despite of Safeguard duty (Table 2A)

**Table 2B**

**Aluminum Foil-**

	Unit	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (up to Sept.)	2010-11 (Annualised)
Production	MT	28567	28360	27735	22290	16911	9028	18056
Domestic Sale	MT	25790	25489	24457	20091	13953	7259	14518
Demand	MT	61098	65010	78586	88375	106844		114564
Capacity Utilization	%	71.42	70.9	69.34	55.73	42.28	45.14	45.14
Profit/Loss	Indexed	(100)	(124)	(132)	(108)	(107)		(128)

Source: M/s. Hindalco

- 8B.** The production and sales of Domestic Industry has decreased even during the period of imposition of Safeguard duty with the increase in import. The capacity utilisation also remained low (Table 2B).
- 8C.** The domestic industry has claimed positive price undercutting in both the product despite of the imposition of safeguard duty.

9. On examination of the application, prima facie it appears that the Aluminium Flat Rolled Products and Aluminium Foil continues to be imported into India from People's Republic of China in increased quantity so as to cause or threaten to cause market disruption to the domestic producers of Aluminium Flat Rolled Products and Aluminium Foil and accordingly it has been decided to initiate review proceeding through this notice for continued imposition of safeguard duty.
10. All interested parties may make their view known within 30 days from the date of the notice to:

**The Director General of Safeguards  
2nd Floor, Bhai Vir Singh Shaitya Sadan ,  
Bhai Vir Singh Marg, Gole Market,  
New Delhi-110001  
India  
Telefax: 23741542/23741537  
E-mail: dgsafeguards@nic.in**

11. All known interested parties are also being addressed separately.
12. 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 15 days from the date of this notice.

**Sd/-**

**(I.D. Majumder)  
Director General (Safeguards)**

**F. No. D- 22011/ 33/2010**