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Government of India
Department of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi

NOTIFICATION

Initiation

[Under Rule 5 of the Safeguard Measures (Quantitative Restrictions) Rules, 2012]

(Safeguard Investigation)

[Case No: (SG) 06/2019]

Dated – 4 November, 2019

Subject: Notice of initiation of Safeguard (Quantitative Restrictions) Investigation concerning imports of "Isopropyl Alcohol" into India

F:No 22/6/2019-DGTR: An application has been filed by M/s Deepak Fertilisers and Petrochemicals Corporation Ltd. (hereinafter also referred to as "DFPCL" or the "applicant") in terms of Section 9A of Foreign Trade (Development and Regulation) Act, 1992, as amended from time to time, (hereinafter also referred to as "Act") read with Safeguard Measures (Quantitative Restrictions) Rules, 2012, as amended from time to time (hereinafter also referred to as "Rules" or "Quantitative Restrictions Rules"), alleging increased imports of "Isopropyl Alcohol" (hereinafter also referred to as "IPA" or "product under consideration" or "subject goods"), which are causing serious injury to the domestic industry. They have sought imposition of safeguard measures in the form of quantitative restrictions to protect the domestic industry of like article or directly competitive article from serious injury being caused by the increased imports of the product under consideration.

2. Product under Consideration: The product concerned is "Isopropyl Alcohol" (IPA), which is also known as Isopropanol. IPA is a compound with the chemical formula $\text{CH}_3\text{CHOHCH}_3$ and can be produced using Acetone or Propylene. It is a colorless, flammable liquid and is used in production of a variety of industrial and household chemicals, bulk drugs and drug formulations, antiseptics, disinfectants, and detergents etc. The product under consideration consists of 99.8% of IPA, 0.1% of water and 0.1% impurities. The subject products are classifiable under the tariff heading 2905, under code 2905 12 20, in the First Schedule to the Customs Tariff Act, 1975. It is clarified that the said HS code is indicative only and the product description shall prevail in all circumstances.

3. **Domestic Industry (DI):** The application has been filed by M/s Deepak Fertilisers and Petrochemicals Corporation Ltd. The applicant is the sole producer of the subject goods in India and accordingly, constitutes domestic industry as defined in terms of Clause (b) of the sub-section (4) of Section 9A of the Foreign Trade (Development and Regulation) Act, 1992.

4. **Period of Investigation:** The period of investigation (POI) considered for the purposes of present investigation is from April-2016 to June-2019. The applicant has submitted that there has been a sudden, sharp and significant surge in imports in April, 18 to June, 2019, as compared to the earlier periods and thereafter as well. The Authority has taken six months' period from January-June, 19 as the 'most recent period'.

5. **Increased Imports:** The applicant claimed that there is a sudden, sharp and significant increase in imports in April, 18 to June, 19, both in absolute terms as well as relative to domestic production. It is noted that the imports in 2018-19 have increased by more than 80%, as compared to that in 2016-17. The applicant has claimed that the imports have increased primarily due to an increase in global demand for phenol, which led to an increased production of Phenol. This in turn, resulted in a surplus production of Acetone, which emerges as a joint product. As a result, the prices of Acetone plummeted, and led to an increased production of Acetone-based IPA. Further, the price of Acetone-based IPA declined sharply, leading to increased imports. The applicant has further relied on other factors such as declining demand of subject goods in China as a result of shut down of plants for downstream products, due to environmental concerns, as well as impact of trade war with US etc.

6. **Serious Injury and threat of serious injury to the domestic industry:** The applicants have claimed that the increased imports of product under consideration have caused serious injury to the applicant as the imports are undercutting the prices of the domestic industry and have taken over its market share. As a result, the production quantity, sales quantity, capacity utilization and market share of the domestic industry etc. have fallen considerably. Further, in the most recent period, the domestic industry has been forced to sell the subject goods at losses.

7. After examining the application filed by applicants, the Director General, prima facie, finds that there is a significant increase in imports of subject goods during Apr-Dec, 2018 and the most recent period (Jan-Jun, 2019) as a result of unforeseen developments such as global surplus of Acetone, declining prices of Acetone, increased capacities in China PR and limited demand for the subject goods in China. The Authority prima facie finds that the surge in imports have caused serious injury to domestic industry and also poses threat of serious injury.

8. **Initiation:** After determining that there is sufficient evidence to justify initiation of safeguard investigation, the Director General initiates an investigation pursuant to Rule 5 of the Quantitative Restrictions Rules in order to determine whether there have been increased imports as a result of unforeseen developments, and whether such increased imports have caused serious injury to the domestic industry of like and/or directly competing products.

9. All interested parties may make their views known within a period of 30 days from the date of this notice to:

**Director General
Directorate General of Trade Remedies (DGTR),
Jeevan Tara Building, 4th Floor,
5, Parliament Street,
New Delhi -110001**

10. All known interested parties are also being addressed separately.

11. 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 on aforementioned address within 30 days from the date of this notice.

12. If no information is received within the prescribed time limit or the information received is incomplete, the Director General may record its findings on the basis of the facts available on record. The information must be submitted in hard copies as well as soft copies.

13. **Submission of Information on Confidential Basis** - The parties making any submission (including Appendices/ Annexure attached thereto), before the Director General including Questionnaire Response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Director General and the Director General shall be at a liberty to allow the other interested parties to inspect such submissions. Soft copies of both the versions will also be required to be submitted, along with the hard copies, in two (2) sets of each. The confidential version shall contain all information which are by nature confidential and/or other information which the supplier of such information claims as confidential. The information which is claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out

(in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Director General. The Director General may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Director General is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Director General. The Director General on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

14. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties.

15. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Director General may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(Sunil Kumar)

Special Secretary & Director General