



The All India Glass Manufacturers Federation

Ref. No. F/164/2011

Dated: 24th October, 2011

Shri Anand Sharma
Hon'ble Minister for Commerce and Industry,
Govt. of India,
Udyog Bhawan,
New Delhi

Dear Sir,

Sub : Provisional Anti-dumping duty (ADD) proposed on imports of Soda Ash originating in or exported from China, European Union, Kenya, Iran, Pakistan, Ukraine and USA vide Preliminary finding of Director General of Anti Dumping Duty (DGAD) dt. 02.09.2011.

We convey our sincere thanks to you for sparing your valuable time to meet our delegation at short notice. We are extremely grateful to you for giving a patient hearing to us and assuring us that all relevant facts will be considered before taking a final decision in the matter. We give here below a synopsis of the case:

I. Background:

1. The Alkali Manufacturers' Association of India (AMAI) on behalf of the following member companies has filed a petition with the DGAD for imposition of ADD on Soda Ash on 20th May'2010:
 - i. Gujarat Heavy Chemicals Limited (GHCL),
 - ii. Nirma Limited (Nirma)
 - iii. Saurashtra Chemical Limited (SCL)
 - iv. DCW limited (DCW)
2. The largest manufacturer of Soda Ash in India i.e. TATA CHEMICALS LTD. having 35% of installed capacity has neither chosen to be a party to the petition nor has supported the same.
3. AIGMF, representing the Glass Industry constituting of more than 1000 manufacturers in big and MSME segment, has opposed this petition and filed written primary submission well within the stipulated date through M/s Economic Law Practice.
4. Few of the members of the AIGMF have also opposed the petition in their individual capacities, also.
5. The preliminary finding of DGAD has not even acknowledged the written and /or oral submission made by AIGMF and / or its members.
6. AIGMF has actively participated in the process leading to the final investigation by DGAD as following:-
 - i) Oral hearing on 3rd October'2011
 - ii) Written submission on 10th October'2011
 - iii) Rejoinder to the written submission of AMAI on 18th October'2011
 - iv) We also plan to submit the economists' perspective on the alleged injury by a renowned economic consulting firm shortly.



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II. Current Scenario:

A. Indian Glass Industry

1. Indian Glass Industry comprises of manufacturers of Container Glass, Float Glass, Ophthalmic Glass, Bangles, Beads, Glassware, Specialty Glass, etc.
2. Many items made by Glass industry are of mass consumption and widely used by common man like :
 - i. Pharmaceutical bottles
 - ii. Bottles for packing food products
 - iii. Glass for windows
 - iv. Spectacles
 - v. Bangles
 - vi. Glassware
 - vii. Handicraft, etc.
3. Manufacturing locations of the Glass industry are well distributed in all regions of the country.
4. Apart from few big manufacturers, there are more than 1000 manufacturers in MSME segment.
5. The industry contributes approx. 650 crores to the Exchequer per annum.
6. It is an employment intensive industry, currently providing livelihood to more than 9.5 lacs workmen.
7. In clusters like Firozabad(UP), Gujarat and West Bengal, Glass industry has evolved from being a cottage industry to an organized industry
8. The Glass industry has been growing @12% plus in last 5 years and is expected to better this growth trend in coming years.
9. **The Glass Industry has executed investment of Rs.5000 crore in last 5 years and has projects in pipeline with investment prospects of Rs. 8000 crores in next 5 years.**
10. Soda Ash is a basic raw material for Glass & Detergent industry, constituting 50% and 70% of Raw material cost for respective Industry.

B. Indian Soda Ash Industry

1. Indian Soda Ash consists of only FIVE large players and all are situated in Gujarat.
2. Out of these FIVE, the largest producer of Soda Ash - TATA CHEMICALS LTD. has voluntarily decided not to be part of ADD petition.
3. As claimed by the Soda Ash manufacturers in their Annual reports, the market has grown approx. 5% annually during last 5 years and this growth rate is expected to increase with the growth of Glass and Detergent Industry.
4. The Soda Ash industry has NEITHER MADE ANY MAJOR CAPITAL INVESTMENT FOR CAPACITY ENHANCEMENT NOR IT IS ENVISAGED IN THE NEAR FUTURE.
5. In fact, the local Soda Ash industry has acquired and invested in NATURAL SODA ASH facility outside India.



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C. Injury to Domestic Soda Ash Industry ???

1. The Period of injury (2009-10) was a year of global recession. Still Indian Soda Ash Industry made decent profits during that period. Hence, there is no injury to the Soda Ash Industry and there is no justification for ADD on Soda Ash. The submission by the Soda Ash industry to the DGAD in this respect is reproduced below (*Refer page 38 para no 76 point no. xxii of the preliminary finding by DGAD*)

xxii) The domestic industry was earning a profit of about 25% on its selling price, which declined to a level below 12% in the period of investigation. Thus, profitability as a percentage of selling price declined steeply over the injury period.

2. With reference to period of investigation, the domestic industry's overall profits and dividend payouts are as follows, which conclusively proves that Soda Ash Industry have earned decent profits. Hence, there is no injury to the Soda Ash Industry and there is no justification for ADD on Soda Ash.

Company	Year	(As per Annual Report) - Rs in million			
		Net Sales	Operating Profit	Dividend paid	Op. Profit Margin %
GHCL	2006-07	10,640	2,871	269	27
	2007-08	10,510	2,608	240	25
	2008-09	11,916	2,849	233	24
	2009-10	12,148	3,032	234	25
	2010-11	14,748	3,498	200	24
Nirma	2006-07	22,460	3,794	635	17
	2007-08	23,322	3,903	637	17
	2008-09	30,302	5,000	745	17
	2009-10	31,180	6,046	835	19
	2010-11	32,467	4,362	-	13
Tata Chemical	2006-07	39,456	7,924	1,721	20
	2007-08	40,363	13,439	2,113	33
	2008-09	83,627	10,145	2,117	12
	2009-10	54,123	9,811	2,189	18
	2010-11	64,053	9,647	2,548	15
DCW	2006-07	6,628	634	52	10
	2007-08	7,479	944	59	13
	2008-09	9,070	910	59	10
	2009-10	10,267	1,820	70	18
	2010-11	NOT AVAILABLE			



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3. India continues to be a Net importer of Soda Ash as domestic consumption exceeds domestic production.

Year	Quantity in '000 MT						Imports as % of Domestic market	Exports as % of Domestic market
	Capacity (a)	Prod. (b)	Sales (c)	Imports (d)	Exports (e)	Domestic Market f= c+d-e		
	(DGSG)	(DGSG)	(DGAD)	(DGAD)	(DGSG)			
2006-07	2556.74	2124.14	1876.93	260.26	168.86	1968.33	13%	9%
2007-08	2548.86	2085.29	1817.00	347.47	137.85	2026.62	17%	7%
2008-09	2878.70	2094.02	1799.70	358.56	158.98	1999.28	18%	8%
2009-10	2878.70	2028.44	1878.54	555.96	300.00 (approx)	2134.49	26%	14%

4. Average trend of Soda Ash pricing in the last 10 years has shown a cyclical nature and generally varied between USD 180 to 260 per MT C&F. Incidentally, during the period of stated injury the price was abnormally down due to global recession. It is therefore not justified to take this price level into account for determining injury to domestic industry.
5. **Post Period of Investigation Soda Ash prices have already increased by 25% - 30%.** Details as under:

Type / Cost	Period of Investigation prices - (USD/MT)	Current prices - (USD/MT)
Natural Soda Ash	180	230
Synthetic Soda Ash	215	280

6. Domestic Soda Ash already has **22.5%** cost advantage / protection (Ocean Freight 15% and Customs Duty 7.5%) over imported soda ash.
7. Soda Ash Industry has constantly misused the protective mechanism to cover their inefficiencies and disrupt global level playing field and have got average **16%** ADD/SG imposed in 8 out of last 12 years.

Year	Imposition of	Rate	Period covered	Remarks
1999-2000	ADD	Reference price of USD 193 – 197 per MT	2000 to 2005	Notified
2009-10	SG	20%	2009-10	Notified
2010-11	SG	16%	2010-11	Notified
2011-12	SG	14%	2011-12	Not Notified



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8. The preliminary findings have recommended ADD imposition on **87%** of the World Soda Ash Production. **It gives a feeling that Cost of Production of Indian Soda Ash Industry is HIGHEST in the world !!**
9. There are only 3 countries in the world – USA, Turkey and Kenya that have Natural Soda Ash sources. The inherent difference between Natural and Synthetic Soda Ash has not been considered. They have differential application, substantially different cost of production and therefore differential selling prices.
10. **It is STRANGE that TAX RESEARCH UNIT has not found merit in extending the pre-recommended safeguard duty by DGSG (20.4.11 to 19.4.12) !!! ???**

D. Inconsistencies in Data collation

1. As per Causal Link point (e) on Export performance of the of DGAD, the Value figures of export sales converted to quantity throws up irrational figure. For example:-
 - a) During the Period of Injury the quantity comes to (174424 mn / Avg export price of Rs 12000 per MT)= **14.5 lacs MT**.
 - b) Production as per preliminary finding of DGAD in 2009-10 is **14.03 lac MT**. How can an Industry export more than what it has produced? Point to be noted that they have sold **12.03 lac MT**
2. Conversely if we take the export quantity figures of DGSG and Export value mentioned by DGAD, the per MT realisation comes at an irrational figure as mentioned below:-

Year	Export in MT as per DGSG	Export Value in crores as per DGAD	Realisation (INR/MT)
2006-07	168857	575.18	34063
2007-08	137848	441.42	32022
2008-09	158976	797.76	50181
2009-10	200219	1744.24	87117

Source: Quantity of exports- DG safeguard report (Table 9A, 10A). Total value of exports – DGAD preliminary finding (Para 98 (e), Page 56)

E. Impact on Glass Exports

CAPEXIL has fixed a target of doubling exports of glass and glassware from the existing level of about Rs. 2000 crores to Rs. 4000 crores in 2012-13. Glass Industry will put its best to achieve this target even though it will be a stupendous task in view of competition in the International market. In case there is an increase in prices of soda ash, which is a critical input for glass industry, it may be difficult even to sustain the existing level, as the resultant cost increase would make Indian products uncompetitive in the Global Market.



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F. Impact of ADD imposition on Glass Industry

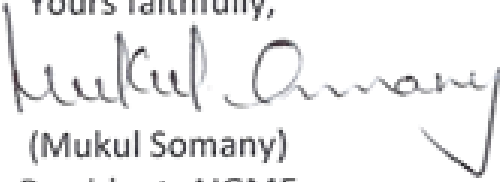
1. With STEEP increase in Cost of production, buyers of Glass industry will resort to large scale imports.
2. This will have an immediate impact on the livelihood of the workmen employed because most units may be forced to curtail / stop production.
3. The Proposed investment pipeline (Rs. 8000 crore) of Glass Industry will go dry.

III. Humble Appeal

As there is no economic logic for imposition of ADD, we appeal that the preliminary findings should not be proceeded with.

Should you require any further information / clarification, we should be too pleased to provide the same to the concerned officer at their convenience.

Thanking you,

Yours faithfully,

(Mukul Somany)
President, AIGMF