

Input tariffs hit local polyester units

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After a plea by Reliance Industries (RIL) and Mitsubishi's MCC PTA India Corporation, the government initiated a probe and imposed the anti-dumping duties in the range of \$19.05-117.09 per tonne (5-11%, effectively, depending on the country) on imports of the purified terephthalic acid (PTA) from China, Korea, the European Union and Thailand.

The purified terephthalic acid is used in making polyester staple fibre (PSF), polyester filament yarn (PFY) and film. Subsequently, imports of polyester staple fibre more than tripled to 16,785 tonnes in July-August this year, compared with 4,441 tonnes a year before. Similarly, purchases of PFY from overseas climbed 130% to 8,965 tonnes in the last two months from a year earlier.

In letters to revenue secretary Shaktikanta Das and commerce secretary Rajiv Kher, the PTA Users Association comprising companies, including Indo Rama Synthetics, Filatex India, JBF Industries and Shubhalakshmi Polyesters, has sought the removal of the anti-dumping duties, arguing that "no industry can work on the inverted duty structure" whereby imports of raw materials are taxed higher than those of finished products. (By the way, it is the government's stated policy to dismantle inverted duty structures and the latest budget also reflected this).

And if that's not possible, the users of PTA say, the government should scrap the 5% basic customs duty on the PTA and raise the import duty on the finished goods such as the PSF and the PFY so that the domestic industry isn't harmed and India's export competitiveness in synthetic/blended textiles and garments is not undermined.

India produced 3.47 million tonnes of PTA in 2012-13 compared with the demand of 4.12 million tonnes and the same level of shortage continued through the last fiscal as well, according to users.

Before the levy of the anti-dumping duty, the government's preliminary findings had suggested that the PTA was exported to India from countries such as China, Korea, the European Union and Thailand "below normal value" and the domestic industry had "suffered material injury due to dumping". However, the PTA users contested the findings, saying when RIL had been running at over 100% capacity and also undertaking expansion, the claim of injury to domestic producers is unfounded. There was a PTA shortage when the dumping duties were imposed, they said.