

## **Antidumping duty on PTA to hurt polyester industry**

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The recent notification by Ministry of Commerce and Industry under Preliminary findings recommending the imposition of provisional antidumping on imports of purified terephthalic acid (PTA) will have adverse impact of polyester fibre and textile industry, the major user of PTA, in India, according to Indo Rama Synthetics (India) Ltd.

The notification, dated June 19, 2014, has recommended the imposition of provisional antidumping on imports of PTA from countries such as China, Korea, Thailand and European Union varying from as high as \$117.09 per metric tonne (MT) to a low of \$ 19.05/MT on the petition filed by Reliance Industries Ltd and MCC PTA India Corporation.

Indo Rama Synthetics said, "It seems that recommendation to impose antidumping duty is done in hurry without understanding and proper calculations as the margin from para xylene (PX) to PTA is hardly \$100/MT and with duties \$ 62.82 on China, \$ 117.09 on Korea and in other cases \$ 99.51 to other producers category of Thailand, highly impacting the polyester fibre chain."

It is to bring to attention that domestic PTA players have already started charging \$30 -\$40 per MT additional over FOB prices in view of the provisional antidumping duty thereby increasing the cost of PTA which is not healthy for the downstream industry.

"The various pleas and representation raised by producers of polyester fibre and filament, associations like FICCI, PHD, CII, CITI, Indian Spinners Association, PTA user association, STRETPC had not made any impact on the authorities. It is needless to say that any antidumping duty on PTA will not only increase the cost of poor man's fabric and at the same time will go against the growth of polyester fibre industry," said Indo Rama Synthetics (India) Ltd in a press release.

The move will hurt the positive sentiments in textile industry and players like Indo Rama Synthetics (India) Ltd, Filatex, JBF, Wellknown, etc, will be negatively affected by higher cost of PTA, a major raw material of polyester fibre and filaments. For one MT of polyester fibre production, around 85% of PTA is used. The polyester fibre producers import fair quantity of PTA as there is a gap in demand-supply. "The only beneficiary of antidumping duty imposition in India looks to be largest and integrated polyester player and this move will kill the competition in the industry, unfair to Indian consumers," the press release added.

The Indian polyester fibre producers are already at \$ 100 PTA cost disadvantage which comprises of around \$ 50 because of custom duty of 5% and \$ 35-40 as freight differential and \$ 10 /MT as other levies like port handling charges etc. In view of this there is no justification of antidumping duty. "It may be noted that there are no integrated polyester fibre players except Reliance Industries Ltd and this move will solely benefit Reliance Industries Ltd, the major producer of PTA. The Indian polyester industry will become less competitive to the extent of antidumping duty value. As manufacturing cost will go up after antidumping duty imposition, it is seen

as a setback to the exports of synthetic fibre, yarns, fabrics and readymade garments,” said the Indo Rama Synthetics press release.

The downstream industry will suffer a lot as cost of product in the entire polyester value chain will go up making it uncompetitive for domestic and exports market. The export target of \$ 60 billion is likely to be affected by this untimely and undesired move.

“On Page 60 of the notification it is mentioned under Para 95 (d) – Development in Technology that ‘None of the interested parties have furnished any evidence to demonstrate significant changes in technology that could have caused injury to the domestic industry’. If this is the case so then how RIL is putting up a 2.4 million tonnes PTA plant in India. There have been technology changes resulting in bigger and economical viable plants leading to such large scale projects,” Indo Rama Synthetics argues in the release.

A reasonable protection is already provided to PTA industry by allowing zero custom duty on PX and 5% custom duty on PTA. In addition to above, this antidumping duty on PTA is highly detrimental to the polyester fibre industry which is currently working on 60-70% utilisation due to lack of PTA supply. The antidumping duty imposition will further bring down the utilisation rate and it can result in closure of the some of the units leading to unemployment.

It will further add to the financial burden to the existing polyester fibre producers who are already facing a crunch in capital working, unable to clear the debts and with hardly any margins, any antidumping duty will further add to the woes of Indian polyester fibre Industry. “The recommendation of provisional antidumping duty on PTA is not a healthy sign for polyester fibre industry and in general for overall textile industry. The provisional antidumping duty is uncalled for and will be a deathblow to over 20,000 small and medium polyester fibre and its products manufacturing units in the country,” said the release.