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No.6/25/2017-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi -110001**

Dated 2nd January, 2018

**Initiation Notification
(Case No. OI-30/2017)**

Subject: Initiation of Anti-dumping investigation concerning imports of 'concerning imports of Fluoroelastomers (FKM) from People's Republic of China.

F.No.6/25/2017-DGAD: M/s Gujarat Fluorochemicals Ltd. (hereinafter referred to as "petitioner" or "the applicant") have filed an application before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped articles and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the Rules) for initiation of anti-dumping investigation and imposition of anti-dumping duty concerning imports of Fluoroelastomers (FKM)(hereinafter also referred to as the subject good or product under consideration), originating in or exported from China PR, (hereinafter also referred to as the subject country).

Domestic Industry & Standing

2. The Application has been filed by M/s Gujarat Fluorochemicals Ltd. as the domestic industry.

3. The applicant company has claimed that they are the sole producer of subject good in India and a new entrant in the market. Thus, as per the evidence available on record, the production of the applicant company constitutes "a major proportion" of the domestic production; in fact 100% share of domestic production. The Authority, therefore, determines that the applicant company constitutes eligible domestic industry within the meaning of Rule 2 (b) of the Anti- Dumping Rules and

the application satisfies the criteria of standing in terms of Rule 5 (3) of the anti-dumping Rules.

Product under consideration

4. The product under consideration (PUC) in the present investigation is Fluoroelastomers (FKM). Fluoroelastomers (FKM) is a class of synthetic rubber designed for very high temperature operation. With excellent over-all properties, Fluoroelastomers (FKM) is called as the "Rubber King. It contains not-fully-fluorinated molecular structure, and its main and side chains contain strong electronegativity of fluorine atoms. "Fluoroelastomers" are a family of fluoropolymer rubbers, not a single entity. It can be classified by their fluorine content, 66%, 68%, & 70% respectively. FKMs are broadly categorized in two sets - Copolymer and Terpolymer.

5. There are various applications of Fluoroelastomers (FKM) such as industrial use in hydraulic O-ring seals, check valve balls, electrical connectors, automotive use in shaft seals, fuel injector O-rings, and aerospace use in O-ring seals in fuels, lubricants & hydraulic system, manifold gaskets and fuel tank bladders.

6. The product does not have dedicated classification. The product under consideration is classified under Chapter 39 under customs subheading no 3904 of the Customs Tariff Act, 1975. It is however submitted that the customs classification is indicative only and in no way it is binding upon the product scope.

Like Article

7. The applicant has claimed that there is no known difference between the subject goods exported from subject countries and that produced by the domestic industry. As submitted by the applicant, the product under consideration produced by the domestic industry and imported from subject country is comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable.

8. The applicant has further claimed that two are technically and commercially substitutable and, hence, should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the Authority treats the subject goods produced by the applicant in India as 'Like Article' to the product under consideration being imported from the subject country.

Country involved

9. The present investigation is in respect of dumping of the product under consideration from China PR.

Normal Value

10. The petitioners have submitted that they could not able to provide domestic selling prices of the subject goods in the subject country. The petitioners also claim that there is significant distortions prevailing in the Industry is China PR. Therefore, the Normal Value in the subject country has been estimated on the basis of cost of production in India; taking into account cost of raw material of domestic industry, cost of utilities and conversion cost of domestic industry, duly adjusted on account of selling, general & administration expenses, plus reasonable profit.

Export Price

11. The applicants have determined the export price for the product under consideration for China PR based on the import statistics obtained from DGCI&S imports data. Price adjustments have been made on account of Ocean Freight, Ocean Insurance, Port Expenses, Inland Freight, Commission and Bank Charges for the subject country.

Dumping Margin

12. The normal value and the export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject country. There is sufficient prima facie evidence that the normal values of the subject goods in the subject country are significantly higher than the ex-factory export price,

indicating, prima facie, that the subject goods are being dumped into the Indian market by the exporters from the subject country.

13. There is sufficient evidence of the significant dumping margins to justify initiation of antidumping investigation.

Injury and Causal Link

14. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption, price suppression, price underselling, significant financial losses, negative ROCE, negative growth in various parameters etc. The applicant has also claimed that dumping of the product under consideration is materially retarding the establishment of the domestic industry. The production, sales, capacity utilization and market share of the domestic industry is quite low considering the demand for the product in the Country and considering that the domestic industry commenced commercial production sometime back.

15. From the foregoing, the Authority prima facie finds sufficient evidence of dumping of the subject goods originating in or exported from the subject country, injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation in terms of Para 5 of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the 'injury' to the domestic industry.

Initiation of anti-dumping investigation

16. The Designated Authority, in view of the foregoing paragraphs, initiates antidumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject countries.

Period of Investigation (POI)

17. The period of investigation for the purpose of present investigation is from 1st July, 2016 – 30th June, 2017. The injury investigation period will however, cover the periods 2014-2015; 2015-2016; 2016-2017 and the POI.

Submission of information

18. The known exporters in the subject countries, the Government of the subject countries through their embassy in India, the importers and users in India known to be concerned with the product are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address:

**The Designated Authority
Directorate General of Anti-Dumping & Allied Duties
Department of Commerce,
Jeevan Tara Building, 4th Floor
5, Parliament Street
New Delhi -110001**

19. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below.

Time limit

20. Any information relating to the present investigation and any request for hearing should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 Days) from the date of publication of this Notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Anti-dumping Rules.

21. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses and offer their comments to the domestic industry's application regarding

the need to continue or otherwise the Antidumping measures within 40 days from the date of initiation of this investigation.

Submission of Information on Non-Confidential basis

22. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.

23. Information supplied without any confidential marking shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies of the confidential version and five (05) copies of the non- confidential version must be submitted by all the interested parties.

24. For information claimed as confidential; 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 and/or why summarization of such information is not possible.

25. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /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, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.

26. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or 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.

27. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority 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.

Inspection of Public File

28. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

Non-cooperation

29. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and 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)

Additional Secretary & Designated Authority