

File No 14/6/2011-DGAD  
Government of India  
Ministry of Commerce & Industry  
Directorate General of Anti-dumping & Allied Duties  
Udyog Bhawan, New Delhi

Dated the 9<sup>th</sup> April, 2012

**INITIATION NOTIFICATION**

**Subject: Initiation of Anti-Dumping Duty investigation concerning imports of 'Electrical Insulators' originating in or exported from China PR.**

No.14/6/2011-DGAD: M/s WS Industries (India) Ltd., M/s Modern Insulators Limited; M/s Insulators and Electrical Company and M/s Aditya Birla Nuvo Ltd have filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and the 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 referred to as the AD Rules) for initiation of Anti-Dumping Duty investigation concerning imports of electrical Insulators (hereinafter also referred to as the subject goods) originating in or exported from China PR (hereinafter also referred to as the subject country). M/s WS Industries (India) Ltd., M/s Modern Insulators Limited; M/s Insulators and Electrical Company and M/s Aditya Birla Nuvo Ltd have provided the relevant information.

2. AND WHEREAS, the Authority finds that 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; the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the AD Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the 'injury' to the domestic industry.

**Domestic Industry & Standing**

3. The petition has been filed by WS Industries (India) Ltd., Modern Insulators Limited; Insulators and Electrical Company and Aditya Birla Nuvo Ltd. There are a number of other producers of the product under consideration in India. The Authority has noted that Modern Insulators Limited, Insulators and Electrical Company and Aditya Birla Nuvo Ltd have certified that there are no imports of the product under consideration. The Authority has also noted that WS Industries (India) Ltd has made significant imports during the period of investigation (POI). The Authority has, therefore, considered WS Industries (India) Ltd as ineligible domestic industry in view of significant imports made

by the company. The Authority further notes that the total production of the remaining three petitioners, viz., Modern Insulators Limited; Insulators and Electrical Company and Aditya Birla Nuvo Ltd during the Period of Investigation (POI) is 67 % after excluding production of WS Industries from Indian production. The Authority, therefore, concludes that these three petitioners have standing to file the present petition and constitute the Domestic Industry within the meaning of the Anti Dumping Rules.

### **Product under consideration**

4. The product under consideration for the purpose of present investigation is “Electrical Insulators made of porcelain/ ceramic or glass, whether assembled or unassembled” originating in or exported from China PR.

The petitioners have submitted that Insulators can be either of porcelain or of glass. Porcelain Insulators are produced using clay, silica, feldspar and metal parts; while glass insulators are produced using silica and metal parts. Both constitute one article, considering the characteristics of these two types, manufacturing process, functions, uses and prices. In fact, the product is a technology neutral product. Power Grid Corporation has floated tenders for procurement of insulators which can be of glass or porcelain. The Corporation has placed no distinction between glass and porcelain insulators and has placed orders solely on the basis of prices. The Corporation has not made any technical distinction between the two products. Further, it is noted that the product is sometimes invoiced by the suppliers without reference to “glass” or “porcelain”. The commercial invoice available in respect of manufacturers of glass insulators does not refer to “glass”. Import data of the product under consideration also at several instances does not refer to “glass”. It is, thus, evident that the mere difference in the two types is in the form of raw material and production technology, which does not lead to two distinct articles. The article produced through two different technologies clearly constitutes one article only. That is why the product is a technology neutral product.

The main function of Electrical Insulator is to insulate one conducting body from another at high voltage areas, or to insulate a body which can transmit electrical energy to the surrounding, at areas where such transmission of electrical energy has to be avoided. Typical applications of electrical insulators are in Bushings, Disconnectors, Circuit breakers, Transformers, Power transmission and distribution lines, including railways, Electrostatic Precipitators etc. Glass or Porcelain insulators are classified under customs heading 8546 under Chapter 85 of the Customs Tariff Act.

### **Like Articles**

5. The Petitioners have claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no differences either in the technical specifications, quality, functions or end-uses of the dumped imported goods and the domestically produced subject goods. The two are technically and commercially substitutable and, hence, should be treated as ‘like article’ under the AD 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 subject goods being imported from the subject country.

### **Subject Country**

6. The country involved in the present investigation is China PR.

### **Normal value**

7. The Petitioners have submitted that China PR should be treated as a non-market economy and the normal value should be determined in accordance with para-7 of Annexure-I to the Rules. The petitioners have claimed normal value on the basis of cost of production in India, duly adjusted; stating that consideration of cost or price in a market economy third country is not available. The Normal value claims by the Petitioners have been considered for the purposes of initiation.

### **Export Price**

8. The Petitioners have claimed export prices on the basis of China Customs data to assess the volume and value of imports in India. Price adjustments have been made on account of commission, port expenses, inland freight and bank charges to arrive at the net export price.

### **Dumping Margin**

9. The Petitioners have provided sufficient evidence that the normal values of the subject goods in the subject country are significantly higher than the net export prices, prima-facie, indicating that the subject goods originating in or exported from the subject country are being dumped, to justify initiation of an antidumping investigation.

### **Injury and Causal Link**

10. Information of three petitioner companies, after excluding WS Industries, has been considered for assessment of injury to the domestic industry. The Petitioners have 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 in India, significant price undercutting and price depression and consequent significant adverse impact in terms of production, capacity utilization, domestic sales volumes, inventories, market share, profits, return on capital employed, and cash flow for the domestic industry. There is sufficient evidence of the 'injury' being suffered by the domestic industry caused by dumped imports from subject country to justify initiation of an antidumping investigation.

### **Period of Investigation**

11. The period of investigation (POI) for the purpose of present investigation is from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2011. However, for the purpose of analyzing injury, the data of previous three years, i.e. Apr'08-Mar'09, Apr'09-

Mar'10, Apr'10-Mar'11 and the proposed period of investigation has been considered. For threat of material injury, the data beyond the POI would also be examined.

### **Submission of information**

12. The known exporters in the subject country and its Government through its Embassy in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

**The Designated Authority,  
Directorate General of Anti-Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce,  
Room No.240, Udyog Bhawan,  
New Delhi -110107.**

### **Time limit**

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date 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 AD Rules.

### **Submission of Information on Non-Confidential basis**

14. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2) of the AD Rules for the confidential information provided as per Rule 7 (1) of the AD Rules. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

15. Notwithstanding anything contained in para above, 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 authorise its disclosure in a generalised or summary form, it may disregard such information.

### **Inspection of Public File**

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

## **Non-cooperation**

17. 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 record its findings on the basis of the facts available to it and make such recommendations to the Central Governments as deemed fit.

**Sd/-**

**(Vijaylaxmi Joshi)  
The Designated Authority**