

To be published in Part-I Section I of the Gazette of India Extraordinary

**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 the 1st June, 2016

INITIATION NOTIFICATION

Subject: Anti Dumping investigation concerning imports of “Naphthalene in both its forms”. – Crude Naphthalene originating in or exported from China PR, European Union, Russia, Iran, and Japan and Refined Naphthalene originating in or exported from China PR, European Union and Taiwan.

No.14/35/2015-DGAD: M/s Himadri Chemicals & Industries Ltd. (hereinafter referred to as the applicant) has 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 Crude and Refined Naphthalene (also referred to as Subject goods). The Countries concerning Crude Naphthalene imports are China PR, European Union, Russia, Iran and Japan, while the Countries concerning Refined Naphthalene imports are China PR, European Union and Taiwan. The above mentioned countries herein after are also referred to as the Subject Countries.

2. And whereas, the Authority notes that sufficient prima facie evidence of dumping of the subject goods, originating in or exported from the subject countries, ‘injury’ to the domestic industry and causal link between the alleged dumping and ‘injury’ exists justifying 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 Rule 5 of the Rules, to determine the existence, degree and effect of alleged dumping and to consider recommending an amount of antidumping duty, which if levied, would be adequate to remove the ‘injury’ to the domestic industry.

Domestic Industry & Standing

3. The Application has been filed by M/s Himadri Chemicals & Industries Ltd. and supported by M/s Supreme Petro Synth Specialities and M/s Indian Petro-Coal Products both being producers of Crude and Refined Naphthalene. The other producers of Crude Naphthalene in India are Bhilai Steel Plant, Bokaro Steel Plant, Vizag Steel Plant, Aparna Carbons Private Limited and Supreme Industries. The other producers of Refined Naphthalene are Supreme Industries and Jaya Household Products.

4. The petitioner has submitted that they have imported Crude Naphthalene from China and Russia in the POI only for purpose of captive consumption for a downstream product and not for direct commercial sales. They have further declared that they are not related either to any exporter or producer in the subject country or any importer of the in India of the PUC.

5. The Authority notes that in past, eligibility of an applicant producer who imported the subject goods has been appropriately considered based on the quantum, nature and circumstances regarding imports made by the applicant. In this case also, keeping in view these aspects, the Authority holds that the petitioner along with supporting domestic producers constitutes an eligible domestic industry in terms of Rule 2 (b) and satisfies the criteria of standing also in terms of Rule 5 (3) of the Rules supra.

Product under consideration

6. The product under consideration for the purpose of present investigation is "Naphthalene in both its forms i.e. Crude and Refined.

7. Crude Naphthalene is a crystalline, aromatic, white powder organic compound. It is produced by distillation of coal-tar and is used as a raw material for manufacturing various chemicals, Dyes and intermediates, plasticizers and reinforcing agent in cement concrete. Unless specified Naphthalene means Crude Naphthalene.

8. Refined or-pure Naphthalene is produced from crude Naphthalene by removing impurities. Refined Naphthalene is used for producing dyes and intermediates, leather chemicals, Naphthalene mouth balls and pharmaceuticals.

9. Crude Naphthalene is classified under Chapter 27 under sub heading 2707 40 00 of Customs Tariff Act, 1975. Refined Naphthalene is classified under Chapter 29 under

sub heading 2902 90 40 of Customs Tariff Act, 1975. The customs classification is however indicative only and in no way it is binding upon the product scope.

Like Article

10. The applicant has claimed that there is no known difference between the subject goods exported from the subject countries and that produced by the domestic industry. Naphthalene (Crude and Refined) produced by the domestic industry and imported from the subject countries are 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 use the two interchangeably. The applicant has further claimed that the 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 domestic industry in India as 'Like Article' to the subject goods being imported from the subject countries.

Countries involved

11. The present investigation is in respect of alleged dumping of Crude Naphthalene from China PR, European Union, Russia, Iran and, Japan **and** Refined Naphthalene from China PR, European Union and Taiwan. (referred to as the "subject countries").

Normal Value

China

12. Applicant has claimed that China should be treated as a non-market economy and normal value in case of China should be determined in accordance with para-7 and 8 of Annexure I of the Rules. The applicant has claimed normal value for China PR on the basis of cost of production in India, duly adjusted. In terms of Para 8 in Annexure 1 to the Rules it is presumed that the producers of the subject goods in China PR are operating under non market economy conditions. In view of the above non-market economy presumption and subject to rebuttal of the same by the responding exporters from China PR, normal value of the subject goods in China PR has been estimated in terms of Para 7 of Annexure 1 to the Rules.

European Union, Russia, Iran, Japan and Taiwan

13. The applicant has claimed determination of normal value in European Union, Russia, Iran, Japan and Taiwan on the basis of best estimates of cost of production in these subject countries, considering consumption norms of the domestic industry and international prices of raw materials. The power cost is based on the power rates in the

respective subject countries. Due to significant cost and price difference in the two forms of Naphthalene, the petitioner has claimed determination of separate normal value for crude and refined naphthalene.

Export Price

14. The applicant has determined ex-factory export price on the basis of transaction wise data procured from IBIS a secondary source and providing evidence and basis of adjustments on account of ocean freight, marine insurance, port expenses, inland freight, bank charges, commission and VAT adjustment (in case of China only).

Dumping Margin

15. The comparison of normal values with the ex-factory export price has been carried out separately for crude and refined Naphthalene which shows a considerable dumping margin in respect of the subject goods exported by the subject countries.

Injury and Causal Link

16. The petitioner has furnished evidence regarding injury due to alleged dumping due to increased imports in absolute terms and relative to production and consumption in India, price depression, price underselling and adverse impact on profitability, return on capital employed, and cash flow of the domestic industry. There is sufficient prima facie evidence of the 'injury' being suffered by the domestic industry caused by alleged dumped imports from the subject countries to justify initiation of an antidumping investigation.

Period of Investigation (POI)

17. The period of investigation for the present investigation is from 1st January, 2015 to 31st December 2015 (12 months). The injury investigation period will however cover the periods Apr'11-Mar'12, Apr'12-Mar'13, Apr'13-Mar'14, Apr'14-Mar'15 and the period of investigation.

Submission of information

18. The known exporters in the subject countries, the Government of the subject countries through their embassies 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,
Ministry of Commerce & Industry, Department of Commerce
4th Floor, Jeevan Tara Building, 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.

A.K. Bhalla
Additional Secretary & Designated Authority