

Government of India
Ministry of Commerce & Industry
Directorate General of Anti-Dumping & Allied Duties
Udyog Bhawan, New Delhi

Notification

30th November 2011

Subject: - Sunset Review of anti-dumping duty imposed concerning imports of 'Cellophane Transparent Film' (CTF) originating in or exported from China PR - Final Findings.

No.15/15/2010-DGAD. – Whereas having regard to the Customs Tariff Act, 1975 as amended (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended (herein after referred to as the AD Rules), the definitive anti-dumping duty was originally imposed vide notification No.94/2006 dated 7th September 2006 on import of 'Cellophane Transparent Film' (also known as Transparent Paper) (hereinafter also referred to as the subject goods) originating in or exported from China PR (hereinafter also referred to as the subject country).

A. BACKGROUND

2. And whereas, in view of the order of the Hon'ble Delhi High court in the matter of *Indian Metal and Ferro Alloys Ltd v/s Designated Authority*, Writ Petition (Civil) No. 16893 of 2006 and in accordance with Section 9 A (5) of the Act, read with Rule 23 of AD Rules, the Authority issued a public notice dated 1st December 2010, published in the Gazette of India, Extraordinary, initiating the Sunset review investigation to review the need for continued imposition of duties in force and to examine whether the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury.

3. And whereas, antidumping duty as notified vide Notification No. 94/2006- Customs dated 7th September 2006 was extended up to 30th November 2011 vide notification No. 5/2011-Customs dated 7th February, 2011 in terms of Section 9(A) (5) of the Act.

B. PROCEDURE

4. In this proceeding, the procedure described herein-below has been followed:

- i. The Embassy of the subject country in India was informed about the initiation of the investigation, in accordance with Rule 6(2) of the AD Rules.
- ii. The Authority sent copies of initiation notification dated 1st December 2010 to the Embassy of the subject country, known exporters/producers from the subject country, known importers and other interested parties, and the domestic producers, as per the information available with it. Parties to this investigation were requested to file the questionnaires' responses and make their views known

in writing within the prescribed time limit. Copies of the letter and questionnaires sent to the exporters/producers were also sent to the Embassy of the subject country along with a list of known exporters / producers with a request to advise the exporters/ producers from the subject country to respond to the questionnaires within the prescribed time.

- iii. Questionnaires were sent to the following known exporters/producers from the subject country in accordance with Rule 6(4) of the AD Rules to elicit relevant information:

1	M/s. ShangYu Cellophane Co. Ltd.
2	M/s. Yuyao Paper Mill
3	M/s. Weifang Henglian Cellophane Co. Ltd.
4	M/s. Shengzhou Pengyu Trading Co. Ltd,

However, none of the exporter/producer from the subject country filed the questionnaires' response.

- iv. Questionnaires were sent to the following known domestic producers, importers, users and associations of the subject goods in India seeking necessary information:

1.	M/s Kesoram Industries
2.	M/s Hindustan Lever Ltd,
3.	M/s Mahavir Spinning Mills Ltd,
4.	M/s R P J Packaging Pvt Ltd.
5.	Reliance Industries Ltd
6.	M/s Choice Laboratories
7.	M/s Maya Impex
8.	M/s Phoenix Yule Limited
9.	M/s Indian Chemical Company
10.	M/s Apex Natch Consortium
11.	M/s The Paper Products Ltd
12.	M/s Zaibe Trading Co
13.	M/s Harbanslal Malhotra & Sons Ltd
14.	M/s Threads (India) Limited
15.	M/s Mysore Scents Company
16.	M/s Phils Laminations
17.	M/s C.N.Enterprises
18.	M/s Jyoti Coaters P Ltd
19.	M/s Trend International

S.N.	Association's/Other's Name
1.	Centax Publications
2	Confederation of Indian Industry (CII)
3	Federation of Indian Chambers of Commerce & Industry (FICCI)

4	Associated Chambers of Commerce & Industry of India, (ASSOCHAM)
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- v. In response to the initiation notification, M/s. Harbans Lal Malhotra & Sons Pvt. Ltd. stated that neither they are importer nor consumer of the subject goods and that they are not interested in participating in this investigation.
- vi. In another communication, it has been inter alia claimed that the subject goods have not been imported into India during the POI at all. However, the Authority has examined the issue and has reflected the same in the relevant section.
- vii. The imports data for the period of investigation and preceding three years was called from Directorate General of Commercial Intelligence and Statistics (DGCI&S), which was received by the Authority.
- viii. In pursuance to the notification issued by the Authority dated 1st December 2010, the Authority received an application from M/s Kesoram Rayon, Distt. Hooghly, West Bengal, requesting for continuance and enhancement of anti-dumping duty in force against dumping of the subject goods in the Indian market by the producers and/or exporters from the subject country. In response to the initiation notification, none of the producers/exporters from China PR has responded.
- ix. The Authority made available non-confidential version of the evidence presented by the interested parties in the form of a public file kept open for inspection by the interested parties.
- x. As stated, a request for continuation of the anti-dumping duty was received from M/s Kesoram Rayon, which as per information available on record is the sole producer of the subject goods in India. M/s Kesoram Rayon has submitted the information/data for undertaking the injury analysis. The Authority has examined the information furnished by the company to the extent possible on the basis of Generally Accepted Accounting Principles (GAAP) to analyze the injury suffered and to work out the cost of production and the non-injurious price of the subject goods in India so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xi. In accordance with Rule 6(6) of the AD Rules, the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 27th June 2011. The parties which presented their views in the public hearing were requested to file written submissions of the views expressed orally. The arguments made in the written submissions received from the interested parties have been considered, wherever found relevant, in the disclosure statement.

- xii. The Period of Investigation (POI) for the purpose of the present review is 1st October 2009 to 30th September 2010 (12 months). However, injury analysis covers the years 2007-08, 2008-09, 2009-10 & POI.
- xiii. Verification to the extent deemed necessary was carried out in respect of the information & data submitted by the domestic industry.
- xiv. In accordance with the Rule 16 of the AD Rules, the essential facts under consideration before the Authority in the instant investigation are being disclosed to the known interested parties. The comments received on the disclosure statement, to the extent considered relevant, would be considered in the findings.
- xv. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xvi. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded the findings on the basis of the 'facts available'.
- xvii. *** In this statement represents information furnished by the interested parties on confidential basis and so considered by the Authority under the AD Rules.

Post Disclosure submissions

5. Except the domestic industry, no other interested party has responded to the disclosure statement. The domestic industry has, *inter alia*, stated that considering the facts disclosed, the anti-dumping duty against the subject country should continue for a further period of five years.

Submissions made by the Domestic industry

6. The domestic industry, in brief, has contended as follows:
- The exporters and producers of China PR continued to export the material at dumped prices even after imposition of the dumping duties.
 - Given the significant difference in the export price from China PR to India as compared to imports from the other countries even though the measures was in force in respect of China PR; the domestic industry has a reasonable apprehension that revocation of duties in the present case would definitely result in intensified dumping from China PR and increase in the import volumes.
 - The dumping margin from the subject country continues to be significant.

- There has been a continuous import in to India from the subject country albeit at low levels. However, likelihood of future dumping can be ascertained based on the fact that exports from the subject country are still at dumped price which is resulted in significant dumping and price undercutting.
- After cessation of the current duty, exporters from the subject country would increase the exports of the subject goods and cause injury to the domestic Industry. Thus, revocation of present duty in force would surely result in significant dumping and consequent injury to the domestic industry.
- The producers in the subject country hold excessive capacities of producing the subject goods *vis a vis* the demand of subject goods in India. China PR holds enough capacity to grab the entire Indian market of the product concerned.

Examination by the Authority

7. The submissions made by the domestic industry have been appropriately dealt with in respective sections of this Disclosure statement.

C. Product under consideration and Like article

8. The product under consideration in the original case was ‘Cellophane Transparent Film’ (also known as Transparent Paper or TP film), originating in or exported from People’s Republic of China. The Authority notes that since present review investigation is a Sunset review investigation, the product under consideration remains the same as has been defined in the previous investigation.

‘Cellophane Transparent Film’ is a re-generated cellulose film of glass with clear transparency and sparkle. It is flexible, yet tough and withstands all the beatings in an automatic packaging operation and shows outstanding machine ability as well as dimensional stability. It is made of wood pulp; hence it is non-toxic and bio-degradable. TP films can be coloured or white. Transparent Film is available in sheet and Roll forms. It is an ideal packaging material. There are various types of TP Films, having many Grades. All grades are within the scope of product under consideration.

9. The subject goods are classified under Chapter 39, sub-heading 392071 of the Customs Tariff Act in the category of Plastics and Articles thereof. However, Customs classifications are indicative only and in no way binding on the scope of the present investigation.

D. Scope of the Domestic Industry

Submissions made by the Domestic industry

10. The domestic industry, in brief, has stated that except M/s. Kesoram Rayon, a unit of M/s. Kesoram Industries Ltd., Kolkata, there are no other producers of the subject product in India . It thus commands 100% of Indian Production.
11. In view of the foregoing, they satisfy the requirement of standing to file the present petition. Petitioner constitutes ‘Domestic Industry’ pursuant to AD Rules. It is

however pointed out that this being a sunset review, standing is not required to be determined by the Authority.

Examination by the authority

12. Rule 2(b) under the AD Rules provides as follows:-

“domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term ‘Domestic Industry’ may be construed as referring to the rest of the producers only.

13. In the present review investigation, M/s Kesoram Rayon has responded to the initiation notification. As per information available on record, M/s Kesoram Rayon is the sole producer of the subject goods in the Country. Thus, M/s Kesoram Rayon satisfies the requirement of ‘domestic industry’ within the meaning of the AD rules.

E. Dumping Determination

Normal value

14. The Authority sent questionnaires to the known exporters/ producers from the subject country, advising them to provide information in the form and manner prescribed. However, none of the producer/exporter from China PR has co-operated in this investigation by filing their Questionnaires’ responses.

15. The Authority notes that in the past three years China PR has been treated as a non-market economy country in anti-dumping investigations by India and other WTO Members. China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters/producers in terms of the AD Rules.

16. As per Paragraph 8 of Annexure I of the AD Rules, the presumption of a non-market economy may be rebutted, if the exporter(s) /producer(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) of Paragraph 8 and establish the facts to the contrary. The co-operating exporters/producers of the subject goods from People’s Republic of China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Authority to consider the following criteria as to whether:

- the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labor, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;

- the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
 - such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - the exchange rate conversions are carried out at the market rate.
17. The Authority notes that consequent upon the initiation notice issued by the Authority; none of Chinese producers/exporters has submitted the questionnaires' responses including the market economy questionnaire's response and sought to rebut the non-market economy presumption.

Determination of Normal value in respect of Exporters / Producers from China PR

18. As none of Chinese producers and exporters has submitted the questionnaires' responses; the Authority has determined the Normal value in China PR on the basis of Para-7 to Annexure-I to the AD Rules.

19. Para 7 of Annexure I of the AD Rules provides that

“In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments”.

20. The Authority notes that no exporter/producer from China PR has co-operated in this investigation. Therefore, the presumption of non-market economy as enshrined in para 8(2) of Annexure 1 of the AD Rules remains un-rebutted. The Authority, therefore, has determined the Normal value in accordance with para 7 Annexure I of the AD Rules. In absence of sufficient information on record regarding the other methods as are stipulated in para 7 of Annexure I of the AD Rules, the Authority has determined the Normal value by adopting the method “any other reasonable basis”.

21. The Authority has therefore constructed the Normal value for China PR considering the international prices of major raw materials, consumption factor of domestic industry and conversion cost of domestic industry, the Normal value so determined works out as US\$ *** per Kg.

Export Price

22. The Authority notes that none of the exporters / producers China PR has responded to the initiation notification and provided information in the form and manner prescribed. Thus, as none of exporters / producers has provided any information that can be used for determination of the export price, the Authority has determined the ‘Export Price’ on the basis of ‘facts available’ on record, that is on the basis of transaction – wise data of DGCI&S and IBIS.

F. Dumping Margin

23. On the basis of the Normal value and Export price so determined at ex-factory level; the dumping margin during the POI for all exporters/producers from China PR has been determined as follows:

Exporter/producer	Country	Dumping Margin (US\$/Kg.)	Dumping Margin range (%)
Any	China PR	***	125%-140%

Continuation or recurrence of dumping:

Submissions made by the domestic industry:

24. The domestic industry has, in brief, contended as follows:
- Referring to various legal provisions concerning “likelihood of dumping’, the domestic industry has stated that the fundamental objective of the provision of Sunset review investigation is to examine the following aspects: -
 - Whether the dumping has continued; and if so, whether it is likely to continue;
 - In case where dumping did not continue, whether the dumping would recur in the event of cessation of anti dumping duties;
 - Should there be positive dumping margin in respect of exports made in the review period, it is likely that the dumping would continue with the cessation of anti dumping duty. However, should there be no exports in the current investigation period; the same does not imply absence of likelihood of recurrence of dumping. Other relevant factors are required to be examined in that case, for instance,

evidence, if any, regarding propensity for dumping, that may be determined by considering the exports of the subject goods in third country markets.

- In a situation where it is found that there are no exports of the subject goods from the subject country in the period of review, the Authority is required to further examine whether cessation of the anti-dumping duty in force would result in recurrence of dumping in the Indian Domestic market. In the instant case, at present, producers and exporters from the subject country are exporting the subject goods to the Indian market in spite of ADD in force. Therefore, should the anti dumping duties be revoked, these producers would resort to intensified dumping and cause consequent injury to the Domestic Industry.
- Referring to, Rule 23 of the AD Rules, 1995, the domestic industry has contended that the purpose behind the incorporation of the phrase ‘mutatis mutandis’ in Rule 23 is that it is expected that due to imposition of duty various parameters of the performance of the Domestic Industry may show improvement and positive trend. Therefore, the investigating authority should apply the various Rules of the AD Rules, 1995 in a review investigation as in an original investigation on mutatis mutandis basis.
- It has been stated that the likelihood of continuation or recurrence of dumping can be examined by considering the following parameters:
 - Dumping margin determined in all previous investigations relating to the product.
 - Dumping margin, if any, in respect to exports to third countries.
 - Volume of imports between original period and subsequent periods.
 - Freely disposable present and potential capacities with the foreign producers.
 - Price attractiveness of the Indian market
 - Actual and potential volume of exports.
 - Export price from other countries to India, particularly in case of low volume from the country under investigation.
- Given the facts of the present case, and considering the above parameters; apparently, dumping is likely to be caused in the event of cessation of anti dumping duty.

Continuation of Dumping

- It has been contended that in a situation where there are continued exports from a subject country, the Authority must examine whether the same were at dumped prices. In case exports to India are not at dumped prices, it may be further examined whether the exports to third countries are at dumped prices. Besides, reasonableness and reliability of the export prices may also be assessed. In case exports to India are at dumped prices; it is likely that the exporters would continue to export the subject good at dumped prices in case of cessation of anti-dumping duties.

- In the present case, the exporters and producers of China PR continued to export the subject goods at dumped prices, even after imposition of the dumping duties. Given the significant difference in the export price from China PR to India as compared to other countries even though the measure is in force; the domestic industry has claimed that a reasonable apprehension exists that cessation of anti-dumping duties in the present case is likely to result in intensified dumping from China PR in increased volumes.
- The domestic industry has further contended that there has been a continuous import in to India from the subject country, albeit at lower level. However, likelihood of future dumping can be ascertained based on the fact that exports from subject country are still at dumped price which has resulted in significant dumping and price undercutting. There is a reasonable belief that after cessation of the current duty, exporters of the subject country would increase the exports of subject goods and cause injury to the domestic industry. Thus, cessation of present duty in force is likely to result in significant dumping of the subject goods in the Indian market.

Price attractiveness of Indian market

- It has been further contended that the subject goods are exported from China PR to India at prices, which are significantly below than the net selling price of the domestic industry. Thus, there is likelihood of increased imports of the subject goods from the subject country, on cessation of the anti-dumping duty in force.

Excessive Production Capacities maintained by the China PR

- It has been contended that China PR holds excessive capacities of producing the subject goods. Comparing the demand of subject goods in India with the capacity of China PR, it has been contended that China PR holds enough capacity to grab the entire Indian market of the product concerned. The printouts of the web-sites of the Chinese producers of the subject goods have been enclosed as evidence showing capacity of the subject goods in China PR. Thus, there is a positive likelihood that the exporters and the producers of China PR would intensify dumping as soon as the duties in force are revoked.
- It has been contended that the current import level of the product concerned is likely to increase substantially due to the existence of unused capacity and the recent investments in production capacity in the country concerned. In addition, it is submitted that any recurrence of substantial imports at dumped prices from the country concerned would likely lead to a recurrence of further injury of the domestic industry should measures be allowed to lapse.

25. No other interested party has filed its submissions on the subject.

Examination by the Authority

26. In terms of relevant provisions, the following aspects need to be examined in a Sunset review investigation:

- Whether the dumping is continuing; and if so, whether it is likely to continue in the event of cessation of anti dumping duties;
 - In case where dumping did not continue, whether the dumping would recur in the event of cessation of anti dumping duties;
27. The AD Rules do not prescribe any specific methodology to examine the likelihood of dumping in a Sunset review investigation. However, in case there is a significantly positive dumping margin in respect of exports of the subject goods during the POI; then it is likely that dumping would continue in case of cessation of anti-dumping duty in force, unless the facts state otherwise. However, in case there have been no exports of the subject goods during the POI; then it would not mean that there is no likelihood of recurrence of dumping in case of cessation of anti-dumping duty in force. In such cases, other relevant factors are required to be examined, for instance, evidence, if any, regarding propensity for dumping, that may be determined by considering the exports of the subject goods in third country markets.
28. In the instant matter, the subject goods have been imported from the subject country during the period of investigation. It is noted that these goods have been imported at dumped prices and are significantly undercutting the prices of the domestic industry, even with the anti-dumping duty in force. In case, the anti-dumping duties are allowed to expire, the volume of the subject goods at dumped prices is likely to increase. This view is further buttressed, considering the capacities to produce the subject goods in China PR, which has not been disputed by any interested party.
29. In view of the above, the Authority notes that the subject goods are likely to continue to be dumped, if the present anti dumping duties is allowed to cease.

Injury

30. Annexure-II of the AD Rules provide for an objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.
31. For the purpose of current injury analysis the Authority has examined the volume and prices effects of imports of the subject goods from the subject country on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal link between dumping and injury, if any.

Import volumes and market share

32. The volume of dumped imports has been determined on basis of transaction-wise data as obtained from DGCI&S and the data as furnished by the domestic industry from IBIS. The volume of dumped imports and their share in imports from various countries and production & consumption in India during the injury period are tabulated below:

Import Volume

	2007-08	2008-09	2009-10	POI
Import Volumes (MT)				
From China	11	57	49	58
Total Imports (Trend)	100	528	452	529
Imports from Other countries	110	92	13	4
Total Imports	121	149	62	62
Total Imports (Trend)	100	124	49	52
Share of China in Imports %	9%	38.25%	83%	93.54%
Demand/ Consumption (MT)	1915	1813	2056	1975
Change in Demand as compared to previous year		-5.33%	13.40%	-3.94
Share of China in Demand in India %	0.57%	3.17%	2.39%	2.91%
Production (MT)	2276	2008	2119	2199
Imports from China in relation to domestic production (%)	0.48%	2.84%	2.32%	2.82%

- a) It is observed that the imports from China PR increased over the injury period from 11MT to 58 MT.
- b) Share of China PR in the total demand was 0.57% in the base year and rose to 2.62% in the POI.

- c) The demand of the product during the injury period varied in the range of -4% to 13%; however, it increased from 1915 MT in the base year to 1975 MT in the POI.
- d) The imports from China PR in relation to production in India increased from 0.48% in the base year to 2.82% in the POI.

Price effect of imports

33. The net sales realization (NSR) of the domestic industry has been arrived at by considering selling price, excluding taxes & duties, rebates, discounts & commissions and freight & transportation. The landed price of imports has been determined considering weighted average CIF import price, plus 1% landing charges and applicable basic customs duty, Cess etc. The trend of various prices is as follows:

Unit		2007-08	2008-09	2009-10	POI
CIF export price	Rs./Kg	***	***	***	***
Percentage increase(decrease) over previous year	%		-76	18	13
Landed price of imports (10.2%+1%)	Rs./Kg	***	***	***	***
Percentage increase(decrease) over previous year	%		-76	18	13
Anti Dumping amount	US \$ / Kg	1.91	1.91	1.91	1.91
Exchange Rate	Rs. / US\$	40.75	45.72	48.30	46.94
Anti Dumping amount	Rs./Kg	77.83	87.33	92.25	89.66
Landed Value including Anti-dumping duty (ADD)	Rs./Kg	***	***	***	***
Net Sales Realisation (NSR)	Rs./Kg	***	***	***	***
Net Sales Realisation (NSR) (Index)		100	110	120	120

Percentage increase/decrease over previous year	%		10.19	9.06	0.19
Cost of Sales	Rs./Kg	***	***	***	***
Cost of Sales (Index)		100	122	117	122
Percentage increase/decrease over previous year	%		21.68	-3.91	4.48
Price undercutting with ADD	Rs./Kg	***	***	***	***
Price undercutting with ADD (Range)	%	(90)-(100)	15-25	15-25	15-25
Price undercutting without ADD	Rs./Kg	***	***	***	***
Price undercutting without ADD	%	(40)-(50)	60-70	60-70	55-65

34. From the above it is seen that:

- a) CIF price of the subject goods into India from China PR was higher than NSR of the domestic industry in the year 2007-08, but it significantly reduced by 76% in 2008-09 and further reduced by 18% in 2009-10 and thereafter increased by 13% in the POI.
- b) As a result of decline in the CIF import price; the landed price of the imports from China PR also declined significantly.
- c) The landed prices of imports from China PR have been below the net sales realization of the domestic industry except for the base year, resulting in significant price undercutting.
- d) Besides, it is seen that the domestic industry was not able to increase the NSR in proportion to the increase in its cost of sales, thereby resulting in significant price suppression during the POI.

Economic Parameters relating to the domestic industry

35. Annexure II to the AD Rules requires that a determination of injury shall involve an object examination of the consequent impact of these imports on domestic producers

of such products. The AD Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow inventories, employment, wages, growth, ability to raise capital investments.

Production, sales volumes, capacity and capacity utilization

36. Status of the domestic industry with regard to production, sales volumes, capacity and capacity utilization showed as under:-

	2007-08	2008-09	2009-10	POI
Capacity (MT)	3600	3600	3600	3600
Production (MT)	2276	2008	2119	2199
Capacity utilisation (%)	63.22%	55.78%	58.86%	61.08%
Domestic Sales (MT)	1794	1664	1994	1913
Increase/decrease over previous year (%)		-7.25	19.83	-4.06
Export Sales (MT)	357	306	293	269
Demand (MT)	1915	1813	2056	1975
Market share in Demand (%)	94	92	97	97

37. It is seen that:
- a) It is seen that the capacity utilisation of the domestic industry has marginally decreased in the POI as compared to the base year that is from 63.22% to 61.08%; but marginally improved in the POI as compared to the preceding year.
 - b) It is seen that the domestic sales of the domestic industry reduced in 2008-09 as compared to the base year and increased in 2009-10 by about 20%, but once again marginally declined in the POI as compared to the preceding year.

Stocks

38. The inventories position of the domestic industry has been as follows:-

In MT

	2007-08	2008-09	2009-10	POI
Opening Stock	***	***	***	***
Closing Stock	***	***	***	***
Average Stock	284.5	364	297.5	325
Average Stock(Index)	100	128	105	114

39. No specific trend in average stock is observed during POI.

Market share

40. The market share of the domestic industry and China PR in demand of the subject goods in India was as follows:-

% Share	2007-08	2008-09	2009-10	POI
Share of domestic industry	93.71	91.76	96.99	96.86
Share of China PR	0.57%	3.17%	2.39%	2.91%
Market share lost(gained) by domestic industry		2%	-5%	

41. It is observed that Domestic industry had major market share during the injury period as the volume of imports have not been in significant quantity.

Profits

42. Profits earned by the domestic industry from the sales of the subject goods in the domestic market are as follows:-

	2007-08	2008-09	2009-10	POI
Profit before tax (Total profit) (Rs. in Lacs)	***	***	***	***
Profit before tax (Total profit) (Index)	100	-70	189	97

profit) (Index)				
Profit before tax (Profit per unit) (Rs. /Kg)	***	***	***	***
Profit before tax (Profit per unit) (Index)	100	-202	208	72

43. It is seen that the company suffered loss during the year 2008-09, but thereafter has earned profits. However, during the POI, the profits reduced as compared to the base year and as well as, when compared to the preceding year.

Wages

44. Wages paid by the company and incidence of wage per unit of production has been as under:

Rs. In Lacs	2007-08	2008-09	2009-10	POI
Wages (Rs. Lacs)	***	***	***	***
Wages (Rs. Lacs)(Index)	100	90	101	107
Wages per unit of production (Rs./kg)	***	***	***	***
Wages per unit of production (INDEX)	100	102	109	111

Increase in wage cost is observed from the base year both in absolute terms as well as Cost per Kg.

Employment

45. The number of employees for the subject goods is tabulated below:-

	2007-08	2008-09	2009-10	POI
No. of employee	***	***	***	***
No. of employee (indexed)	100	85	88	92

46. Reduction in the number of employees is observed from the base year.

Return on investment

47. Return on investment has been calculated by considering capital employed on cellophane transparent film and profit before interest on domestic sales, which is as under:

	2007-08	2008-09	2009-10	POI
Capital employed (Rs. In Lacs)	***	***	***	***
Capital employed (indexed)	100	109	149	161
Profit before interest & taxes (Rs. In Lacs)	***	***	***	***
Profit before interest & taxes (Rs. In Lacs) (indexed)	100	-70	189	97
Return on investment (%)	12.35%	-8.00%	15.65%	7.45%

48. It is observed that while the capital employed increased each year, but the return on investment has fallen during the POI as compared to the base year and as well as when compare to the preceding year. In the POI, while the capital employed was highest, but least profit was earned by the domestic industry during the period. The ROI has infact been reduced by more than half during the POI as compared to the preceding year.

Effect on Cash flow

49. Status of cash profits earned by the domestic industry over the injury period has been as under:

Rs. In Lacs	2007-08	2008-09	2009-10	POI
Cash Profit)	***	***	***	***
Cash Profit (indexed)	100	-173	230	82
Profit before tax (Profit per unit)	***	***	***	***
Profit before tax (indexed)	100	-202	208	78

50. Cash profit has fallen during the POI as compared to the base year and as well as when compare to the preceding year.

Growth

51. The Domestic Industry has submitted that the circumstances prevailing in the year 2008-2009 were affected from the global recession, and the same should not be considered while examining the performance of the Domestic Industry. It is, however, noted that while the domestic industry increased its capital employed over the injury period; but its growth in terms of parameters such as, profits, return on investment, cash profits, etc. is negative.

Conclusion

52. It can be concluded from the above analysis that the subject goods continue to be dumped into India from the subject country and the imports are causing significant price undercutting, even considering the anti-dumping duty in place. Significant price suppression is also seen during the POI as compared to the prices in the preceding year. Therefore, cessation of anti-dumping duty in force is likely to cause injury to the domestic industry.

Causal Link

53. The Authority has examined the submissions with regard to the significance and relevance of causal link in a Sunset review investigation. It is important to note under Section 9A(5), the Authority is required to examine the likelihood of dumping and injury and the need for continuation of duties irrespective of whether there have been any imports of the product under consideration during the review investigation period or not. Notwithstanding this, it was examined whether other parameters listed under the AD Rules have caused injury to the Domestic Industry.

Contraction in Demand and / or Change in Pattern of Consumption

54. As per the annual Report of the year 2007-08 of the company, "The demand for the transparent paper was under stress throughout the year due to cheaper substitutes and unregulated imports. Also, the firework industry which is the main consumer of TP is facing severe production cut. This resulted in further reduction of demand. All these combined factors compelled the section to restrict the production during the second half of the year under review."
55. In the Annual Report of year 2008-09, it was mentioned that in line with the market conditions, the production of T.P. was again scaled down during the major part of the year. This coupled with high cost of raw materials, adversely affects the margins. In the annual Report, it was also mentioned that the performance of TP segment is affected due to lower demand and higher production cost vis-a-vis BOPP and other cheaper substitutes. The firework industry, which is the main consuming sector of this product, is also experiencing difficult times. In the Report of year 2009-10, hike in excise duty was also mentioned as one of the cause of poor realisation. In the Annual Report of year 2010-11 it was mentioned that the marginal increase in capacity utilisation was due to improved demand from the fireworks industry which is the main consuming sector of this product.

56. Thus, from the perusal of the Annual reports, it is noted that the high input costs, availability of cheaper substitutes like BOPP and low demand in Fire-work industry were the causes of low capacity utilisation apart from unregulated imports (if any).
57. The Authority, however, observes that cheaper substitutes like BOPP must have been available in the domestic market not only during the injury period but also before that. It is further seen that the domestic industry has earned profits and as well as incurred losses during the injury period. Therefore, any adverse impact on the domestic industry's performance on account of availability of cheaper substitutes like BOPP is not discernable from the data available on the record. Notwithstanding the above, considering that the subject goods continue to be dumped and cause significant price undercutting; the cessation of the anti-dumping duty is likely to worsen the condition of the domestic industry.

Trade Restrictive Practices of and Competition between the Foreign and Domestic producers

58. The import of the PUC is not restricted in any manner and the same is freely importable in the country. The domestic producer competes with the landed prices of the subject goods; however, there is no competition with domestic producers for PUC as the domestic industry is the only manufacturer of the product. The price of the domestic industry is influenced substantially by the landed price of the subject goods.

Development of Technology

59. For the PUC no information regarding development of technology is available as there is no competitor of the domestic industry in the domestic industry and none of the interested party has responded.

Export Performance

60. The export volume of the domestic industry has shown declining trend each year during the injury period. However, the price and profitability in the domestic and export market have been segregated by the Authority for the purpose of present injury assessment. Therefore, the analysis on injury is not misrepresentative due to possible inclusion of export performance.

Performance of Other Domestic producers:

61. There are no other producers of the subject good in the Country. The domestic industry is the sole producer of the subject good in India.

J. Likelihood of continuation or recurrence of injury

Submissions of the domestic industry

62. The domestic industry, *inter alia*, has contended as follows on Likelihood of continuation or recurrence of injury:

- In the present case, Domestic Industry suffered low injury from dumping from the subject countries as a result of the imposition of the anti dumping duties. However, the Domestic Industry is yet to earn reasonable rate of return. The imposition of anti-dumping measures has not allowed the domestic industry to recover fully from the injury suffered.
- Likely development of Chinese exports in case measures are repealed - there are huge production capacities that are available in the China PR. On comparing the demand of subject goods in India with the capacity of China PR, it would be seen that China PR holds enough capacity to grab the entire Indian market of the product concerned. In the absence of measures, significant additional quantities of Chinese Transparent Film could be directed to the Indian market.
- Moreover, the exporting producers in the China PR have the potential to substantially raise their exports volume to the Indian Market by re-directing current export volumes to third countries to the more attractive Indian market and/or by using their significant spare capacities. Indeed, significant capacities are available reaching more than 70,500 MTs. Indian demand represents just 3% of Chinese capacity. It is therefore likely that substantial quantities of Chinese imports will penetrate the Indian market to regain lost market share and increase it further should the measures be repealed.
- Furthermore, it is likely that, in order to be able to significantly increase their sales, using the huge spare capacity, and to gain a substantial market share in the Indian Market, Chinese exporting producers will undercut prices of domestic industry significantly.
- The below analysis shows the situation of domestic industry if it sells the subject goods at landed price:

Particulars	Unit	POI
Landed Value being the NSR of DI	Rs./Kg	***
Cost of Production	Rs./Kg	***
Profit/Loss	Rs./Kg	***

- From the above it would be seen that landed price of the subject imports is even below the cost of production. If the measures would repeal then the domestic industry would suffer major losses and its situation will be worse.
- This will increase price pressure and not only prevent the Domestic industry from recovering fully from the past injury but also lead to a severe deterioration of its still fragile situation.
- Domestic industry is selling the subject goods at Rs. ***- whereas the imports are coming at Rs. ***/-, in this connection, following is relevant.

- It can be inferred from the import data of the Transparent Film that quantity of imports per transactions are very less. Here, it is to be noted such small amounts of imports are generally made by traders in India. These traders further sell the subject goods to cracker industry in Sivakasi, Tamil Nadu.
 - Further, as per the market intelligence the traders keep their margin around Rs. 40-50 and sell the subject goods at almost the same level as of domestic industry prices.
 - This means, the price of these imports to the end consumers after ADD and Trader margin is same as the domestic industry prices, Should the antidumping measure be allowed to lapse, the importers would start selling the subject goods at Rs. 120-130 and thus undercutting the domestic industry prices significantly.
- For the reasons set out in the above mentioned paragraphs, there is likelihood that Chinese exporting producers will resume exports in significant quantities to the Indian Market at dumped prices, considerably undercutting the domestic industry's prices to regain lost market shares, should the measures against the China PR be allowed to lapse.
 - Therefore, there is a likelihood of recurrence of injurious dumping should measures against imports of subject imports originating in the PRC be allowed to lapse as well.

Examination by the Authority

63. It is noted that 58 MT of the subject goods have been imported from the subject country during the POI. These imports are significantly undercutting the prices of the domestic industry.
64. Despite limited volume of imports of the subject goods during the POI, there have been imports in number of transactions spread over the POI; and these imports have been effected at significantly low prices that in turn significantly undercut their net selling prices of the domestic industry. The domestic industry has stated that the price of these imports to the end consumers (after the levy of the anti-dumping duty and the trader's margin) is somewhat same as that of the domestic industry's prices. But in case the anti-dumping duty is allowed to cease, the importers/traders would start selling the subject goods at significantly lower prices, which would significantly impact it adversely. Notwithstanding this claim of the domestic industry, the Authority notes that the imports of the subject goods from the subject country are causing significant price undercutting and price suppression. Therefore, cessation of anti-dumping duty in force is likely to adversely impact the domestic industry.
65. From the perusal of the copies of the web-sites of the Chinese producers of the subject goods, it is evident that significant production capacities (64500MT) are available in the China PR. As compared to the demand of the subject goods in India, China PR holds enough capacity to capture the Indian market of the product concerned. Besides, the domestic industry has claimed that there is a distinct possibility that significant additional quantities of Chinese Transparent Film could be directed to the Indian market from other markets and this claim has not been disputed by any other interested party. It is thus noted that apart from the significant capacities, the Chinese

exporters/producers have the potential to also re-direct their exports volume to the Indian Market.

66. Considering that the subject goods continue to be dumped; there is likelihood that cessation of the anti-dumping duty is likely to lead to increased imports of the subject goods from the subject country at somewhat similar prices, which would significantly adversely impact the domestic industry.
67. It is also noted that in case the domestic industry chooses to match the landed prices of the subject goods the following picture is likely to emerge:

	Unit	POI
If the Net selling prices were to match the Landed Value (Indexed)	Rs./Kg	100
Cost of Production(Indexed)	Rs./Kg	247.54
Profit/Loss(Indexed)	Rs./Kg	(147.94)
Non Injurious Price(Indexed)	Rs./Kg	227.73
Price underselling(Indexed)		127.73

68. From the above, it is noted the landed price of the subject goods is significantly below than the domestic industry's cost of production of the subject goods. In case the domestic industry chooses to match the landed value of the subject goods; same is likely to cause significant price underselling. Thus, in case the anti -dumping duty is allowed to cease, the domestic industry is likely to suffer major losses and its situation is likely to worsen.
69. The cessation of the anti-dumping duty is likely to put pressure on the prices of the subject goods being produced by the domestic industry.
70. Thus, it is likely that cessation of the anti-dumping duty would encourage the Chinese exporters/producers to significantly increase their volume of exports at dumped prices, which are already significantly undercutting the domestic industry's prices.

M. CONCLUSIONS

71. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in the above findings and on the basis of the above analysis of the state of continuation of dumping and consequent injury and likelihood of continuation/recurrence of dumping and injury, the Authority concludes that: the subject goods are entering the Indian market from the subject county at dumped prices and dumping margin is significant. It is seen that the subject goods continue to be exported to India at dumped prices inspite of the existing anti-dumping duty. It is noted that without the existing anti-dumping duties, the price undercutting and price underselling would be significant.

Hence, injury to the domestic industry is likely to aggravate, in case the present anti-dumping duty is allowed to expire. It is further noted that as per information available on record, the anti-dumping duty is required to be extended and modified.

N RECOMMENDATIONS

72. Having concluded as above, the Authority is of the opinion that the anti-dumping measure is required to be extended and the quantum of anti-dumping duty is required to be modified and extended in respect of imports of the subject goods from the subject country as specified in the duty table below.
73. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. Accordingly, antidumping duty as per amount specified in Col 8 of the table below is recommended to be imposed in the event of acceptance of these recommendations by the Central Government, on all imports of the subject goods originating in or exported from the subject country as mentioned herein below.

Duty Table

Sl. No	Heading/ Sub-heading	Description of goods	Country of Origin	Country of Exports	Producer	Exporter	Duty Amount In US \$ /Kg
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	392071	Cellophane Transparent Film	China PR	China PR	Any	Any	1.95
2.	392071	Cellophane Transparent Film	China PR	Any	Any	Any	1.95
3.	392071	Cellophane Transparent Film	Any	China PR	Any	Any	1.95

74. Landed value of imports for the purpose shall be the assessable value as determined by the Customs under the Customs Act, 1962 and all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.
75. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

Vijaylaxmi Joshi
The Designated Authority