

Ministry of Commerce and Industry
Directorate General of Anti-Dumping & Allied Duties

Final Findings

New Delhi, the 18th August, 2004

Subject: Anti-Dumping investigations concerning imports of Methylene Chloride originating in or exported from Korea RP.

No. 14/52/2002-DGAD - Having regard to the Customs Tariff Act, 1975, as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof:

A. PROCEDURE

1. The procedure described below has been followed subsequent to the subsequent to the preliminary findings:
 - a. The Designated Authority (hereinafter also referred to as the Authority) notified Preliminary Findings vide notification dated 26th June, 2003 with regard to anti-dumping investigations concerning imports of Methylene Chloride originating in or exported from Korea RP and requested the interested parties to make their views known in writing within forty days from the date of its publication;
 - b. The Authority forwarded a copy of the preliminary findings to the known interested parties, who were requested to furnish their views, if any, on the said findings within forty days from the date of the letter;
 - c. The Authority provided an opportunity to all interested parties to present their views orally on 6th November 2003. All parties presenting views orally were requested to file written submissions of the views expressed orally. The parties were advised to collect copies of the views expressed by the opposing parties and offer rejoinders, if any.
 - d. The Authority made available the public file to all interested parties containing non-confidential version of all evidence submitted and arguments made by various interested parties;
 - e. The arguments raised by the applicants and other interested parties have been appropriately dealt with in these findings; the written submissions and rejoinders submitted by the domestic industry and exporter in the oral hearing

- held by the Authority on 6th November 2003 have been considered by the Designated Authority on merits in order to arrive at a final determination.
- f. Request was made to the Central Board of Excise and Customs (CBEC) to provide details of imports of the subject goods. Request was also made to DGCIS, Kolkata to provide details of transaction-wise imports made in India of the said article during the period of investigation alongwith Bills of Entry numbers and dates, country of origin, description of the imported subject goods, volume and value of import and the names and addresses of the importers.
 - g. The investigation of dumping and injury covered the period from 1st April, 2002 to 31st December, 2002 (9 months) which is referred to as the 'period of investigation' or the 'POI'. The examination of trends relevant for the analysis of injury covered the years from 1999-2000 to the period of investigation (injury analysis period).
 - h. A confidential copy of the verification report was forwarded to M/s Samsung Fine Chemicals Co.(SFC) after completion of the on-the-spot verification at their plant premises by a team deputed by the Designated Authority and the response received from M/s Samsung Fine Chemicals co. was duly considered in the disclosure statement and in this finding.
 - i. In accordance with Rule 16 supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received on the same, have been duly considered in these findings. Respective confidential versions were forwarded to the domestic industry and to M/s Samsung Fine Chemicals Co., the exporter from Korea RP. Comments received from the domestic industry and from M/s. Samsung Fine Chemicals Co. have been considered in these findings.
 - j. On the basis of a fully documented application submitted by the domestic industry, the Designated Authority notified the initiation of this investigation vide notification no. 14/52/2002-DGAD dated 19th February, 2003 with regard to anti-dumping investigations concerning imports of Methylene Chloride originating in or exported from Korea RP. The time for completion of investigations was extended by six months i.e., upto 18.08.2004.
 - k. *** In this notification represents information furnished by an interested party on confidential basis and so considered by the Authority upon being satisfied as to its confidentiality, under the Rules.

B. PRODUCT UNDER CONSIDERATION

2. The product under investigation in the present case is Methylene Chloride (MCL). Methylene Chloride is a solvent belonging to the Chloromethane family of solvents. Methylene Chloride is a colorless, volatile liquid with a chloroform - like

odour. The chemical formula of Methylene Chloride is CH₂Cl₂. There are two technologies/routes for the production of Methylene Chloride and the product produced through the two routes has similar technical specifications.

3. There are two technologies for production of Methylene Chloride. These are known by the basic raw material which is used in these technologies - Methane route and Methanol route. Even though Methylene Chloride can be produced through two distinctly different technology, the product produced through the two routes has essentially similar technical specifications. Thus, the difference in technology or production process does not result in different product.

4. Methylene Chloride is used in the photo films, bulk drugs and pharmaceutical industries. It is also consumed for manufacture of foam, resin casting, fumigants and agrochemical. It is mainly used as a paint stripper.

5. Methylene Chloride is classified under customs sub-heading 2903.12 of Chapter 29 of the Customs Tariff Act and 29031200 of the ITC (HS) Code.

6. The classification is, however, indicative only and in no way binding on the scope of the present investigations.

C. LIKE ARTICLE

7. Rule 2(d) of the anti-dumping rules specifies that “Like Article” means an article which is identical or alike in all respects to the product under investigation or in the absence of such an Article, another Article, having characteristics closely resembling those of the article under examination.

8. In order to establish that Methylene Chloride is a Like Article to that exported from Korea RP, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

9. The Authority also finds that there is no argument disputing that Methylene Chloride produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Methylene Chloride imported from the subject country both commercially and technically. Methylene Chloride produced by the domestic industry has been treated as Like Article to the product exported from Korea RP within the meaning of Rule 2(d).

D. Domestic Industry

10. The application has been filed by M/s Gujarat Alkalies & Chemicals Ltd., Vadodara. The following companies are the producers of Methylene Chloride in India:-

- a. M/s. Gujarat Alkalies & Chemicals Ltd., Vadodara
- b. M/s. Chemplast Sanmar, Chennai
- c. M/s. SRF Limited, Mumbai

11. M/s Chemplast Sanmar, Chennai has supported the application. The total Indian production of the subject goods during 1998-99, 1999-2000, 2000-2001 and 2001-2002 was as follows:

Qty : (MT)

Producer	1999-2000	2000-2001	2001-2002	POI (April-Dec, 2002 -9 months)	POI (Annualised)
Gujarat Alkali - applicant	8721	9559	8975	6727	8969
Chemplast Sanmar - Supporter	14142	15518	15444	11803	15737
GACL + Chemplast	22863	25077	24419	18530	24706
SRF Ltd.	3266	6661	7244	3724	4965
Indian production	26129	31738	31663	22254	29671
Share of GACL	33.38%	30.12%	28.35%	30.23%	30.23%
Share of GACL + Chemplast	87.50%	79.01%	77.12%	83.26%	83.26%

12. The applicant accounts for 30.23% of the total production in the POI and the applicant and the supporter account for 83.26% of the total Indian production in the POI. The applicants therefore satisfy the standing to file the application and constitute domestic industry.

E. SUBMISSIONS MADE BY IMPORTERS:

13. No response has been filed to the importers questionnaire by importers/consumer industry.

F. DUMPING:-

Exporters and Producers of the Subject Goods in the Country of Origin:-

14. The Authority sent questionnaires to the known exporters from the subject country in terms of section 9 A (1). M/s Samsung Fine Chemicals Co. Ltd., 19th Floor, Namdaemun Bldg. 25,1 Ka Bongrae-Dong, Chung-Ku, Seoul, Korea (100-161)

responded by way of furnishing information in response to the exporters questionnaire forwarded to them by the Authority.

Submissions made by M/s Samsung Fine Chemical Co. (SFC):

- i. Duty Drawback should be adjusted in export price calculation – Duty drawback adjustment is necessary to offset the amount of exporting country import duties associated with materials used in the production of the foreign like product that is sold in the export country that are also used in the production of subject merchandise sold to the Indian market. As this duty makes the domestic price higher than export price, the difference should be adjusted either by adding to export price or by deducting from domestic price.
- ii. Expense incurred in Korean Won should be converted into dollar value by foreign exchange rates for date of sale that are reported in Appendix 2.
- iii. Dumping margin for each channel should be calculated based on expenses incurred in each channel as reported in Appendix 2.
- iv. The applicant has alleged that the cost of production claimed by the exporter does not appear to be consistent with Generally Accepted Accounting Principles. The only supporting evidence provided by the applicants for the alleged inconsistency was the fact that SFC mentioned in its response that some interest is capitalised ‘in accordance with Korean GAAP’. Generally, interest expense is recorded as non-operating expense. However, in case that interest expense is incurred during the construction period from the liability that is directly related with the facilities, interest expense should be capitalised rather than be recognised as current expense. International Accounting Standard 23 defines the scope and method for interest capitalisation and Korean GAAP is fully conformed to the instruction.

Submissions made by Domestic Industry:

- i. Raw materials required for the production of the subject goods include, natural gas, chlorine gas, sulphuric acid, caustic soda, stabiliser and others. The exporter should have imported none of these raw materials. It is not understood how the exporter has claimed duty drawback on exports.
- ii. The exporter has argued that the exchange rate should be considered on the date of sale. However, in case there is a wide fluctuation in exchange rate, the same cannot be allowed.
- iii. Samsung has stated that the expenses should be considered channel wise. At the same time, it appears from the written submissions that the exporter itself has presented the data combined for all channels.

Examination by the Authority

15. In respect of the submissions made by the exporter at (i) of 2.1 above, the Authority has noted in the verification report agreed to by the exporter that M/s Samsung Fine Chemicals has not been able to provide adequate clarification/documents in respect of duty drawback for processing export of imported material and therefore it has been proposed that these adjustments be ignored. The exporter has not contested this observation. In respect of (ii), the Authority has adopted an exchange rate of *** KRW for USD. In respect of point (iii) above, dumping margins have been calculated as per channel-wise exports as elaborated in the preliminary findings. In respect of point (iv) above, the contentions of the exporter have been accepted being in line with the international accounting standards and Korean GAAP.

Assessment of Normal Value and Export Price

Normal Value

M/s. Samsung Fine Chemicals Co. Ltd.

16. The cost of production of MCL-Bulk was verified to be KRW ***/MT. As against this the weighted average selling price of MCL bulk was KRW ***/MT. In the disclosure, the Authority conveyed the ex-factory normal value for MCL-Bulk as KRW ***/MT which was confirmed by the cooperating exporter.

17. In response to the disclosure statement, the exporters have stated that the usage of MCL-Bulk and MCL-Packed is for different sectors and the same MCL product requires different pricing and marketing policy to suit the needs of customers. Further, MCL-Bulk and MCL-Packed have identifiable different channels of distribution. SFC has stated that the pricing policy for MCL-Packed is more aggressive than for MCL-Bulk. The contentions of SFC have been carefully examined. Based on the information analysed, the Authority confirms the normal value of KRW ***/MT for MCL-Packed which includes drums and containers.

18. The product under consideration is Methylene Chloride and the sales are either in bulk or through drums/containers. A common normal value for the subject goods has been arrived at for sales in bulk or drums/containers by adopting respective sales in the domestic market. A quantity of *** MT of a value of KRW *** and a quantity of *** MT of a value of KRW *** were sold in bulk and packed forms respectively in the domestic market. The weighted average normal value for Methylene Chloride is therefore KRW ***/MT. (USD ***/MT).

Export Price

19. As noted in the preliminary findings and as given in Appendix II of the Exporter's response to the questionnaire, the total quantity of MCL bulk exported during the POI is 2405 MT (SFC-610 MT and SFC through Samsung Corporation - 1795 MT) and that for MCL packed is 1588.5 MT. A quantity of 610 MT against a single invoice has been sold directly by SFC. The balance quantity against all other invoices has been sold by SFC through Samsung Corporation. The total quantity exported is therefore 3993.5 MT of a value of KRW***. The weighted average export price is therefore KRW ***/MT or USD ***/MT.

(a) Exports of MCL – Bulk by SFC through Samsung Corporation

The Authority notes that the total sales of MCL Bulk to India is 2405 MT of a cif value of KRW***. The sales made by SFC through Samsung Corp. is 1795 MT of a cif value of KRW ***or KRW ***/MT. After considering adjustments as detailed in the preliminary findings (KRW ***/MT) the ex-factory export price of MCL-Bulk works out to KRW ***or USD ***/MT.

(b) Exports of MCL – Bulk by SFC

SFC has sold a quantity of 610 MT of a value of KRW *** or KRW ***/MT. After considering adjustments of KRW ***excluding expenses on account of credit (KRW ***/MT), overseas insurance (KRW ***/MT) and indent commission (KRW ***/MT) the ex-factory export price of SFC for the bulk product is determined to be KRW ***/MT or USD ***/MT.

The product under consideration is Methylene Chloride. A weighted average export price for exports by SFC directly and through Samsung Corporation has therefore been worked out. The export price comes to KRW ***/MT or USD ***/MT.

(c) Exports of MCL – packed by SFC through Samsung Corporation

A quantity of 1588.5 MT has been exported for a cif value of KRW ***or KRW ***/MT. Adjustments have been given on account of packing - ***as MCL (drum) is packed into drums and the packing cost is the sum of drum costs and packing labour; inland freight ***KRW (for inland transportation normally using truck); loading charge - ***KRW for loading MCL drum on board; survey/investigation ***KRW for investigation of MCL drum for security check; brokerage *** KRW (customs agents commission); charges after fob are overseas freight ***KRW charges paid to shipping companies for overseas transportation; overseas insurance - *** KRW insurance for overseas transportation; credit - ***commissions paid to banks for fx transactions; indent commission ***KRW; others *** KRW miscellaneous expenses such as postage, printing etc. The total cost on account of adjustments is ***KRW.

The ex-factory export price is therefore ***KRW/MT for MCL-drum or USD ***/MT.

(d) Weighted average export price of Methylene Chloride

The product under consideration is Methylene Chloride and the sales are either in bulk or in packed form through drums/containers. A common export price for sales in bulk or drums/containers has been arrived at by adopting respective sales to India. The total quantum of bulk and packed exports is 3993.5 MT of a value of KRW***. The weighted average ex-factory export price comes to KRW ***/MT or USD ***/MT.

(e) All other non-cooperating exporters/producers.

From the import data available it is seen that barring few transactions, the entire quantum of exports to India is accounted for by M/s. Samsung Fine Chemicals Ltd. In the absence of information from any other interested party, a separate dumping margin for residuary category has been worked out.

Dumping Margin:-

Examination by the Authority:-

20. The Authority has followed the consistent policy of adopting the principles governing the determination of Normal Value, Export Price and Margin of Dumping as laid down in Annexure I of the anti-dumping rules. Based on the ex-factory normal values and export prices as indicated above, the Authority assessed the dumping margins in case of all exporters from Korea RP as given in the table below:-

Country	Producer/Exporter	Dumping Margin (%)
Korea RP	M/s Samsung Fine Chemicals or M/s Samsung Fine Chemicals through Samsung Corp.	11.49
Korea RP	All other exporters / producers	14.19

G. INJURY:-

21. Under Rule 11, Annexure-II of the Anti-Dumping Rules, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, “taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such article...” In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of

such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree.

22. The margin of dumping and quantum of imports from the subject country are more than the limits prescribed in Rule 11.

23. The imported products and those produced domestically are interchangeable and were marketed in India during the same period through comparable sales channels and the domestic producers and exporters sell the like product to the same category of customers.

24. For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry as production, capacity utilisation, quantum of sales, stock, profitability, net sales realisation, the magnitude and margin of dumping etc. in accordance with Annexure II (iv) of the rules.

a) Quantum of Imports

Qty : MT

Countries	1999-2000	2000- 2001	2001- 2002	April to December, 02 (9 months POI)
Korea RP	---	508 *	305 *	1643 * (as reported by DGCIS) 3994 (as reported by SFC)
Other sources	10381 *	3347 *	3068 *	3239
Total imports	10381 *	3854 *	3373 *	4802 *(considering DGCIS) (7233 considering SFC exports)

* As reported by DGCIS

25. DGCIS transaction-wise data has reported a quantity of 1643 MT exported from Korea RP. The co-operating exporter has reported a quantity of 3994 MT which was verified during the on-the-spot verification at the exporters premises. The quantity exported by the co-operating exporter has therefore been relied upon and is proposed to be adopted for the final findings.

26. The share of Korea RP in total imports was 13.18%, 9.04% and 34.21% respectively in 2000-2001, 2001-2002 and in the POI as per DGCIS. The share of Korea RP in total imports was 55.22% as per exporter's data in the POI. Imports have therefore increased in absolute terms from Korea RP.

b) Demand :

Qty: MT

	1999-00	2000-01	2001-02	April to December 2002 - (9 months POI)	POI (annualised)
Sales					
Sales of Indian Industry	24152	30396	30818	22983	30644
GACL	8023	9414	8824	6815	9087
Chemplast	12822	14396	14546	10543	14057
SRF	3307	6586	7448	5625	7500
Total Imports (MT)	10382	3854	3373	7233	9644
Imports (Korea RP)	0	508	305	3994	5325
Imports (Other sources)	10382	3347	3068	3239	4319
Demand	34534	34250	34191	30216	40288
Share of domestic industry (GACL + Chemplast) in Demand %	60.36%	69.52%	68.35%	57.45%	57.45%
Share of imports from other sources %	30.06%	9.77%	8.97%	10.72%	10.72%
Share of dumped imports %	0.00%	1.48%	0.89%	13.22%	13.22%
Total Production (MT) (all companies including SRF)	26138	31738	31464	22254	29672
Share of dumped imports %	0	1.60	0.97	17.95	17.95

27. There has been an increase in demand from 34534 MT in 1999-2000 to 40288 MT in the POI (annualised). The domestic industry's share in demand has decreased from 60.36% in 1999-2000 to 57.45% in the POI (annualised). Share of dumped imports has increased from 1.48% in 2000-01 to 13.22% in the POI.

(c) Actual and Potential Decline in Market Share:

28. To illustrate the changes in market share the data has been tabulated in the following way:

	1999-00	2000-01	2001-02	April to December 2002 - (9 months POI)	POI (annualised)
Domestic Production (GACL + Chemplast)	A 22863	25077	24419	18530	24706
Dumped Imports	B 0	508	305	3994	5325
Other Imports	C 10382	3347	3068	3239	4319
Total (A+B+C+)	D 33245	28932	27792	25763	34350
Change in Market Share					
Change in D		- 4313	-1140		+6558
Change in A		+2214	-658		+287
Change in B		508	-203		5020
Change in C		-7035	-279		1251
%Share held by					
Domestic production	68.78%	86.67%	87.86%	71.92%	71.92%
Dumped Goods	0.00%	1.75%	1.10%	15.54%	15.54%
Other Imports	31.22%	11.57%	11.04%	12.57%	12.57%

29. The above table shows that the domestic availability for the subject goods has increased over the years. The domestic industry market share has increased by 3.14 percentage points in the POI as compared to the base year. The market share of dumped imports increased by 13.79 percentage points over the same period and market share of other imports declined by 18.65%. SRF increased its market share by 4.63%. The market share lost by other imports have been taken by dumped imports (13.79%) and by SRF (4.63%).

(d) Production and Capacity Utilization

30. The production and capacity utilization of the domestic industry (excluding SRF) were as follows:-

(MT)	1999-2000	2000-2001	2001-2002	POI (annualized)
Installed Capacity	22410	22410	22410	22410
Production	22863	25077	24419	24707
Capacity Utilization (%)	102.02	111.90	108.96	110.25

31. From the above, it is seen that production of domestic industry increased.

(e) Price undercutting

32. A comparison of landed price of imports with the net sales realization of the domestic industry is shown as follows:

Rs/MT

Year	Apr-Dec 2002 (POI)	
	Bulk	Packed
Wt. average Sales Realization	***	***
Wt. average Landed Price of Imports	***	***
Price undercutting (%)	5-15%	5-15%

Wt. average Sales Realisation	***
Wt. average landed price	***
Price undercutting (wt. average)	5-15%

33. It is evident from the above table that significant price undercutting exists for the bulk/packed product forcing the domestic industry to correspondingly reduce its selling prices to respond to the low import prices in the market.

34. It is noted that even though the selling prices of the domestic industry increased in the investigation period as compared to previous years, the increase in the selling price was less than the increase in the cost of production.

(f) Profitability:-

(Rs. per MT)

	1999-2000	2000-2001	2001-2002	Apr-Dec 2002 (POI)	POI (annualized)
MCL -bulk					
Wt. Ave. Cost of production (MT)	100.00	117.48	108.06	131.86	131.86
Wt. Ave. Selling price (MT)	100.00	130.36	118.82	137.01	137.01
Profit/loss	-100.00	3.51	-7.02	-83.55	-83.55
MCL- packed					
Wt. Ave. Cost of production (MT)	100.00	115.38	108.02	128.21	128.21
Wt. Ave. Selling price (MT)	100.00	134.22	125.35	135.78	135.78
Profit/loss	-100.00	109.50	98.97	-37.87	-37.87

35. The performance of the domestic industry improved significantly between 1999-00 and 2000-01. This deteriorated in the investigation period. While the unit cost of production and unit selling prices increased (except in 2001-02, when the same declined), the increase in unit cost of production was more than the increase in selling price. This directly resulted in decline in profitability.

(g) Closing stocks:-

36. Inventories with the domestic industry have been as follows:-

Qty : (MT)

	1999-2000	2000-2001	2001-2002	POI (annualized)
Average stocks with the domestic industry	100.00	118.39	77.30	75.29

(h) Cash Flow

37. Both the applicant companies are multi product companies. Cash flow situation of the domestic industry would not be a relevant parameter to assess the impact of dumping on the cash flow situation relating to the product under consideration.

(i) Employment and Wages

38. Both the applicant companies are multi product companies. Effect of dumping was, therefore, not directly visible on employment and wages of the domestic

industry. However, the domestic industry provided separate information with regard to the number of employees employed on the product under consideration, which shows significant decline. Further, the incidence of wages on the product under consideration was examined and it was found that wages per unit of production also increased.

	1999-00	2000-01	2001-02	POI (annl.)
No. of employees	100.00	100.00	81.02	81.02
Wages Rs. Lacs	100.00	127.80	101.46	148.78
Production (MT)	100.00	109.68	106.81	108.07
Wage per MT	100.00	116.50	94.98	137.57

(j) Productivity

39. Decline in number of persons employed on the product under consideration on one hand and increase in production on the other hand over the entire injury period resulted in significant increase in productivity. However, in spite of significant increase in productivity, the profitability of the domestic industry did not improve but declined.

	1999-2000	2000-2001	2001-2002	POI (annualized)
Production (MT)	100.00	109.68	106.81	108.07
No of employees	100.00	100.00	81.02	81.02
Production per employee	100.00	109.58	131.74	133.53

40. This has been projected in the following graph:

(k) Growth

41. Domestic industry had positive growth between 1999-00 and 2000-01. These companies being multi-product, the impact of one product on the aspect of growth could not be worked out.

(l) Return on capital employed

42. Return on capital employed followed the same trend as that of profitability, given that the domestic industry has not invested further capital nor enhanced its capacity. Even though the return on capital employed was positive, the same declined over the period. Further, return on capital employed was inadequate to meet even the interest cost, resulting in financial losses.

In percentage	1999-2000	2000-2001	2001-2002	POI (annualized)
Return on capital employed	100.00	221.35	236.17	82.79

(m) Ability to raise funds for investment

43. The applicant companies are multi product companies. Therefore, its overall performance which is more relevant for assessing its ability to raise funds is not materially linked to the subject goods.

(n) Dumping Margins

44. Dumping margins in respect of imports from Korea RP are more than de-minimis.

H. CONCLUSION ON INJURY

45. In view of the foregoing the Authority confirms the conclusions on injury in Para J of the Provisional Findings and reiterates that:

- a. the quantum of imports from the subject country has increased in absolute terms;
- b. the market share of the applicants has gone down while that of imports has increased;
- c. the subject imports have undercut the net sales realisation of the domestic industry;
- d. the domestic industry has been forced to sell at prices below their non-injurious price.

46. The Authority therefore concludes that the domestic industry has suffered material injury.

I. CAUSAL LINK

47. In accordance with the Principles for Determination of Injury set out in Annexure II (v) of the Anti-Dumping Rules, the Authority examined whether material injury has been caused to the domestic industry by dumped imports. Known factors other than the dumped imports, which could at the same time be injuring the domestic industry were also examined to ensure that the possible injury caused by these other factors were not attributed to the dumped imports.

Effects of the dumped imports

48. There was a significant increase in the volume of the dumped imports between 1999-00 and the period of investigation and its corresponding share of domestic demand from 1.48% to 13.22%. This was coupled with significant price undercutting (around ***% for MCL-B and ***% for MCL-P) on average basis during the POI).

The domestic industry experienced a deterioration of profitability that has to be seen in the background of growing demand in the injury analysis period and the POI. Dumped imports exerted a downward pressure on domestic industry's selling prices. While the unit cost of production and unit selling prices increased (except in 2001-02, when the same declined), the increase in unit cost of production was more than the increase in selling price. This directly resulted in decline in profitability.

49. The import prices from the subject country have undercut the prices of the domestic product forcing the domestic industry to sell below its non-injurious price which resultantly, the domestic industry was unable to recover from. The impact of dumped imports on the various economic indices of the domestic industry has been examined in the section on Injury in these findings. It is therefore considered that the material injury to the domestic industry was caused by the negative impact of dumped imports from the subject country.

Effects of Other Factors

50. In the examination of any known factors other than the dumped imports which at the same time, may be injuring the domestic industry, import volumes and prices of the subject goods from other third countries were examined. According to the available information, the total import volume of the like product originating in third countries other than Korea RP decreased from around 10382 MT in 1999-2000 to around 3239 MT in the POI (4319MT annl.) and their share in total imports decreased from 100% in 1999-2000 to 44.78 % in the POI. Imports from third countries are largely de-minimis or the prices are significantly higher.

51. There is no contraction in demand of Methylene Chloride in India which could have contributed to any injury to the domestic industry. In fact demand has increased. There is no trade restrictive practice employed by the domestic industry brought to the knowledge of the Authority which could have resulted in injury to the domestic industry. There has not been any significant development in technology so as to cause injury to the domestic industry. Conditions of competition amongst Indian producers does not appear to be a cause of injury, as both the companies forming part of the domestic industry have shown similar trends in their performance. The productivity of the domestic industry has increased. Decline in productivity could therefore, not have caused injury to the domestic industry. Export performance of the domestic industry has not materially declined.

52. The Authority holds that the material injury to the domestic industry has been caused by imports from the subject country that is a major exporter of Methylene Chloride to India. The subject goods were earlier being sold in increased volumes. Thereafter, exporters from the European Union, South Africa and Singapore started

dumping the subject goods in the Indian market. Imposition of anti dumping duty on these sources resulted in decline in imports from these countries and significant increase in dumped imports from Korea RP. The Authority notes that the volume and value of imports of Methylene Chloride from other countries are either de-minimis or the prices are significantly higher or these sources are now attracting anti dumping duties.. While the domestic industry's share in demand has decreased from 60.36% in 1999- 2000 to 57.45 % in the POI, the share of dumped imports has increased from 0.00% in 1999-2000 to 13.22% in the POI. The Authority notes that import prices from the subject country have undercut the prices of the domestic product forcing the domestic industry to sell below its non-injurious price which resultantly, the domestic industry was unable to recover. The material injury to the domestic industry was therefore caused by the dumped imports from the subject country.

Anti-Dumping duty imposed:-

53. The Authority has carefully evaluated the injury caused to the domestic industry on account of dumping of Methylene Chloride and has recommended the amount of anti-dumping duty equivalent to the dumping margin or less, which if levied, would remove injury to the domestic industry. For this purpose, the Authority has compared the non-injurious selling price of the domestic industry with the landed value of imports from the subject country.

J. CONCLUSION:-

54. The Authority after considering the foregoing, concludes that:

- a. Methylene Chloride originating in or exported from Korea RP has been exported to India below normal value, resulting in dumping;
- b. the domestic industry has suffered material injury;
- c. material injury has been caused by imports from the subject country.

55. The Authority recommends imposition of definitive Anti-dumping duty on all imports of Methylene Chloride originating in or exported from Korea RP classified under customs sub-heading 2903.12 of Chapter 29 of the Customs Tariff Act and 29031200 of the ITC (HS) Code of the Customs Tariff Act. The anti-dumping duty shall be the amount mentioned in Col.9.

SI . No	Sub-headin g or Tariff Item	Description of Goods	Specificatio n	Countr y of origin	Countr y of Export	Produce r	Exporter	Amoun t	Unit of measureme nt	Currenc y
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

1.	2903.12	Methylene Chloride	Bulk / Packed	Korea RP	Any	Samsung Fine Chemicals	Samsung Corporation	34.43	MT	USD
2.	2903.12	Methylene Chloride	Bulk / Packed	Korea RP	Any	Samsung Fine Chemicals	Any	34.43	MT	USD
3.	2903.12	Methylene Chloride	Bulk / Packed	Korea RP	Any	Any	Samsung Corporation	34.43	MT	USD
4.	2903.12	Methylene Chloride	Bulk / Packed	Korea RP	Any	Any	Any	42.42	MT	USD
5.	2903.12	Methylene Chloride	Bulk / Packed	Any	Republic of Korea	Any	Any	42.42	MT	USD

56. Landed value of imports for the purpose shall be the assessable value as determined by Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

57. Subject to the above, the Authority confirms the preliminary findings dated 26th June 2003.

58. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975, as amended in 1995.

ABHIJIT SENGUPTA
DESIGNATED AUTHORITY