

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES

NOTIFICATION

New Delhi the 26th February, 2009.

Final Findings (SSR)

Sub : Sunset Anti-dumping review investigations in the matter relating to imports of Hexa Methylene Tetramine(Hexamine) originating in or exported from the Islamic Republic of Iran

No.15/10/2007- DGAD : Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred to as Act) and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules);

A BACKGROUND OF THE CASE

1. M/s. Kanoria Chemicals & Industries Ltd., Mumbai had earlier filed an anti-dumping petition before the Designated Authority, alleging dumping of Hexamine originating in or exported from Islamic Republic of Iran. The said petition was supported by M/s. Simalin Chemicals Industries Ltd., Baroda and M/s. Rockhard Petro Chemical Industries Ltd., Indore and M/s. Newton Engineering & Chemicals Ltd, Baroda. The period of investigation was from 1st April 2001 to 30th June 2002. The Petitioner accounts for 35.62% of the total production in the POI and the petitioner and supporter together accounted for 100% of the total Indian production.
2. The Designated Authority, having regard to the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995, recommended imposition of provisional duty vide notification dated 23rd December 2002 and provisional duty was imposed by the Govt. of India, vide notification No. 42/2003 dated 17th March 2003.
3. After notification of Preliminary Findings, M/S Sina Chemicals Industry Co., Iran showed its willingness to extend price undertaking in accordance with rules. The exporter also conveyed that after the undertaking is accepted, the investigation should be terminated as there was no other producer of Hexamine in Iran. The domestic industry also requested to the Designated Authority to accept the price undertaking

being given by the exporter and suspend the investigation. The Authority, in term of Rule 15 of Anti-Dumping Rules, accepted price undertaking from M/s. Sina Chemicals Industry Co. and accordingly suspended the investigation vide notification dated 17th September 2003.

4. M/s. Kanoria Chemicals & Industries Ltd. made a written representation on 27.4.2004 alleging violation of price undertaking by M/s Sina Chemicals Industry Co. and on examination of information provided by the exporter form time to time, in pursuance of Rule 5 of Anti-dumping Rules, the Authority decided to terminate the price undertaking given by M/s. Sina Chemicals Industry Co. and withdrew the suspension of investigation Order dated 17th September 2003.

5. Based on notification No. 14/35/2002-DGAD dated 15th October 2004 withdrawing the suspension of investigation Order dated 17th September 2003 and in pursuance of preliminary findings No. 14/35/2002-DGAD dated 23rd December 2002, the Ministry of Finance, Govt. of India vide notification No. 5/2005-Customs dated 27th January 2005 imposed anti-dumping duty on hexamine originating in or exported from Iran.

6. After conducting the investigation, the Authority recommended definitive anti-dumping duty on imports of Hexamine from Iran vide Notification No.14/35/2002-DGAD dated 11th April 2005. Definitive duty was imposed by the Govt. of India vide Notification No.58/2005-Customs dated 30.06.2005.

7. In terms of the Customs Tariff (Amendment) Act 1995 the antidumping duty imposed shall unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition. Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may from time to time extend the period of such imposition for a further period of five years.

8. In terms of the above provisions, M/s Simalin Chemical Industries and M/s Kanoria Chemicals and Industries Limited approached the authority with a petition requesting for such a review. In view of the judgment of the Hon'ble Delhi High Court in the Writ Petition No 16893 of 2006 (Indian Metal & Ferro Alloys Ltd Vs Designated Authority) holding that sunset review is mandatory and such review is required to be carried out in terms of Rule 23 of the Rules, the Designated Authority initiated the sunset review proceedings Vide Initiation Notification No. 15/10/2007-DGAD dated 29.02.2008 in accordance with Section 9 A (5) of the Act, to examine whether cessation of the duty in force would lead to continuation or recurrence of dumping and injury to the domestic industry.

B. PROCEDURE

9 The procedure described below has been followed with regard to this investigation:

i) After initiation of the review investigation, the Authority notified the domestic industry, all known exporters/producers in the subject countries and known importers, calling for questionnaire responses and necessary information in accordance with Rule 6(4);

ii) The Embassy of the subject countries in New Delhi was informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in their respective countries to respond to the questionnaire within the prescribed time.

iii) The Authority sent questionnaires, to elicit relevant information to the known exporters from Iran. None of the exporters from subject country have responded to the Designated Authority with prescribed questionnaire response. The exporter was required to furnish information desired by the Designated Authority within a stipulated period as per the Rules.

iv) The period of investigation for the purpose of the present review is 1st Jan 2007 to 31st Dec 2007 (12 months). However, injury analysis covered the years April'2004-March'2005, April'2005-March'2006 and April'2006-March'2007 and POI.

v) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years and the period of investigations.

vi) The following domestic producers of the subject goods have provided their cost and injury information for injury investigation.

a. M/s Simalin Chemical Industries Limited;

b. M/s Kanoria Chemical & Industries Limited;

vii) No other interested parties have filed their response to the initiation notification.

viii) The Authority verified the information furnished by the domestic industry to the extent necessary to examine the injury suffered and to work out optimum cost of production and cost to make & sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the applicants so as to ascertain if Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;

ix) The Authority held a public hearing on 3ed Oct. 2008 to hear the interested parties orally, which was attended by representatives of domestic industry.

x) The Authority issued a detailed Disclosure Statement on 23.2.2009 for submission to the interested parties giving thereby essential facts under consideration and views expressed thereon have been duly incorporated in the present findings.

C. PRODUCT UNDER CONSIDERATION AND 'LIKE ARTICLE'

10 The product involved in the original investigation was Hexa Methylene Tetramine also known as 'Hexamine'. The present investigation is a sunset review and none of the interested parties have made any submission requesting modification (including curtailment) in the scope of the review. Therefore, the investigation covers the product covered in the original investigation.

11 The product under consideration in the original investigation was Hexa Methylene Tetramine, also known as Hexamine in market parlance. Hexa Methylene Tetramine is a white crystalline powder with a sweet metallic taste. In the pure form, it is colourless and odourless. It crystallizes in room temperature. Hexa Methylene Tetramine compound is also known as Ammoform, Methenamine, Cystamine, Cystogen, Urotropine. It is classified under Chapter 29 of the Customs Tariff Act, 1975 and ITC no. 2921.2901.

12 The Most important industrial use of Hexamine is for the manufacture of solid phenolic resins. The other important use is for the manufacture of a high explosive cyclonite. Hexamine being anti-bacterial in action is used as a urinary antiseptic.

13 The domestic industry also produces Hexamine having similar characteristics and specifications. No argument has been extended, by any interested party, on the issue of product under consideration or like article, nor the investigation has shown any facts to the contrary; and therefore, the Authority holds that the goods being

manufactured by the domestic industry and the goods being manufactured and exported from Iran are like article as per Rule 2(d) of Anti-Dumping Rules.

D. Standing and scope of the Domestic Industry

14 In the original investigations, M/s Kanoria Chemicals & industries Ltd. had filed the petition before the Designated Authority. In the present investigation M/s Simalin Chemical Industries Ltd., Baroda and M/s Kanoria Chemicals & industries Ltd., Mumbai have filed the petition and claimed that the two constitute domestic industry within the meaning of the Anti Dumping Rules. Production of these two companies constitute approx 70% of Indian production. Other known Indian Producers are M/s. Southern Synthetics Ltd., M/s. Jai Ambe Ganga Chemicals Pvt Ltd, M/s. R. Chem Industries Pvt Ltd., and M/s Ena Chem. However, none of these parties have responded to the Authority and provided any information. The investigation has not shown any fact to the contrary to what has been claimed and established by the petitioner. Having regard to the Rules and information on record, the Authority holds that Simalin Chemical Industries Ltd. and M/s Kanoria Chemicals & industries Ltd constitute domestic industry for the purpose of the present investigations within the meaning of the Rules.

E. DUMPING DETERMINATION

Continuance of Dumping: Determination of Normal Values, Export Prices and Dumping Margins:

Normal Value in Iran

15. None of the exporters from Iran made any submission before the Authority in response to this review investigation. None of the interested parties other than petitioner have provided any information to the Authority to enable determination of normal value. Therefore, the Authority declares the Iranian exporters as non cooperative for the purpose of the present investigations and has determined normal value based on best information available. The normal value has been determined by the petitioner on the basis of estimates of cost of production. In the absence of any response from the Iranian exporters, the Authority has determined normal value on the basis of estimates of cost of production, with addition of selling, general and administrative expenses. Reasonable profit has been added to determine ex-factory normal value. Calculation of normal value is given below:

Computation of Normal Value	Rs/MT
Raw materials	***
Utilities	***

Salary & wages & Other production expenses	***
Manufacturing cost	***
Selling, general & administrative cost	***
Interest cost	***
Full cost of production	***
Reasonable profit	***
Normal value	***
Normal value (US\$)	***

Note: Exchange Rate Rs.41.92=1 US\$

Export Price from Iran

16. None of the exporters from Iran made any submission before the Authority in response to this review investigation. None of the interested parties other than petitioner have provided any information to the Authority to enable determination of export price. Therefore, the Authority declares the Iranian exporters as non cooperative for the purpose of the present investigations and proposes to determine export price based on best information available.

17. The export price was determined by the petitioner on the basis of information compiled and provided by data compiling agency. In the absence of any response from the Iranian exporters, the Authority has determined export price on the basis of data made available by IBIS since DGCI&S data does not reflect full volume of imports of the subject goods.

18. In view of non-cooperation from the Iran exporters, the Authority has determined ex-factory export price after making price adjustments for ocean freight, insurance, commission, port-expenses. The export price so determined comes as under –

Import volume (MT)	***
Import value (Rs.Lacs)	***
CIF export price (US \$)	***
Less : Adjustments	***
Ocean Freight	***
Insurance	***
Inland Freight	***
Port Charges	***
Bank charges	***
Insurance	***
Total Adjustments	***
Ex-factory Export Price	***

Dumping Margin

19. The normal value determined at the ex-factory level has been compared with the net export price determined at the ex-factory level to determine the dumping margins as follows:

Dumping Margin Calculations

	Normal Value	Ex-factory Export Price	Dumping	Dumping
	US\$/ MT	US\$/ MT	Margin	Margin %
All Exporter / producer from Iran	***	***	***	32-37 %

20. The current dumping margin from the subject countries has been found to be significant and above de minimis level.

Likelihood of continuance or recurrence of Dumping in the event of withdrawal or reduction of Anti dumping Duty.

Views of the domestic Industry:-

21. The Petitioners have submitted the following in support of their argument for likelihood of continuation or recurrence of dumping in the event of revocation of duty:

- a) Significant level of current dumping margin .
- b) Price attractiveness of Indian market.
- c) Export orientation of foreign producers.
- d) Capacity created by the exporters in the subject country.

Examination by the Authority

22. Authority has taken note of various submissions made by the domestic Industry. The domestic industry in its petition has relied upon IBIS (secondary source) data for import analysis as per following table:-

Imports from Iran	Unit	2004-05	2005-06	2006-07	POI
Quantity	MT	260	200	240	280
Value	Rs.lacs	75.36	64.76	97.07	117.26
Price	Rs./Kg	28.70	32.06	40.04	41.46

23. Analysis of the above data shows that the volume of imports has remained consistent and ranges from the lowest level of 200 MT in 2005-06 to the highest level of 280 MT during POI. As far as per unit price is concerned it is seen that the same ranges from Rs.28.70 per kg in 2004-05 to Rs.41.46 per KG during POI. This indicates that there is hardly any spurt in volume of imports from the subject country during the injury period. Similarly, per unit prices have remained in the same level during 2006-07 and the POI. Despite this, dumping has been established in the preceding paragraphs. This indicates that in spite of the anti dumping duty in place imports from the subject country continued at dumped price, although the anti dumping duty has restricted the volume of imports. The Authority notes that in case the anti dumping duty is either reduced to the present level of dumping or revoked, it is likely to open flood gates for dumped imports in to India from the subject country.

24. To make a fair comparison with other sources of data the Authority procured data from DGCI&S. However, the Authority found that the DGCI&S data is under-reported from the subject country and during POI the same was reported to be only 40 MT. On this score therefore DGCI&S data cannot be relied upon for a fair analysis.

25. The Authority also tried to obtain the details on volume of imports from World Trade Atlas. However, the data regarding exports from the subject country to world over was not available. As regards imports in to India from the subject country Authority notes that the total volume reported therein more or less matches with the volume reported under IBIS data source. From the same it is also evident that the per unit price of the subject good's imports from the subject country stands at same level as reported in IBIS data source. During POI the FOB price reported in WTA is Rs.40 per KG , where as IBIS data shows a price of Rs.42.86 per KG , CIF. The Authority therefore notes that reliance on IBIS data source is appropriate for determination of likelihood scenario.

26. On the issue of available capacity in the subject country the authority tried to obtain information from the website where it is noted that M/s- Sina Chemical Industrial Company has claimed to be the sole manufacturer of Hexamine in Iran and as per available information their annual production of Formaline and Hexamine is 66,000 MT. Considering the fact that Iran has been able to offload in to India only 250MT on an average during injury investigation period , it is evident that inspite of producing huge volumes they have not been able to penetrate into Indian market in a big way primarily due to the existing anti dumping duty. Thus it is evident that anti dumping duty has proved to be an effective instrument against dumping from the subject country.

F. INJURY AND CAUSAL LINKS DETERMINATION

F.I Views of the interested parties

Views of the Domestic Industry

27. The domestic industry, in its submissions has concluded that even though performance of the domestic industry marginally improved in 2005-06, the same deteriorated once again from 2006-07. During POI, the performance marginally improved but still remained sub-optimal. The same trend can be seen in various economic factors such as production, capacity utilization, productivity, sales, etc. In fact, production, sales & capacity utilization declined in the investigation period. On overall basis, the situation of the domestic industry continued to remain adverse. Further, the performance would at best deteriorate further, should the anti dumping duty in force be revoked at this stage.

Examination by the Authority

28. The Authority has taken note of various arguments raised with regard to injury to the domestic industry. The Authority notes that the current dumping margin from Iran is above *de minimis* level. The Authority therefore, proceeds to examine the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury on account of imports from the subject countries.

Current Injury and causal link

29. Article 3.1 of the Anti Dumping Act and Annexure II of the Anti Dumping 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 imports, either in absolute term or relative to production or consumption in the importing member. 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 the importing country, or whether the effect of such imports is otherwise to depress prices to a significant degree, or prevent price increase, which would have otherwise occurred to a significant degree.

30. For the purpose of current injury analysis, the Authority has cumulatively examined the volume and price effects of dumped 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 links between the dumping and injury, if any. Accordingly, the volume and price effect of dumped imports have been examined as follows:

F.II VOLUME EFFECT: Volume Effect of dumped imports and Impact on domestic Industry

31. The effects of the volume of dumped imports from Iran as well as imports from other countries have been examined as follows:

i) Import volumes and share of subject countries:

32. The Authority has examined the details of imports provided by DGCIS and compared the same with the data provided by International Business Information Services (IBIS). On comparison, it was found that volume of imports reported by DGCIS is lower than the volume of imports reported by IBIS. Therefore, the data provided by the IBIS has been relied upon for analysis. Information provided by IBIS shows that imports from the subject country was 280 MT. During the same period, total imports from all countries increased from 803MT to 3089 MT. Share of the subject countries in total imports during POI was 9%, and other country already attracting antidumping duty was 48% as compared to the other countries whose share was approximately 43%:

Particulars	UOM	2004-05	2005-06	2006-07	Jan'07-Dec'07
Iran	MT	260	200	240	280
Other Countries attracting duty	MT	440	1,218	1,466	1,486
Others	MT	103	167	760	1,323
Total Imports	MT	803	1,586	2,466	3,089

32. The data shows that the import from Iran remained almost at the similar levels. Imports from the other countries attracting duty increased significantly. Detailed examination of the information shows that these primarily include imports from Russia, where the anti dumping duty were substantially enhanced after the order from the CESTAT. Import from other countries not subject to antidumping duty also shows significant increase.

ii) Demand, Output and Market shares

a) Demand and Market Share

On the basis of verified data, the position with regard to demand and market share is as follows –

	UOM	2004-05	2005-06	2006-07	Jan'07-Dec'07
Imports from Iran	MT	260	200	240	280
Imports from Countries- Already attracting duty	MT	440	1,218	1,466	1,486
Imports from Other Countries	MT	103	167	760	1,323
Sales of domestic industry	MT	***	***	***	***
Other Domestic Producers	MT	***	***	***	***
Domestic Demand	MT	11,356	11,798	12,120	13,546
Share in Demand					

Imports from Iran	%	2.29	1.70	1.98	2.07
Imports from Countries- Already attracting duty	%	3.87	10.33	12.09	10.97
Imports from Other Countries	%	0.91	1.42	6.27	9.77
Sales of domestic industry	%	***	***	***	***
Trend	Index	100	93	80	78

33. The above data shows that there has been continued growth in demand for the product and demand during POI was higher by over 19% over base year 2004-05. While market share of imports from Iran remained almost at the same level, market share of other countries increased significantly. Imports from other countries included imports from China, which are not subject to anti dumping duties. Further, whereas market share of imports increased over the injury period, market share of the domestic industry decreased inspite of growth in demand.

iii) Production of the Domestic Industry

34. Verified information shows as follows

	UOM	2004-05	2005-06	2006-07	Jan'07-Dec'07
Installed capacity	MT	***	***	***	***
Trend	Index	100	100	100	100
Production	MT	***	***	***	***
Trend	Index	100	103	84	95
Capacity utilization	%	***	***	***	***
Trend	Index	100	103	84	95

35. The above data shows that capacity utilization of the domestic industry declined by about 5% in the POI as compared to the base year after achieving full capacity utilization 2005-06. In a situation where the demand for the product increased during the injury period, the capacity utilization of the domestic industry declined as compared to the base year.

iv) Sales of Domestic Industry

36. Verified information shows as follows

Particulars	UOM	2004-05	2005-06	2006-07	Jan'07-Dec'07
Domestic sales	MT	***	***	***	***
Trend	Index	100	97	86	93
Export sales	MT	116	-	-	-
Trend	Index	100	-	-	-

37. Authority has examined domestic and export sales separately. The above data shows that domestic sales declined by 7% over the period, in a situation where the demand for the product increased.

F.III Price Effect of the Dumped imports on the Domestic Industry

38. The impact on the prices of the domestic industry on account of the dumped imports from the subject country has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis, the

weighted average cost of production, weighted average Net Sales Realization (NSR) and the Non-injurious Price (NIP) of the domestic industry have been compared with the landed cost of imports from Iran.

(i) Price undercutting and underselling effects

39. Price undercutting has been determined by comparing the landed value of dumped imports from Iran over the entire period of investigation with the weighted average net sales realization of the domestic industry for the same period. For this purpose, landed value of imports has been calculated by adding 1% handling charge and applicable basic customs duty to the value reported in the IBIS data of import prices from the subject country. In determining the net sales realization of the domestic industry, discounts and commissions offered by the domestic industry and the central excise duty paid have been rebated.

40. For the purpose of price underselling determination landed price of imports from Iran has been compared with the Non-injurious selling price of the domestic industry, determined for the POI.

Particulars	UOM	2004-05	2005-06	2006-07	Jan'07-Dec'07
Cost of sales	Rs./MT	***	***	***	***
Trend	Index	100	97	128	119
Selling Price	Rs./MT	***	***	***	***
Trend	Index	100	100	128	117
Landed Value	Rs./MT	***	***	***	***
Trend	Index	100	107	131	132
Price undercutting	Rs./MT	***	***	***	***
Trend	Index	100	64	111	31
Price undercutting	%	13-18	7-12	11-16	3-8
Non-injurious price					***
Price underselling					***
Price Underselling %					10-15

41. The Authority notes that imports from Iran were below the net sales realization of the domestic industry, thus resulting in positive price undercutting. Landed value of dumped imports from Iran were substantially below the non-injurious price of the domestic industry.

(ii) Price suppression and depression effects of the dumped imports:

42. The price suppression effects of the dumped imports have also been examined with reference to the cost of production and net sales realization. The above data shows that the cost of production of the subject goods have significantly increased compared to the base year. The domestic industry was able to increase its selling prices as well. However, the increase in the selling prices were insufficient to permit recovery of cost of production during period of Investigation.

F.IV Examination of other Injury Parameters

43. Other economic parameters, which could indicate existence of injury to the domestic industry, have been analyzed here as follows:

(i) Productivity

44. Productivity of the domestic industry has been measured in terms of its labour productivity of the output and it was noticed that the productivity declined in 2006-07, but increased thereafter once again in POI.

Particulars	2004-05	2005-06	2006-07	Jan'07-Dec'07
Productivity per employee	***	***	***	***
Trend	100	100	82	91

(ii) Profits, return on capital employed and cash flow

45. Verified information shows as follows

Particulars	Unit	2004-05	2005-06	2006-07	Jan'07-Dec'07
Cost of Sales	Rs./MT	***	***	***	***
Trend	Index	100	97	128	118
Selling Price	Rs./MT	***	***	***	***
Trend	Index	100	100	128	118
Profit/Loss	Rs. MT	(***)	***	(***)	(***)
Trend	Index	100	119	(132)	(212)
Total Profit/Loss	Rs. Lacs	(***)	***	(***)	(***)
Trend	Index	100	115	(113)	(197)
Cash Profit/Loss	Rs. Lacs	(***)	***	(***)	(***)
Trend	Index	100	523	(177)	(400)
Return on capital employed	%	(***)	***	(***)	(***)
Trend	Index	100	777	(112))(328)

46. It is seen that the domestic industry is suffering continued financial losses with regard to the product under consideration except 2005-06 when it could earn profits. Profitability of the domestic industry further deteriorated during POI both as compared to preceding year as well as base year.

47. Cash profits and return on capital employed showed the similar trend as that of profits.

(iii) Employment and wages

Particulars	Unit	2004-05	2005-06	2006-07	Jan'07-Dec'07
Number of Employee	Nos.	***	***	***	***
Tren	Index	100	103	103	105
Wages	Rs. Lacs	***	***	***	***
Trend	Index	100	103	119	135
Wage per Employee	Rs. Lacs	***	***	***	***
Trend	Index	100	101	116	128

48. It is seen that number of employees with the domestic industry has remained in almost the same region. The wages show normal wage increases.

iv) Ability to raise capital

The domestic industry has not made any capacity addition during the injury period.

v) Magnitude of Dumping

The dumping margin determined for the subject country is above de minimis level.

vi) Factors affecting prices

49. The Authority has examined the change in cost structure if any, competition in the domestic industry and prices of competing substitutes for analyzing the factors other than dumped imports that might be affecting the prices in the domestic market. However, domestic demand has increased during the POI. The Authority also notes that the participating producers of the subject goods account for about 55% of total domestic demand.

vii) Inventories

Particulars	Unit	2004-05	2005-06	2006-07	Jan'07-Dec'07
Inventories - at the end		***	***	***	***
of period	MT				
Trend	Index	100	438	112	161
Inventories as % of		***	***	***	***
Production	%				
Trend	Index	100	425	133	169

50. The data of the domestic industry shows that inspite of growth in demand, The inventory levels have increased during POI both as compared to preceding year as well as base year.

F.V Overall assessment of Injury

51. It is seen that the volume of imports from the subject country has remained almost at similar level. The imports were undercutting the prices of the domestic industry and landed price of imports were below the non-injurious price of the domestic industry. Thus, the domestic industry would suffer price undercutting and price underselling in the event of revocation of anti dumping duties. If the domestic industry were to match the landed price of imports, it would suffer even higher losses. With regard to performance of the domestic industry on various injury parameters, it is seen that performance of the domestic industry deteriorated once again on account of production, sales, market share, capacity utilization, inventories. Profit/loss, return on investment and cash flow continued to be sub-optimal. The performance of the domestic industry therefore continues to be fragile.

F.VI Other Known factors and Causal Link

52. The Authority examined whether other known factors could have caused injury to the domestic industry as follows:

Volume and prices of imports from other sources

53. During the POI, other than the subject countries, imports have taken place from a number of other countries including countries against which antidumping duty is in force. The data also shows that imports from countries attracting antidumping duty have increased substantially. Imports from countries not attracting duty have also increased.

Contraction in demand and / or change in pattern of consumption

54. Domestic demand of the product under consideration has shown an increase of about 19% during the POI. Possible contraction in demand does not seem to have affected the domestic industry in volume parameters.

Trade restrictive practices of and competition between the foreign and domestic producers

55. The subject goods are freely importable and there are no trade restrictive practices in the domestic market. Therefore, this factor could not have been reason to cause injury to the domestic industry

F.VII Development of technology and export performance

56. Technology or technology related issues have not been raised by any interested party as cause of injury to the domestic industry. It is noted that domestic industry is not in the export market since 2005-06. Therefore this factor is not causing injury to the domestic industry.

F.VIII Productivity of the Domestic Industry

57. Productivity of the domestic industry in terms of labour, output has shown some decline. However, decline in productivity is insignificant to have caused any injury.

F.IX Magnitude of Injury and injury margin

58. The non-injurious price of the subject goods, determined for the domestic industry taking into account the cost data of the domestic industry, has been compared with the landed value of imports from Iran for determination of the injury margin.

G. Likelihood of continuation or recurrence of injury

59. Producers/exporters from Iran have continued to export at dumping prices. Present investigation is a review investigation and the Designated Authority is required to examine whether revocation of duty is likely to lead to continuation or recurrence of dumping and injury. In this case, as there are continued dumped imports, Designated Authority is required to examine whether revocation of duty is likely to lead to continued dumping of the product. Exporters and producers from the subject country are exporting subject goods to India for the past several years. The current dumping margin is very significant. In the previously concluded investigation also dumping margin was significant. In such a situation, there is no reason to believe that the dumping will not intensify with the revocation of duty. Although from the data in the preceding paragraphs, it is evident that the volume of imports from the subject country has remained more or less consistent and ranges from 200MT during 2004-05 to 280MT during the POI, it is primarily due to the operative anti-dumping duty. Considering the huge production of the subject goods by the exporter in Iran and their export orientation and the increasing demand for the subject goods in India, in all likelihood any reduction or revocation of the anti-dumping duty may lead to spurt in the dumped imports injuring the domestic industries

Likelihood of Dumping

60. To examine the likelihood of dumping in a sunset review investigation, the Authority applies the same methodology and the procedure as are applied in original investigations. The dumping margin is also recalculated for the updated period.

Level of current and past dumping margin

61. Considering the dumping margin determined by the Authority in the previous investigation and the dumping margin now assessed, it is quite evident that the exports were continued to be made at dumping prices and is likely to continue with revocation of anti dumping duties. Further, the volume of imports is likely to increase further in the event of revocation of anti dumping duties, given the significant price undercutting during the injury period.

Price attractiveness of Indian market

62. The price at which material is being exported by Iran to India is also an indicator of the continuation of dumping. At the landed price there is significant undercutting. Thus, with the revocation of anti dumping duties, the Indian prices would be too attractive to the Foreign Producers and there is strong likelihood that Indian Consumers would import substantially due to increasing demand.

Export orientation of foreign producers

63. From the information available in the website and the correspondences made by the exporter during the original investigation period, it is evident that M/s. Sina Chemical Industrial Company is the sole manufacturer of the subject goods in Iran and their annual production of Hexamine and Formaline is reportedly 66,000 MT . During the original investigation period they had exported mainly to India, South Africa, Pakistan, Spain, Malaysia etc. and they seem to have no domestic sales. Due to non-cooperation of the exporter during the present investigation, the information regarding their production capacity, actual production, exports, domestic consumption etc are not available. However from the data available during the original investigation period, it can be presumed that the subject exporter is basically an export oriented company. The operative anti-dumping duty has successfully prevented them from dumping their goods into India at dumped prices.

H. FINAL FINDINGS:

64. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current and likely dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:

- i) The subject goods are entering the Indian market at dumped prices and dumping margins of the subject goods imported from Iran is substantial and above de-minimis.
- ii) The subject goods are likely to enter the Indian market at dumped prices and the likely dumping margins in respect of imports from Iran is substantial and above de-minimis.
- iii) The subject goods are likely to enter Indian market at dumped prices, should the present measures be withdrawn.
- iv) Even though the domestic industry has improved its performance during the POI, the situation of domestic industry continues to be fragile and dumped imports from subject countries continue to cause a substantial injury to the domestic industry. Further, should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify..

I. Indian industry's interest and other issues

65. The Authority recognises that the imposition of anti dumping duties might affect the price levels of the product in India. However, fair competition on the Indian market will not be reduced by the anti dumping measures. On the contrary, imposition of anti dumping measures would

remove the unfair advantages gained by dumping practise, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. The Authority notes that the imposition of the anti dumping measures would not restrict imports from subject countries in any way, and therefore, would not affect the availability of the products to the consumers. The consumers could still maintain two or even more sources of supply.

66. The purpose of anti dumping duties , in general ,is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market , which is in the general interest of the country. Imposition of anti dumping measures would not restrict imports from the subject country in any way ,and ,therefore ,would not affect the availability of the products to the consumers.

J. Recommendations

67. Having concluded that the situation of the domestic industry continues to be fragile and there is likelihood of continuation or resumption of dumping and injury on account of imports from Iran, if the duties are revoked, the Authority is of the opinion that the measure is required to be extended in respect of imports from Iran.

68. Having examined the current dumping and likelihood of dumping to be imminent in case of withdrawal of the current measure in place, the Authority recommends continued imposition of Anti-Dumping Duty in place as recommended by the Authority vide Final Findings Notification No. 14/35/2002-DGAD Dated 11.04.2005 published in the Gazette of India, Extraordinary, Part-I, Section-I, Dated 14.04.2005 and notified by the Central Government vide Notification No. 58/2005-Customs Dated. 30.06.2005.

69. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

R. Gopalan
Designated Authority