

**MINISTRY OF COMMERCE AND INDUSTRY**  
**(Department of Commerce)**

**NOTIFICATION**

New-Delhi, the 28th May, 2001

**FINAL FINDINGS**

**Subject:** Anti-Dumping investigations concerning import of Ferro Silicon from Russia, China and Iran.

**F.No. 28/1/2000-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 preliminary findings:
  - a. The Designated Authority (hereinafter also referred to as the Authority) notified Preliminary Findings vide notification dated 16/11/2000 with regard to anti-dumping investigations concerning imports of Ferro Silicon from Russia, China and Iran 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 13/2/2001. 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. Only the petitioners were present at the oral hearing.
  - 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 petitioners and other interested parties have been appropriately dealt with in the preliminary findings and/or these findings;

- f. 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;
- g. \*\*\* in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.

## **B. PRODUCT UNDER CONSIDERATION**

2. Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. Silicon constitutes the major proportion in Ferro Silicon. The size of Ferro Silicon is generally described in terms of millimeter of the outer dia of the product.

Ferro Silicon is primarily used as a deoxidiser in the production of steel and alloy steels. Ferro Silicon is also used in the manufacturing of power rectifiers and welding electrodes. The various users of Ferro Silicon can be described as under:

- Deoxidiser in the production of steel,
- As an alloying element for steel,
- In the making of electrical grade steel,
- In the production of anti-corrosive and acid resistant steel,
- In the manufacturing of power rectifiers,
- In the manufacturing of welding electrodes,
- It is added to cast iron as graphitising agent,

Ferro Silicon is classified under Customs sub-heading Nos. 7202.21 and 7202.2100 of Chapter 72 of the Customs Tariff Act, 1975.

The Authority confirms the preliminary findings on product under consideration.

## **C. LIKE ARTICLES**

3. Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. There is however no significant difference in terms of process, equipment or technology for the production of Ferro Silicon. Ferro Silicon is primarily used as a deoxidiser in the production of steel and alloy steels. Ferro Silicon is also used in the manufacturing of power rectifiers and welding electrodes. In order to establish that Ferro Silicon produced by the domestic industry is a Like Article to that exported from Russia and China, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

Some interested parties have stressed on the quality differences between the imported Ferro Silicon and that manufactured by the petitioner. They have also stated that the most commonly used grade of FeSi internationally is the 75% Si grade. The Indian producers of Ferro Silicon produce Silicon ranging between 70-75% Si and thus the price quoted by them are also for Si 70-75% grade. The material that is mainly being imported into India is the lower 70-75% grade FeSi. However, the Authority notes that the basic manufacturing process, applications and overall use of the product are similar. There is a high degree of interchangeability and consequently of competition between the imported product and that manufactured by the petitioner being the subject matter of this investigation. Interested parties have stated that anti-dumping duty may be levied on all grades of Ferro Silicon but in the forms of lumps i.e. 10 mm and above but not on chips and powder. The petitioners have clarified that the process of manufacture is almost slagless and only alloy is tapped out from the furnace at intervals. The product is then casted and cooled for sizing as per the customers' requirements. Physical differences in the product are therefore dependent on buyers requirements.

### **Views expressed by the Domestic Industry on Product under Consideration and Like Article:**

Ferro Silicon is classified under customs subheading no. 7202.2100 and 7202.2900 of the Customs Tariff Act. The product under consideration is "Ferro Silicon" regardless of silicon content. In the preliminary findings, the Designated Authority has restricted the duty to only one sub-classification. However, as brought out earlier, Ferro Silicon regardless of its silicon content is being imported in both the sub-classifications. In any event, the scope of the present investigations is not restricted with reference to the Silicon content. The issue of Silicon content is relevant only to the issue of comparison of normal value with export price and non-injurious price with the landed price of imports. However, the manner of comparison can not imply any restriction on the scope of the duties. The present situation may lead to circumvention of duties. The final duties may please be recommended on the product regardless of customs classification.

Ferro Silicon produced by the Indian Industry is comparable to the goods imported from the subject countries in terms of characteristic such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the subject goods. The two are technically and commercially substitutable.

### **Authority's Position:-**

The Authority therefore finds that there is no argument disputing that Ferro Silicon produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Ferro Silicon imported from the subject country both commercially and technically. Ferro Silicon produced by the domestic industry has been treated as Like Article to the product exported from Russia and China, within the meaning of Rule 2(d).

In view of the above, the Authority confirms the preliminary findings on Like Articles.

## D. DOMESTIC INDUSTRY:-

4. The petition has been filed by M/s. Indian Metals and Ferro Alloys Ltd., Bhubaneswar, M/s Nava Bharat Ferro Alloys Ltd., Hyderabad and M/S VBC Ferro Alloys Ltd., Hyderabad alleging dumping of Ferro Silicon originating in or exported from Russia, China and Iran. As per the information furnished by the O/o Development Commissioner Iron & Steel, the petitioners excluding the supporters represent 80.35% of the total Indian production.

As per the information of the Administrative Ministry, there are fifteen producers of Ferro Silicon in India, three of whom have filed this petition. A fourth producer namely M/s Indsil Electrosmelts Ltd., Coimbatore has supported this petition.

### Production in MT

Producers	1996-97	1997-98	1998-99	POI
<b>Petitioners</b>				
IMFA	28273	22679	22043	13379
VBC	10406	11476	6162	7748
Nava Bharat	2982	8038	1373	---
Total	41661	42193	29578	
<b>Other than Petitioners</b>				
Alok Ferro Alloys Ltd.	-	-	686	---
Nav Chrome Ltd.	162	324	324	---
Ispat Alloys Ltd.	8880	-	-	---
GMR Vasavi Industries Ltd.	146	33	-	5
Indsil Electrosmelts Ltd.	2864	1532	3149	18
The Silcal Metallurgic Ltd.	4449	3462	5040	5005
The Travancore Electro Chem	-	57	506	---
Sandur Maganese & Iron Ores	8102	10993	5227	---
Visvesvarya Iron & Steel Co. Ltd.	7557	7986	2319	---
Universal Ferro Alloys Chem	-	4008	4008	---
M/s Anjaney Ferro Alloys Ltd.				50

M/s Shyam Ferro alloys Ltd.				86
Shree Guru Kripa	Not known	Not known	115	113
<b>Total Indian Production</b>	73821	70582	50837	26291

As can be seen from the table above, the Petitioners, excluding the supporters represent 80.35% of the total Indian production. If the production of Indsil is also included, the petitioners would represent 80.42% of Indian production of Ferro Silicon. Therefore, the petitioners with or without support satisfy the standing to file the present petition and constitute the domestic industry under the Rules.

As per information furnished by The Indian Ferro Alloys Producers Association, the production of Ferro Silicon (MT) during 1996-97 to 1999-2000 was as given in the Table below:-

Year	1996-97	97-98	98-99	99-2000
<b>Members</b>				
IMFA	28,036	23,722	21,619	26,731
VBC	10,557	12,202	10,410	10,809
NBFA	2,984	8,414	1,379	---
Others	19,999	22,404	13,854	5746
Non-Members	17,000	13,000	12,000	13,000
Total	78,576	79,742	59,262	56,286

From the above table, the Petitioners, excluding the supporters represent 66.69% of the total Indian production.

The Authority notes therefore that the petitioners constitute "domestic industry" and have the required standing to file the present petition under the Rules.

The Authority confirms the stated position on domestic industry as given at para H 8 of the preliminary findings.

## **E. DUMPING:-**

### **(A) Normal Value**

#### **Domestic Industry's Views on Dumping:-**

None of the exporters from the subject countries have provided information in the format manner prescribed. The response filed by the Iranian producers also appears to be without questionnaire response. The exporters have thus preferred non-cooperation in the present investigations. The Authority is therefore fully justified in proceeding with the best information available.

## **Authority's Position:-**

The Authority observes that the exporters from the subject countries have not responded to the questionnaire in the prescribed format and have not furnished information relating to normal value, export price, and dumping margin. The Authority therefore considers all exporters to be non-cooperative and has proceeded on best available information.

In the absence of information from the concerned exporters from the subject countries, the Authority has been constrained to determine the constructed cost of the subject goods in Russia and China and has determined export price from the named countries as available in official data.

The normal value in Russia is therefore considered to be USD \*\*\*/MT or Rs \*\*\*/MT at an average exchange rate during POI of 1USD=Rs 43.35.

The normal value in China is considered to be USD \*\*\*/MT or Rs \*\*\*/MT at an average exchange rate during POI of 1USD=Rs 43.35.

### **(B) Export Price**

#### Russia

The cif price as per the information available with the Authority is determined at Rs \*\*\*/MT. The ex-factory export price has been determined after taking USD \*\*\*/Mt as ocean freight, \*\*% as marine insurance charges, commission @\*\*% for the agent in Russia, \*\*% of fob value for port handling and port charges as per the Indian experience and transportation costs @ \*\*% likely to be incurred by the producers in Russia to their sea ports. However, commission @\*\*% for the Indian indenting agent as claimed by the petitioners is not allowed by the Authority for want of documentary evidence. After adjustments on these accounts the ex-factory fob export price is estimated to be Rs \*\*\*/MT or USD \*\*\*/MT at an average exchange rate of Rs 43.35=1USD.

#### China

The cif price as per the information available with the Authority is determined at Rs \*\*\*/MT. The ex-factory export price has been determined after taking USD \*\*\*/MT as ocean freight, \*\*% as marine insurance charges, commission @\*\*% for the agent in China, \*\*% of fob value for port handling and port charges as per the Indian experience and transportation costs @ \*\*% likely to be incurred by the producers in China to their sea ports. However, commission @\*\*% for the Indian indenting agent

as claimed by the petitioners is not allowed by the Authority for want of documentary evidence. After adjustments on these accounts the ex- factory fob export price is estimated to be Rs \*\*\*/MT or USD \*\*\*/MT at an average exchange rate of Rs 43.35=1USD.

**(c) Dumping margin**

**(i) Russia**

Considering the constructed normal value at USD \*\*\*/MT and the ex-works export price at USD \*\*\*/MT, the dumping margin determined by the Authority comes to USD \*\*\*/MT (which is 56.9% of export price).

**(ii) China**

Considering the constructed normal value at USD \*\*\*/MT and the ex-works export price at USD \*\*\*/MT, the dumping margin determined by the Authority comes to USD \*\*\*/MT (which is 43.3% of export price).

**F. INJURY:-**

For the examination of the impact of imports on the domestic industry in India, the Authority has considered such 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 wire Annexure II (iv) of the rules supra, the details of which as brought out in the Preliminary Findings are reproduced below:-

**a. Quantum of Imports**

As per DGCIS Quantity (MT)

Country	1996-97	1997-98	1998-99	POI
Russia	1074.7	2949.8	2514.8	4003.78
China	220.7	2209	80.29	2675
Iran	---	142.8	---	280
Sub.countries	1295.5	5301.8	2595.18	6958.78
Other Sources	9931	6429.96	1779.58	5858.5
Total imports	11226.5	11731.8	4374.7	12817.3

(Imports of the the subject goods have been considered under custom classification no. 7202.2100).

The total imports of Ferro Silicon increased by 4.5% in 97-98 over that of 96-97 and by 168% in 98-99 over 97-98. The increase in the total imports of Ferro Silicon was 192.9% in the POI over the level of 1998-99. Thus the quantum of imports have gone up significantly during the period of investigation.

While the quantum of imports from Russia have gone up by 59.20% in the POI (Apr-Dec'2000) over 1998-99, the quantum of imports from China have gone up by 3231% in the POI over that of 1998-99. The quantum of imports from Iran have gone up by 96% in the POI (Apr-Dec'2000) over 1997-98.

The share of Russia in total imports was 9.5%, 25.14%, 57.48% and 31.23% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of China in total imports was 1.96%, 18.83%, 1.83% and 20.8% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of Iran in total imports was nil in 1996-97, 1.2% in 1997-98, nil in 1998-99 and 2.18% in the POI, respectively. The Authority notes that the imports of the subject goods from Iran constitute only 2.18% of the total quantum of imports of Ferro Silicon during the period of investigation and are hence de-minimis. Imports from Iran are therefore excluded from the scope of these investigations.

## b. Production and Capacity Utilisation

The production capacity, actual production and capacity utilisation of the petitioners was as follows: -

Petitioners	Year 1997-98	Installed Capacity (MT)	Production (MT)	Capacity Utilisation %
IMFA		45000	25130	55.8
VBC		12000	12254 (Own- 11209 Job work-*** exp-*** net prod-11209	93.4
Nava Bharat		No information	8414	---
<b>Total</b>		57000	36486	64
	<b>1998-99</b>			
IMFA		45000	22319	49.59
VBC		10000	10473 (Own – 8214 Job work- ***)	82.14
Nava Bharat		No information	1374	---
<b>Total</b>		55000	30533	55.5
	<b>POI (Apr-Dec'99)</b>			
IMFA		45000	19031	42
VBC		10000	Total prod. 8373 (Own- ***; deemed export - ***; job work- ***	77.35

			net.prod excl. job work 7735)	
Nava Bharat		---	---	---
<b>Total</b>		55000	26766	48.66

It is seen that production and capacity utilisation of domestic industry has declined in the period of investigation.

### c. Sales and Market Share

As reported by the Indian Ferro Alloy Producers' Association (IFAPA), the estimated sales (MT) of Ferro Silicon in the domestic market based on information available with them is as follows:-

Domestic Sales	1996-97	97-98	98-99	99-2000
Members	54,987	57,918	42,891	41,605
Non-members (Estimated)	17,000	13,000	12,000	13,000
Total Sales of Indian Producers (Estimated)	71,987	70,918	54,891	54,605

The quantum of sales made by the petitioners were as follows:-

Petitioners	1996-97	97-98	98-99	99-2000
IMFA	29964	22445	24984	21095
VBC	10990	9623	10193	6141
Nava Bharat	Not available	Not available	Not available	Not produced
Total	40954	32068	35177	27236

It is observed from the above that the demand of Ferro Silicon was approximately 83213 MT, 82649 MT, 59265 Mt and 67422 Mt in 96-97, 97-98, 98-99 and 99-2000 (upto Dec.'99) respectively. The annualized demand for the POI is 89896 MT. The share of imports in total demand was 13.49%, 16.54%, 7.38% and 19% in 96-97, 97-98, 98-99 and 99-2000 (upto Dec. 99) respectively. The share of the domestic industry was 49.2%, 38.8%, 59.35% and 40.39% in 96,97, 97-98, 98-99 and 99-2000 (upto Dec.99) respectively.

### d. Closing Stocks

The closing stocks of the petitioners were as given in the table below:-

Closing Stocks MT)	97-98	98-99	99-2000 (POI)
IMFA	6323	3658	1594
Nava Bharat	1408	561	207 (for 99-00)
VBC	2370	223	1817
Total	10101	4442	3618 (annualised 4824MT).

### e. Price undercutting and price depression

The landed prices of the imported material are below the non-injurious price of the domestic industry . The DGCIS month-wise import data for the period of investigation shows a variation from Rs 9.25/kg to Rs 60.8/kg in the per unit rate of import prices (cif) from China. After ignoring the abnormal transactions the landed value from China is around Rs 32170/MT. The landed value from Russia (after excluding an abnormal transaction in May'99) is Rs 29,251/MT.

Rs/MT

Year	Sales Realisation of Dom. Industry (Wt.ave)	Landed Price of Imports	
		Russia	China
1997-98	***	28970	30630
1998-99	***	29270	59520
1999-2000	***	29251	32170

### f. Profitability:-

The domestic industry has been forced to reduce its selling prices below its cost of production, resulting in substantial financial losses. The injury to the domestic industry is evident from the per unit profit/loss made by the industry from sales in the domestic markets, as shown below:-

Rs/kg	97-98	98-99	99-2000 (POI)
<b>IMFA</b>			
COP	***	***	***
Selling Price	***	***	***
P/L	***	(***)	(***)
<b>VBC</b>			
COP	***	***	***
Selling Price	***	***	***
P/L	***	***	(***)
<b>Nava Bharat</b>			
COP	***	***	No production
Selling Price	Not made available	Not made available	No production
P/L	Not made available	Not made available	No production

## G. CONCLUSION ON INJURY

5. In view of the foregoing the Authority confirms the conclusions on injury at Para K.15 of the Provisional Findings and reiterates that:-

- a. the quantum of imports from the subject countries have increased in absolute terms;
- b. the market share of the petitioners have gone down while that of imports has increased;
- c. the capacity utilisation of the petitioners have gone down ;
- d. the petitioners have been forced to sell at prices below their non-injurious price resulting in losses;
- e. imports are undercutting the prices of the domestic industry;
- f. the domestic industry is left with substantial closing stocks.

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

## **6. Causal Link**

The Authority notes that as the Ferro Silicon industry is power intensive many units producing Ferro Silicon including M/s Nava Bharat were forced to either suspend production or shut down as in the presence of increased imports of Ferro Silicon at dumped prices, the high cost of production incurred in manufacture could not be passed down to the consumers. Although there has been no significant change in demand which has increased marginally, total Indian domestic production declined from 73821Mt, 70582Mt, and 50837Mt in 1996-97, 97-98, and 98-99 to 26404MT in the POI respectively, as a result of the closure of many units. The petitioners nevertheless, have the requisite capacity to meet increased demand. Dumped imports increased its share in demand from 13.49%, 16.54%, and 7.38% in 96-97, 97-98, 98-99 to 19% in 99-2000 (upto Dec. 99) respectively. The domestic industry in an attempt to retain its share of the market in such unfavourable conditions was forced to sell at losses.

Russia and China are major exporters of Ferro Silicon to India and there has been a tremendous increase in import volumes from the said countries prior to and in the period of investigation. As already noted, the share of Russia in total imports was 9.5%, 25.14%, 57.48% and 31.23% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of China in total imports was 1.96%, 18.83%, 1.83% and 20.8% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The reduction in the export price resulted in low landed price followed by reduction in sales realisation of the petitioners. The increase in the market share of imports from Russia and China resulted in the decline in the market share of the petitioner. The domestic industry in its attempts to match the dumped import prices was forced to sell below its non-injurious price which resultantly, the domestic industry was unable to recover. The

Authority therefore holds that the material injury to the domestic industry was caused by the dumped imports from the subject countries.

## **7. Anti-Dumping duty imposed:-**

The Authority has carefully evaluated the injury caused to the domestic industry on account of dumping of Ferro Silicon 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 countries. Wherever the margin is found to be less than the dumping margin, the Authority has recommended duty lower than the dumping margin.

## **8. FINAL FINDINGS:-**

The Authority after considering the foregoing, concludes that:

- a. Ferro Silicon originating in or exported from Russia and China has been exported to India below normal value, resulting in dumping;
- b. the domestic industry has suffered injury;
- c. injury has been caused by imports from the subject countries.

9. The Authority recommends imposition of definitive Anti-dumping duty on all imports of Ferro Silicon originating in or exported from Russia and China falling under Chapter 72 of the Customs Tariff Act. The anti-dumping duty shall be the difference between the amount mentioned in Col.3. and the landed value of imports.

Country	Name of the producer/exporter	Amount
Russia	All producers/exporters	764
China	All producers/exporters	764

10. 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.

11. Subject to the above, the Authority confirms the preliminary findings dated 16th November, 2000.

12. An appeal against this order shall lie before the Customs, Excise and Gold (Control) Appellate Tribunal in accordance with the Act, supra.

**L.V.SAPTHARISHI**  
DESIGNATED AUTHORITY