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F.No-14/9/2007-DGAD  
Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Anti Dumping & Allied duties)  
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**Final Findings**

**Subject: Final findings of Anti-dumping investigations on import of Compact Disc – Recordable (CD-R) from Iran, Malaysia, Korea ROK, Thailand, UAE and Vietnam**

**NO. 14 /9/2007-DGAD:** - Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, (hereinafter referred to as the Rules) thereof:

**A. Background and initiation:**

1. Optical Disc Manufacturers Welfare Association (ODMWA), New Delhi (herein after referred to as the Applicant) has filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred as Rules), alleging dumping of Compact Disc Recordable (CD-R) (herein after referred to as subject goods), originating in or exported from Iran, Malaysia, Korea ROK, Thailand, UAE and Vietnam (hereinafter referred to as subject countries) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods. The Authority notified the Embassies of Iran, Malaysia, Korea ROK, Thailand, UAE and Vietnam. The embassies of subject countries were notified about the receipt of fully documented petition as per Rule-5 (5).

2. The Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, issued a public notice dated 12th September, 2007 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods originating in or exported from the subject countries in accordance with sub-Rule 6(1) of the Rules to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the injury to the domestic industry.

3. The Authority notified its preliminary findings vide Notification dated 13th December 2007 recommending provisional anti-dumping duty on import of subject goods from the subject country and acting upon such recommendations of the Authority, the Department of Revenue, vide its notification No.34/2008-Customs dated 13th March, 2008 imposed provisional anti-dumping duty on the subject goods.

**B. Procedure**

4. Procedure described below has been followed with regard to this investigation after issuance of the public notice notifying the initiation of the above investigations by the Authority:-

I. The Designated Authority sent copies of initiation notification dated 12.09.2007 to the Embassies of the subject countries in India, known exporters from the subject countries, importers and the domestic industry as per the addresses made available by the applicant and requested them to make their views known in writing within 40 days of the initiation notification.

II. The Authority provided copies of the non-confidential version of the application to the known exporters and to the Embassies of subject countries in accordance with Rule 6(3) supra.

III. The Embassies of the subject countries in New Delhi, were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter and questionnaire sent to the exporters were also sent to Embassies of subject countries along with the names and addresses of the exporters.

IV. The Authority sent questionnaires, to elicit relevant information to the known exporters in subject countries in accordance with Rule 6(4). The Authority also sent questionnaire concerning Market Economy Treatment to exporters of Vietnam.

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 investigation.

VI. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;

VII. Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) was worked out provisionally so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;

VIII. k) In response to the Initiation Notification, responses were filed by the under mentioned three exporters. Exporter at SI. No.3 did not respond to the letters of the Designated Authority and rectified deficiencies. The response was highly deficient, therefore, the response has not been taken into consideration and exporter has been treated as non-cooperative. In respect of exporters at SI. No.1 & 2, the information was verified from their original records and relevant information have been taken into consideration in this findings.

1. M/s Pan Star Electronics Co. Ltd., Thailand

2. M/s. Ritek Vietnam Co. Ltd., Vietnam

3. M/s. Newstar Digital, S. Korea

IX. l) Other exporters and importers who have not submitted information have been treated as non-cooperating exporters and importers

X. m) The Designated Authority sent copies of preliminary findings dated 13th December 2007 to all known interested parties including, the responding importers and users of the subject goods, Embassy of the subject countries in India, and the domestic industry and invited the comments of the interested parties on the preliminary findings. Parties to this investigation were requested to make their views known in writing within 40 days of the notification of the preliminary findings.

XI. n) The Authority held a public hearing on 4th March,2008 to provide an opportunity to all interested parties to present their view. Oral submissions made by the parties during the public hearing reproduced in writing have been taken on record for the purpose of this investigation.

XII. In accordance with Rule 16 of Rules Supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received thereon have also been duly considered in the findings.

XIII. Investigation was carried out for the period starting from 1st April 2006 to 30th June 2007 (POI). The examination of trends in the context of injury analysis covered the periods from April 2003-March 2004, April 2004-March 2005, April 2005-March 2006 and the POI.

XIV. The confidentiality claims of domestic industry in respect of the data submitted by them have been examined. The data concerning costing, customers, prices have been treated as confidential. The information relating to volume of subject goods for the period of investigation has not been treated confidential. The information submitted by exporters as confidential has been kept confidential.

XV. \*\*\* in this finding represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules.

### **C. Product under Consideration**

5. The product under consideration in this investigation is 'Compact Disc-Recordable (CD-R).

6. The CD-R is a polycarbonate disc. A polycarbonate disc contains a spiral groove on one side to guide the laser beam for writing and reading information. The disc is coated on the side with the spiral groove with a very thin layer of vegetable-based organic dye and subsequently with a thin, reflecting layer of silver, a silver alloy or gold. Finally a protective coating of a photo-polymerizable lacquer is applied on top of the metal reflector and cured with UV-irradiation. Recording on such a disc can be done only once and, therefore, the disc is said to be of the type 'WORM' (Write Once Read Many Times). The disc is an optical storage medium for digital data or music.

**Mastering:** A process of forming a master for optical disks, generally referred to as "mastering", is where a nickel or the like metallic master, i.e., "stamper", is formed at its final step. A large number of optical disks are duplicated with use of the stamper as a mold in a succeeding molding process.

**Moulding:** First comes a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.

**Dye Coater:** In this section an organic dye recording layer (AZO) is applied on blank substrate. This layer acts as recording layer. Dye is applied using spin coating and the metal layers by means of DC sputtering.

**Sputter (Metallizing):** A metal reflective layer is applied on disc (silver).

**Bonding:** An adhesive then bonds a recording and dummy side (for a single-sided) together into the final disc. Some single-sided discs are also topped on the dummy side with decorations or additional layers that provide surfaces suitable for labeling by

inkjet, thermal transfer or re-transfer printers. Bonding is done by using a hot melt, UV cationic or free radical process

**Printing:** Then required printing design is applied by screen printing method.

**Construction of CD-R:** To allow information to not only be written but also re-written many times over, CDR-RW, CDR+RW) disc construction is more complex than that of CDR-R and CDR+R (recordable). Just like a recordable disc, a rewritable disc a single side. The recording side of a rewritable disc also uses multiple layers beginning with a polycarbonate plastic substrate containing a shallow spiral groove extending from the inside to the outside diameter of the disc.

7. Next comes a dielectric layer (zinc sulfide and silicon dioxide), followed by a phase-change alloy recording layer (either indium, silver, tellurium and antimony or germanium, tellurium and antimony), another dielectric layer and a metal reflective layer (silver, silver alloy, aluminum). Additional layers may also be incorporated above or below the dielectric layers (germanium nitride, silicon carbide, silicon dioxide, silicon nitride, zinc sulfide, antimony telluride and others).

8. The dummy side consists of a flat polycarbonate plastic substrate sometimes with an additional metal layer. An adhesive then bonds the sides together into a single disc.

9. The product is classified under ITC (HS) and Customs Classification No.8523. The product is import of the subject products is being made under Chapter 8523 of the Customs Classification with the following subheading:

85239050.

However the above classification is indicative only and is no way binding on the investigation.

#### **D. Like Article**

10. The domestic industry manufactures 'CD-R', which is identical to the product under consideration. The goods originating in or exported from the subject countries and produced by the domestic industry are comparable in terms of physical & technical characteristics, functions and uses. The two are technically and commercially substitutable. Therefore, for the purpose of the present investigation, Compact Disc- Recordable produced by the domestic industry is being treated as like article to Compact Disc- Recordable imported from subject countries within the meaning of the Anti Dumping Rules.

#### **E. Standing of the Domestic Industry and Initiation of the Investigation**

11. The application has been filed by Optical Disc Manufacturers Welfare Association, New Delhi, (ODMA) comprising of 8 producers of the subject goods in India. Three producers of the subject goods and members of ODMA have joined the application as the applicants and other four members of ODMA have supported the petition. Therefore, domestic producers expressly supporting the application account for more than 90% of the domestic production of the subject goods in India. Further, the three companies who joined the application constitute domestic industry within the meaning of the Rules.

#### **F. Submission made by interested parties**

12. **Provision of application under Rule 6(3)** - M/s Ritek Vietnam Company Limited has stated that as per Rule 6, it was obligatory for the Designated Authority provide full text of updated application to the known exporters that formed the basis of initiation. The Authority notes that the copies of the application were provided to exporters and Govt. of the subject countries as required under Rule 6 (3). Further information and evidence (non-confidential version) were made available by keeping the same in public file, which were open to inspection by all interested parties.

13. **Retrospective Imposition of Duty as per Section 9A(3)** - The domestic industry at the time of initiation requested that the anti-dumping duty may be imposed retrospectively as per Section 9A(3) of the Customs Tariff Act. The same was objected to by M/s Ritek Vietnam Company Limited. However, subsequently, before issue of Disclosure Statement, the domestic industry withdrew their request for retrospective imposition of the duty. The Authority in view of the request of the domestic industry has not decided about the retrospective imposition of the duty on merit.

14. After Disclosure Statement, it has been represented by APJ-SLG on behalf of M/s Panstar Electronic Co. Ltd. and M/s Ritek Vietnam Co. Ltd. that “approach proposed disclosure statement is contrary to law and is in total variance to the approach adopted in identical circumstances in other cases”. In this regard, attention has been drawn to final findings of All Fully Drawn Yarn (final findings dated 26.12.2006), Silk Fabrics (dated 15.11.2006), Viscose Filament Yarn (4.4.2006) and Polyvinyl Chloride (26.12.2007). It has also been stated that “no reasons for such drastic change in approach are indicated in the disclosure made”. It has been further submitted that approach in this case would tantamount to rejection of the concept of “Export Price” having larger implications for all the current and future cases.

15. The Authority has noted the submissions by APJ-SLG on behalf of M/s Panstar Electronic Co. Ltd. and M/s Ritek Vietnam Co. Ltd. and is of the view that facts and circumstances in this investigation under which “Export Prices” disclosed by

exporters have been rejected are discussed in Section G of this findings and were also disclosed in the disclosure statement. However, it is further clarified that when elements of collusion between exporters and importers come to notice of Authority, export prices cannot be accepted as such.

## **G. Methodology for calculation of dumping margin**

### **Normal Value**

#### **G.1 Normal Value for Thailand**

16. In response to the initiation notification one exporter from Thailand namely M/s Pan Star Electronics Co. Ltd., filed the information on the exporter questioner. The information was verified from the record of the exporter.

17. For determining normal value, the Authority has examined the data on domestic sales and cost of production provided by M/s Panstar Electronic Co. Ltd. On examination It has been found that only 45% of the domestic sales was profitable. Therefore, for calculating the normal value only profitable sales transactions have been taken into consideration. Expenses claimed by the exporter has been adjusted to arrive at ex-factory price. It has been noted that the exporter has exported the goods to India only under one type of packing. By taking these facts into accounts, the weighted average normal value has been calculated as \$\*\*\* per 1000 pieces.

#### **G.2 Normal Value for Korea ROK**

18. In response to the initiation notification one exporter from Korea ROK namely M/s Newstar Digital filed the information on the exporter questioner. However, the information was found to be highly deficient and the deficiencies were not rectified by the exporter. Therefore, the same has not been taken into consideration.

19. The normal value for Korea ROK has been constructed on the basis of facts available as per Rule 6(8) of Anti-dumping Rules by taking into account the international price of the raw materials and consumption, conversion cost of the major producer of the domestic industry. A profit @ 5% has been added to determine the normal value. By this methodology, the normal value for Korea ROK has been calculated as \$ \*\*\* per 1000 pieces.

#### **G.3 Normal Value for Vietnam**

20. At the stage of initiation, the Authority proceeded with the presumption by treating Vietnam as a non-market economy country for purposes of an anti dumping

investigation. Upon initiation, the Authority advised the Vietnamese producers to respond to the notice of initiation and provide relevant information for determination of their market economy status. Subsequently, taking into account the submissions by interested parties, Thailand was selected as third market economy country in accordance with para 7 of Annexure 1 of the Rules in case the cooperating exporter fails to get market economy treatment.

21. The Authority sent copies of the questionnaire to all the known exporters for the purpose of determination of normal value in accordance with Section 9A(1)(c) and Annexure-I to the Rules. In response to questionnaires, M/s Ritek Vietnam Co. Ltd. provided information for rebutting the presumption of non-market economy.

#### **G.4 The market economy status of M/s Ritek Vietnam Co. Ltd.**

22. The cooperating exporter M/s Ritek Vietnam Co. Ltd. provided all the information as was called to rebut the presumption of non-market economy. For the product under consideration, in respect of ownership and critical decision making concerning prices, costs inputs and production, the Authority did not find any indication about the state interference. As the exporter has set up a new unit, therefore, any distortion carried over from former non-market economy system also could not be detected. Other parameters as provided in Para 8 (3) of Rules were also examined. However, no material came to notice of Authority indicating that the exporter has not been working in accordance with market economy signals. The Authority therefore has granted market economy status to the exporter for the purpose of this investigation.

23. It has been noted that no domestic sales has been made by the exporter during the period of investigation. The normal value therefore has been constructed in accordance with Section 9A(1) (C) of the Customs Tariff Act on the basis of data of the cost of production provided by the cooperating exporter. By this methodology, the normal value has been calculated as \$\*\*\* per 1000 pieces.

#### **G.5 Normal Value for Iran**

24. No exporter from the Iran has responded to the Initiation Notification. In absence of any response, the Authority has relied on the facts available as per Rule 6(8) of the Anti-dumping Rules to determine the normal value. For this purpose, normal value has been constructed by taking into account the international price of the raw materials and consumption, conversion cost of the major producer of the domestic industry. A profit @ 5% has been added to determine the normal value. By this methodology, the normal value for Iran has been determined as US\$\*\*\*per 1000 pcs.

#### **G.6 Normal Value for Malaysia**

25. No exporter from the Malaysia has responded to the Initiation Notification. In absence of any response, the Authority has relied on the facts available as per Rule 6(8) of the Anti-dumping Rules to determine the normal value. For this purpose, normal value has been constructed by taking into account the international price of the raw materials and consumption, conversion cost of the major producer of the domestic industry. A profit @ 5% has been added to determine the normal value. By this methodology, the normal value for Malaysia has been determined as US\$ \*\*\* per 1000 pcs.

### **G.7 Normal Value for UAE**

26. No exporter from the UAE has responded to the Initiation Notification. In absence of any response, the Authority has relied on the facts available as per Rule 6(8) of the Anti-dumping Rules to determine the normal value. For this purpose, normal value has been constructed by taking into account the international price of the raw materials and consumption, conversion cost of the major producer of the domestic industry. A profit @ 5% has been added to determine the normal value. By this methodology, the normal value for UAE has been determined as US\$ \*\*\*per 1000 pcs.

### **Export price**

### **G.8 Export price for Thailand**

27. The exporter has provided the transaction-wise details of exports to India. The data was verified from the record of the exporter. During the verification, it was noticed that the payment for the export transactions by the exporter has been received not only in more than one installment but also from different sources. On examination and comparison of data provided by the exporter and imports data by the DGCI&S, it was noted that there was a considerable difference in the prices shown by the exporter and imports made into India. The comparison table for some of the transactions was sent to the exporter for their comments. In reply, it was stated that the exporter was not in position to comment upon the data compiled by the Indian authorities. The differences in prices reported by exporter and recorded in India indicate that importers might have been declaring lower prices to the custom authorities in India. The collusion between exporter and importer cannot be ruled out in view of the fact that exporter has received payment in installments and from the more than one source for the same transactions. It has also been noted that the total quantity exported by the exporter during POI and the total quantity of imports made in India during POI from Thailand is comparable. It indicates that the entire imports were accounted for by the cooperating exporter from Thailand.

28. In view of the above, the Designated Authority has not accepted the export price declared by the exporter and instead has relied on the weighted average of value reported in India. However, the expenses disclosed by the exporter have been taken into account to determine ex-factory export price. By this methodology, the net export price has been calculated as \$\*\*\* per 1000 pieces.

## **G.9 Export price for Korea ROK**

### **Export price for the Non-cooperating exporters**

29. As no exporter from Korea has cooperated, therefore, the export price for non-cooperating exporters has been determined on the basis of data sourced from Impex Statistics. In this regard, the transaction-wise imports data provided by Impex Statistics have been relied upon. The adjustments on account of ocean freight, marine insurance, commission, inland freight, port expenses and bank charges have been made to determine the net export price. By above methodology, the net export price has been calculated as US\$ \*\*\* per 1000 pcs.

## **G.10 Export price for Vietnam**

30. The exporter has provided the transaction-wise details of exports to India. After preliminary findings, it was clarified that M/s Ritek Vietnam Co. Ltd (RVC) ship the goods to India directly from Vietnam, however, the sales transactions were made through Chinese Taipei by Ritek Corporation, Taiwan (RCT), a related company. For this purpose, RVC made sales to RCT which in turn sold the goods to Indian customers. During verification, it was noted that there were some discrepancies in data provided. It was also noted that for some transactions payment voucher were either not available or not connected to the sales transactions. It has also been noted that there is a considerable difference in the export prices reported by the exporter and reported in India. The total quantity reported by the cooperating exporter is much higher than that reported by the Indian authorities for imports from Vietnam. The difference in prices reported by exporter and recorded in India indicates that importers might have been declaring lower prices to the custom authorities in India. The collusion between exporter and importer cannot be ruled out in view of the fact that exporter could not account for payment for some transactions. In view of the aforesaid, the export price reported by the exporter cannot be relied upon. For the purpose of export price, the quantity and values reported in the imports data have been relied upon. However, the expenses disclosed by the cooperating exporter have been taken into account to calculate the ex-factory export price. By this methodology, the net export price has been calculated as US\$ \*\*\* per 1000 pcs.

## **G.11 Export price for Iran**

31. For non-cooperating exporters, the transaction-wise imports data provided by Impex Statistics have been relied upon. The adjustments on account of ocean freight, marine insurance, commission, inland freight, port expenses and bank charges have been made to determine the net export price. By above methodology, the net export price has been calculated as US\$ \*\*\* per 1000 pcs.

### **Export price for Malaysia**

32. For non-cooperating exporters, the transaction-wise imports data provided by Impex Statistics have been relied upon. The adjustments on account of ocean freight, marine insurance, commission, inland freight, port expenses and bank charges have been made to determine the net export price. By above methodology, the net export price has been calculated as US\$ \*\*\*per 1000 pcs.

### **G.12 Export price for UAE**

33. For non-cooperating exporters, the transaction-wise imports data provided by Impex Statistics have been relied upon. The adjustments on account of ocean freight, marine insurance, commission, inland freight, port expenses and bank charges have been made to determine the net export price. By above methodology, the net export price has been calculated as US\$ \*\*\* per 1000 pcs.

### **G.13 Dumping Margin**

34. On the basis of normal values and export prices as determined above, the dumping margins are determined as per table below: -

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	Thailand	Korea ROK	Vietnam	Iran	UAE
Normal Value	***	***	***	***	***
Export Price	***	***	***	***	***
Weighted Dumping Margin	***	***	***	***	***
Dumping Margin(%)	22.76	75.63	54.65	68.92	93.73

35. The dumping margins so determined are significant and above de minimis level.

## **H. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINKS**

### **H.1 Injury Determination**

36. For the purpose of injury analysis the entire imports from the subject countries have been treated as dumped imports.

### **H.2 Submissions by the Domestic Industry**

37. The domestic industry has raised the following arguments:

(a) Imports of the product under consideration have significantly increased in absolute terms and in relation to production in India.

(b) The average imports per month increased significantly even within the proposed period of investigation.

(c) The imports are significantly undercutting the prices of domestic industry. Resultantly, imports were depressing the prices of the domestic industry in the market.

(d) Even though capacity, production and sales increased over the period, the increase in these parameters was a result of significant increase in demand anticipated earlier for the product. However, the domestic industry lost market share.

(e) Profitability of the domestic industry has significantly declined over the period because of significant price pressure created by the imports.

(f) Return on investment and cash flow have also deteriorated significantly over the period. The domestic industry is faced with negative return.

(g) Inventories with the domestic industry have increased significantly.

(h) Injury to the domestic industry is being caused by the dumped imports considering that the only reason for reduction in selling price is the decline in import prices.

### **H.3 Examination by the Authority**

38. The Authority has noted the views expressed by the domestic industry and examined the mandatory factors for the purpose of injury determination and causal link analysis in these findings.

### **H.4 Cumulative assessment of injury**

39. The Annexure II (iii) of the Anti Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that

(a) The volume of imports from individual countries are above de minimis:

(b) The dumping margin against individual countries is above 2%; and

(c) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles

40. The Authority notes that the dumped imports are entering the Indian market simultaneously from several countries, including the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

i) The margins of dumping of individual products from each of the subject countries are more than the de minimis limit;

ii) The volume of imports of individual products from each of the subject countries is more than the de minimis;

iii) Imports from the subject countries are significantly undercutting the prices of the domestic industry in the market;

41. In view of the above, the Authority propose that cumulative assessment of injury is appropriate in this case as the exports of individual products from the subject countries are directly competing amongst themselves as well as with the like goods offered by the domestic industry in the Indian market.

## **H.5 Examination of Injury and Causal Link**

42. Rule 11 of Antidumping Rules read with Annexure –II provides that an injury determination shall involve examination of factors that may indicate 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 articles...” In considering the effect 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 increases, which otherwise would have occurred, to a significant degree.

43. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

44. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under.

## **H.6 Volume Effects of Dumped Imports: Import volumes and market shares**

### **a) Import Volumes**

45. The CD-R is specifically is importable under Customs Tariff Head 8923.90.50, however, the transaction-wise data of imports from Impex Statistics shows that the imports have been made under different custom tariff heads. In the data provided by DGCI&S, the imports made under other than the dedicated classification have not been captured, therefore, data from Impex Statistics have been relied upon for analysis.

46. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

47. For the purpose of injury analysis the Authority has relied on transaction wise import data procured from Impex statistics data. Volume of imports of the subject goods from the subject countries have been analysed based on the data reported in the Impex statistics data after pruning the data for unrelated products. It has also been observed that imports were made in various packing i.e. Cake box and BOS. However, main imports were in pack of BOS.

48. Volume of imports of the subject goods from the subject countries have been analysed as under: -

### **Import Volumes and share of subject country**

	Units	2003-04	2004-05	2005-06	POI	POI Annualised
Imports						
<b>Iran</b>	Lac.Pcs	-	-	-	73	59
<b>Korea</b>	Lac.Pcs	10	14	13	92	74
<b>Malaysia</b>	Lac.Pcs	102	73	38	244	195
<b>Thailand</b>	Lac.Pcs	4	4	7	302	242
<b>UAE</b>	Lac.Pcs	0	3	7	81	64
<b>Vietnam</b>	Lac.Pcs	-	-	-	397	317
<b>Countries Already Attracting Duty</b>		957	1,740	1,350	1,249	999
Other countries	Lac.Pcs	25	82	28	10	8
Subject Countries	Lac.Pcs	116	94	65	1,189	951
<b>Trend</b>	<b>Indexed</b>	100	81	56	1,027	822
Total Imports	Lac.Pcs	1,097	1,916	1,442	2,447	1,958
<b>Trend</b>	<b>Indexed</b>	100	175	131	223	178

**Market Share**

<b>Iran</b>	%	-	-	-	3.00	2.40
<b>Korea</b>	%	0.91	0.75	0.93	3.76	3.01
<b>Malaysia</b>	%	9.26	3.80	2.62	9.98	7.99
<b>Thailand</b>	%	0.36	0.21	0.49	12.34	9.87
<b>UAE</b>	%	0.02	0.17	0.46	3.29	2.63
<b>Vietnam</b>	%	-	-	-	16.21	12.97
<b>Countries Already Attracting Duty</b>	%	87.20	90.83	93.59	51.03	51.03
Other countries	%	2.24	4.25	1.91	0.39	0.39
Subject Countries	%	10.55	4.92	4.50	48.58	48.58
Imports in relation to						
Production	%	7.23	10.10	7.90	10.67	10.67
Consumption	%	38.68	44.41	32.78	36.57	36.57

49. The data shows imports from subject countries increased from 116 lacs in 2003-04 to 951 lacs during POI (annualised) indicating sharp increase in imports during POI as compared to base year. Import data shows that imports mainly constitutes CDR-R. Imports of CDR-RW was in the range of 1% of the total imports. It has also been observed that imports of CDR was made in different packed forms. However, mainly imports constitutes CDR in bulk package which was 95% of the total imports. The other packages was in Cake Box. It has been observed that imports have increased in absolute term, however, in relation to production and consumption it has marginally increases from 04-05 to POI.

**b) Demand, Output and Market shares****i) Growth In Demand**

	Unit	2003-04	2004-05	2005-06	POI	POI Annualised
Domestic Industry	Lac Pcs	2,836.82	4,314.34	4,399.48	6,692.35	5,353.88
Total Imports	Lac Pcs	1,097.31	1,915.70	1,442.20	2,447.45	1,957.96
Other Indian producer	Lac Pcs	638.12	1,006.97	1,491.42	2,510.87	2,008.70

<b>Total Demand</b>	Lac Pcs	4,572.25	7,237.01	7,333.10	11,650.67	9,320.54
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50. Demand of subject goods has been determined by addition of domestic sales of Indian industry and imports from all countries. From the data, trend indicates that demand for the subject goods had been growing from base year to POI. The product itself is of a recent origin hence the demand for the product is increasing rapidly.

### ii) Production of the Domestic Industry

		U	2003-04	2004-05	2005-06	POI	POI Annualised
Capacity	Lac.Pcs		18,800	20,311	18,922	25,623	20,499
Trend	Indexed		100	108.04	100.65	136.29	109.04
Production	Lac.Pcs		15,181	18,972	18,246	22,944	18,356
Trend	Indexed		100	124.97	120.19	151.14	120.91
Capacity Utilisation	%		80.75	93.41	96.43	89.55	89.55
Trend	Indexed		100	115.67	119.42	110.89	110.89

51. Data of domestic industry on capacity, production and capacity utilisation reveals that the capacity of the domestic industry was 18800 Lac Pcs during 2003-04 and increased to 20499 Lac.Pcs during annualised POI. The production of subject goods was 15181 Lac Pcs during 2003-04 after rising in 2004-05 declined to 18246 Lac. Pcs during 2005-06 and increased to 18356 Lac.Pcs during annualised POI.

### iii) Sales of Domestic Industry

	Unit	2003-04	2004-05	2005-06	POI	POI Annualised
<b>Domestic Industry</b>	Lac Pcs.	2,837	4,314	4,399	6,692	5,354
Export Sales	Lac Pcs.	11,440	13,553	13,940	15,610	12,488

52. The data on sales indicates that the domestic industry sold 2837 Lac.Pcs of subject goods during 2003-04 and the same increased to 5354 Lac.Pcs during annualised POI. The sale of domestic industry increases to 189% during POI as compared to base year. The average inventory of the domestic industry indicates that the average stock was 97 Lac.Pcs in 2003-04 and increased to 2205 Lac.Pcs during POI. Average inventory

in term of number of days of sales it was equivalent to 12 days of sales in 2003-04 and rose to 150 days of sales during POI as compared to base year.

**iv) Demand and Market Share**

	Unit	2003-04	2004-05	2005-06	POI	POI Annualised
Assessed Demand	Lac.Pcs	4,573	7,237	7,333	11,651	9,321
Trend	Indexed	100	158.27	160.37	254.80	203.83
Imports from Subject Countries	Lac.Pcs	116	94	65	1,189	951
<b>Imports from Countries attracting ADD</b>	Lac.Pcs	957	1,740	1,350	1,249	999
Imports from Other Countries	Lac.Pcs	25	82	28	10	8
Sales of Domestic Industry	Lac.Pcs	2,837	4,314	4,399	6,692	5,354
Sales of other Indian producers	Lac.Pcs	638	1,007	1,491	2,511	2,009
Market Share in Demand						
Imports from Subject Countries	%	2.54	1.30	0.89	10.20	10.20
<b>Imports from Countries attracting ADD</b>	%	20.93	24.04	18.41	10.72	10.72
Imports from Other Countries	%	0.55	1.13	0.38	0.09	0.09
Sales of Domestic Industry	%	62.04	59.61	59.99	57.44	57.44
Sales of other Indian producers	%	13.95	13.91	20.33	21.55	21.55
Selling price of the domestic industry	Rs/PC	7.90	4.94	4.90	5.33	5.33

53. The demand of subject goods has shown rising trend. It grew by 104% during annualized POI as compared to the base year. The market share of domestic industry which was increasing till 2005-06 has been reduced in the POI. During the same period the share of subject countries has gone up from 2.54% to 10.20%. It has been observed that from base year to POI the selling price of the domestic industry declined from base year.

**(c) Price Effect of the Dumped imports from subject countries on the Domestic Industry**

**(i) Evaluation of price over period under consideration er period under consideration**

<b>Export Price</b>	<b>Unit</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>POI</b>
Subject Countries	Rs./Pc	3.69	2.00	3.18	3.92
Trend	Indexed	100	54.20	86.18	106.23
Selling Price	Rs./Pc	***	***	***	***
Trend	Indexed	100	62.54	62.00	67.38
Polycarbonate prices *	Rs/KG	79.08	87.53	128.55	127.09
Raw materials cost	Rs./Pc	***	***	***	***
Trend	Indexed	100	85	116	90

\*Source:- World trade atlas data

54. The data on export price shows that prices from subject countries have declined from base year to POI. It has been observed from the data in the World Trade Atlas that during the same period, price of the major raw material i.e. polycarbonate has increased in the subject countries. Even if it is considered that the prices in 2003-04 were quite high because of introductory phase, it is found that the prices declined steeply even between 2004-05 and 2005-06. Further, even between investigation period and preceding year, the prices declined from base year.

**(ii) Price undercutting and underselling effects**

	<b>Unit</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>POI</b>
Selling price-DI	Rs/ Pcs	***	***	***	***
Trend	<b>Indexed</b>	100	62.54	62.00	67.38
Landed value	Rs/ Pcs	4.02	2.08	3.18	3.92
Trend	<b>Indexed</b>	100	51.72	79.10	97.51
Price Undercutting	Rs/ Pcs	***	***	***	***
Price Undercutting	%	***	***	***	***
NIP	Rs/ Pcs.	***	***	***	***
Price underselling	Rs/ Pcs.	***	***	***	***
Cost of production	Rs/ Pcs.	***	***	***	***

55. The impact on the prices of the domestic industry on account of the dumped imports from the subject countries have 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 the subject countries.

56. In determining the weighted net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise duty paid have been rebated.

57. The trend of selling price indicates that it has decline to 63% in 2004-05, 62% in 2005-06 as compared to base year, however, it decline to 67% during POI as compared to base year. The analysis of selling price during POI (of the major producer of the domestic industry whose data has been verified) further reveals that the decline in selling price was pronounced during Apr.'07 – June'07 when it declined to 58% of the base year.

58. Price undercutting has been determined by comparing the weighted average landed value of dumped imports from the subject countries 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 (for the relevant years) 1% handling charge and applicable basic customs duty to the value reported in the Impex statistics data of import prices from the subject countries. The weighted average undercutting from subject countries during POI was in the range of 22-32%.

59. For the purpose of price underselling determination the weighted average landed prices of imports from subject countries have been compared with the non-injurious price of the domestic industry determined for the POI. The weighted average underselling was in the range of 75-85% during POI.

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

60. The price suppression effect of the dumped imports has also been examined with reference to the cost of production, net sales realization and the landed values from the subject countries.

61. The trend of cost of production shows that weighted average cost of sale declined by Rs.0.88/pc during POI as compared to base year whereas the selling price has declined by Rs.2.58/pc during the same period indicating that the domestic industry was under tremendous pressure to reduce the prices because of dumped imports.

**H.7 Examination of other Injury Parameters**

62. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other economic parameters which could indicate existence of injury to the domestic industry have been analyzed hereunder as follows:

**Profits and actual and potential effects on the cash flow**

	Unit	2003-04	2004-05	2005-06	POI
Sales (NSR)	Rs./Pcs	***	***	***	***
Trend	Indexed	100	62.54	62.00	67.38
Cost of Sales	Rs./Pcs	***	***	***	***

Trend	Indexed	100	84.75	90.60	86.55
Profit before tax	Rs./Pcs	***	***	***	***
Trend	Indexed	100	-41.55	-72.07	-22.48
Total Profit before tax	Rs./lacs	***	***	***	***
Total Profit before interest	Rs./lacs	***	***	***	***
Cash profit	Rs./lacs	***	***	***	***

63. The data indicate that weighted average cost of production of the domestic industry declined to 85% in 2004-05, 91% in 2005-06 and 87% during POI as compared to base year whereas during the same period the weighted average net selling price declined to 63% in 2004-05, 62% in 2005-06 and 67% during the POI. The profit per unit which was 100 (indexed) in the base year turned to loss of 41.55 in 2004-05, 72.07 in 2005-06 and 22.48 during POI. Further analysis of POI shows that loss per unit (of the major producer whose data has been verified) increased substantially in Apr-June'07.

	Unit	2003-04	2004-05	2005-06	POI Annualised
Capital Employed (NFA)	Rs.Lacs	***	***	***	***
PBIT	Rs.Lacs	***	***	***	***
Trend	Indexed	100	-35.21	-68	4
Return on capital employed	%	***	***	***	***
Trend	Indexed	100	-29	-78	4

64. Capital employed has been calculated per unit of production and then the same is multiplied in to domestic sales volume in order to arrive at the capital employed for domestic sales. The data on capital employed shows that as compared to base year it increased by 19% in 2004-05, and 13% during POI. The Return on capital employed declined from 100 (indexed) in the base year to 4 in the POI.

#### Employment

	Unit	2003-04	2004-05	2005-06	POI
Employees	No	***	***	***	***
Trend	Indexed	100	119	130	154

65. The manufacturing facility of the domestic industry manufacture both subject goods and other products not covered in this investigation. The number of employees has been taken for plant as a whole. The above data shows that number of employees has increased by 54% during POI as compared to base year.

#### **Productivity**

66. The manufacturing facility is common for product under consideration and other products and therefore, it is considered that productivity per employee would not appropriately reflect the position with regard to injury to the domestic industry.

#### **Inventories**

	<b>Unit</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>POI</b>
Average Inventory	Lac Pcs	***	***	***	***
Trend	Indexed	100	1100	2056	2270

67. The above data shows that the average inventory increased approx. 4 times during POI as compared to base year. The average inventory was equivalent to 12 days of sales in 2003-04 and increased to equivalent of 150 days during POI.

#### **Growth**

68. The growth in demand shows positive trend from base year to POI on year-to-year basis. The growth in production and sales were positive. However, cost, selling price, profitability and return on investment shows negative trend.

#### **Investment**

69. The Authority notes that the domestic industry had infused fresh capital to increase the capacity for subject goods and other goods during the injury period.

#### **Magnitude of Dumping**

70. Magnitude of dumping as an indicator of the extent to which the dumped imports can cause injury to the domestic industry shows that the dumping margins determined against the subject countries named, for the POI, are significant.

#### **H.8 Factors affecting prices**

71. The Authority notes that the cost of sales declined during the injury period. From 2004-05 to POI, the cost of sales declined by Rs. 0.87/pc. Landed values of imported material from subject countries are significantly below the selling price of the domestic industry, causing price undercutting in the Indian market. Significant price difference between the domestic and imported product resulted in decline in the selling price by the domestic industry. The domestic industry was forced to reduce selling prices continuously and such price declines continued even below the cost of production.

#### **H.9 Conclusion on injury parameters**

72. The examination of above injury parameters indicates that growth in demand was 104% during POI (annualized) as compared to base year. During the same period the production of the domestic industry grew by 21%, sales by 89%. However, the average inventory also grew by 4 times. The share of the domestic industry which was 62.04% in 2003-04 fell to 57.45% during POI.

73. The cost of sales has declined to 87% in POI as compared to base year whereas the net selling price declined to 67% during the same period. The cost of sales reduced by Rs.0.88/pc during POI as compared to base year where the selling price reduced by Rs.2.57/pc during the same period, impacting the profitability. The profit per unit which was 100 (indexed) in the base year turned to loss of 22.48 during the POI. The Profit Before Interest (PBIT) which was 100 (indexed) in the base year turned to 4 during POI. Similarly, the return on investment shows steep decline from base year to POI.

74. The analysis of above economic parameters indicates that the domestic industry has suffered material injury.

#### **H.10 Other Known factors and Causal Link**

75. The Authority has also examined the issue of causal link and other non-attribution factors as laid down in the Rules to segregate injury if any caused by other factors. In this regard the following indicative factors as laid down in the Rules have been examined.

##### **i) Volume and prices of imports from other sources**

76. During POI, imports from countries not under investigation are insignificant and at prices higher than the import prices from the subject countries. The dumped imports from some other countries already investigated are subjected to anti-dumping duty to offset the effect of dumped imports, therefore, cannot be considered as a factor causing injury to the domestic industry.

##### **ii) Contraction in demand, change in pattern of consumption and Development of technology**

77. Because of development of further technology and new product in the market, the consumption pattern of the subject goods is undergoing change in favour of this product. In India the subject goods have shown robust growth during the injury period. The total demands of subject goods have shown 155% growth during Period of Investigation as compared to the base year.

##### **iii) Trade restrictive practices of and competition between the foreign and domestic producers**

78. The Authority notes that there is no restricted practice prevalent in the industry which could be attributed to the injury to the domestic industry.

##### **iv) Export performance**

<b>Particulars</b>	<b>Unit</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>POI</b>	<b>POI Annualised</b>
Export Sales	Lac Pcs.	11,440	13,553	13,940	15,610	12,488
Trend	Indexed	100	118	122	136	109

79. The Authority notes that the export volume of the domestic industry has been increasing till 2005-06, however, it declined by 10.4% during POI as compared to preceding year. The Authority also notes that because of decline in export performance, the available stock has increased for the domestic sales. However, the domestic industry could not retain the market share in demand. The Authority also notes that the analysis of

financial performance for the injury period has been done for the domestic sales only. Therefore, decline in export performance cannot be considered as a factor causing injury to the domestic industry.

#### **v) Productivity of the Domestic Industry**

80. Productivity of the domestic industry in terms of production per employee could not be assessed as the subject goods and other goods not under investigation are manufactured under the same manufacturing facility.

81. No other factor, which could have possibly caused injury to the domestic industry, has come to the notice of the Authority.

#### **H.11 Causal Link**

82. The domestic industry was facing dumped imports from other countries for which anti-dumping duties were imposed on 6.10.2006. After imposition of anti-dumping duty, the dumped imports started coming from other countries for which the domestic industry requested for this investigation. The foregoing analysis indicates that the volume of dumped imports from the subject countries have increased substantially both in absolute terms as well as in relation to the share in demand. Despite strong growth in demand the growth of imports from subject countries have significantly displaced the market share of the domestic industry. . The weighted average landed value from subject countries in 2006-07 was Rs.4.04/pc which declined to Rs.3.58/pc in Apr.'07 to June'07. The net selling price of the domestic industry during the same period declined by Rs.0.80/pc The landed value of dumped imports from the subject countries also show a significant price undercutting and underselling on the prices of the domestic industry compelling the domestic industry to benchmark its prices to imports indicating that the domestic industry was forced to reduce their prices

83. On the basis of the above examination it is concluded that the subject goods exported from the subject countries are at prices below their normal values, Non Injurious Price of the domestic industry and the average net selling price sales realization of the subject goods of the domestic industry, and have caused injury to the domestic industry indicating causal links between dumping of subject goods and injury to the domestic industry.

#### **I. Conclusions**

84. The Authority has, after considering the foregoing, come to the conclusion that:

- A. The subject goods have been exported to India from the subject countries below its normal value;
- B. The domestic industry has suffered material injury;
- C. The injury has been caused by the dumped imports from subject countries.

#### **J. Indian industry's interest & other issues**

85. The Authority notes that 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 countries in any way, and, therefore, would not affect the availability of the products to the consumers.

#### **K. Recommendations**

86. In view of the above, the Authority considers it necessary and recommends definitive anti-dumping duty on imports of subject goods from the subject countries in the form and manner described hereunder

87. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, Definitive antidumping duty equal to the amount indicated in Column-8 of the table below is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from the subject countries.

### Duty Table

Sl. No	Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Exporter	Amount	Unit of Measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	8523.90.50	Compact Disc – Recordable (CD-R) Write once read many times	Thailand	Thailand	M/s Panstar Electronics Co. Ltd.	M/s Panstar Electronics Co. Ltd.	17.52	Per 1000 pieces	US\$
2.	Do	Do	Thailand	Thailand	Any combination of producer and exporter other than at S. No. 1.		17.52	Per 1000 pieces	US\$
3.	Do	Do	Thailand	Any country other than Thailand	Any	Any	17.52	Per 1000 pieces	US\$
4.	Do	Do	Any country other than subject countries	Thailand	Any	Any	17.52	Per 1000 pieces	US\$
5.	Do	Do	Vietnam	Vietnam	M/s Ritek Vietnam Co. Ltd.	M/s Ritek Vietnam Co. Ltd.	46.94	Per 1000 pieces	US\$
6.	Do	Do	Vietnam	Vietnam	Any combination of producer and exporter other than at S. No.5.		46.94	46.94	US\$
7.	Do	Do	Vietnam	Any country other than Vietnam	Any	Any	46.94	Per 1000 pieces	US\$
8.	Do	Do	Any country other than subject countries	Vietnam	Any	Any	46.94	Per 1000 pieces	US\$
9.	Do	Do	Korea ROK	Korea ROK	Any	Any	53.38	Per piece	US\$
10.	Do	Do	Korea ROK	Any country other than Korea ROK	Any	Any	53.38	Per 1000 pieces	US\$
11.	Do	Do	Any country other than subject countries	Korea ROK	Any	Any	53.38	Per 1000 pieces	US\$
12.	Do	Do	Iran	Iran	Any	Any	51.92	Per 1000 pieces	US\$
13.	Do	Do	Iran	Any country other than Iran	Any	Any	51.92	Per 1000 pieces	US\$
14.	Do	Do	Any country other than subject countries	Iran	Any	Any	51.92	Per 1000 pieces	US\$
15.	Do	Do	Malaysia	Malaysia	Any	Any	45.11	Per 1000 pieces	US\$
16.	Do	Do	Malaysia	Any country other than Malaysia	Any	Any	45.11	Per 1000 pieces	US\$
17.	Do	Do	Any country other than subject countries	Malaysia	Any	Any	45.11	Per 1000 pieces	US\$
18.	Do	Do	UAE	UAE	Any	Any	63.84	Per 1000 pieces	US\$

19.	Do	Do	UAE	Any country other than UAE	Any	Any	63.84	Per 1000 pieces	US\$
20.	Do	Do	Any country other than subject countries	UAE	Any	Any	63.84	Per 1000 pieces	US\$

**Subject to the above, the Authority confirms the preliminary findings dated 13th December, 2007, however duty recommended in para 87 above would be applicable from the date of imposition of provisional anti dumping duty as per Section 9A(2) of the Custom Tariff Act 1975.**

88. An appeal against the findings after its acceptance by the Central Government shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff Rules, 1995.

R Gopalan  
The Designated Authority