

MINISTRY OF COMMERCE AND INDUSTRY
(Department of Commerce)

NOTIFICATION

New Delhi, the 31st August, 2000

FINAL FINDINGS

Sub. : Anti Dumping investigations concerning import of Aniline from Japan and USA.

33/1/99-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 with regard to anti-dumping investigations concerning imports of Aniline from Japan and USA 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 16/5/2000. 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. The petitioners and members of the user industry were present at the oral hearing. The exporter from Japan did not attend the oral hearing;
- d. The Authority made available the public file to all interested parties containing nonconfidential 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. The product under consideration in the present investigation is Aniline also known as Aniline oil. Aniline is a transparent, oily, colour less to pale yellow liquid when freshly distilled. It darkens on exposure to light or air. Aniline is a primary ~ amine compound and a basic organic chemical essential for vital industries such as drugs, pharmaceuticals, dyes and dye intermediates. Aniline is also used in some other industries such as rubber chemicals, explosives, resins etc. ,

Aniline is an intermediate for Rubber Chemicals (vulcanization, accelerators, antioxidants), Dyes, Drugs such as analgin, sulpha drugs, Photographic chemicals (hydroquinone), Isocyanates (MDI or Methylene Diphenylene Di-Isocyanate). In India, 70% of the production of Aniline is used in rubber chemicals, drugs and drug intermediates and dye industries; whereas 80% of production of Aniline world-over is used in MDI.

Aniline is classified under Chapter 29 of the Customs Tariff Act, 1975, under custom subheading no. 2921.41. The classification is however indicative only and in no way binding on the scope of the present investigations.

The Authority confirms the preliminary findings on product under consideration.

C. LIKE ARTICLES

3. Aniline is produced and sold in specifications a& per ISI standards which depict the properties of the chemical. The quality of Aniline is described in terms of its purity. The standard quality of Aniline normally contains 99.8% ,purity by weight. There is however no significant difference in terms of process, equipment or technology for the production of aniline.

In order to establish that Aniline produced by the domestic industry is a Like Article to Aniline exported from the subject countries, characteristics such as technical specifications, manufacturing process, plant and equipment, technology, functions and uses, marketing and customer perception and tariff classification have been considered.

There is no argument disputing that Aniline produced by the domestic industry has characteristics closely resembling the imported product and is substitutable by the aniline imported from the subject countries both commercially And technically. Aniline produced by the domestic industry has been treated as Like Article to the product exported from Japan and the USA, within the meaning of Rule 2(d).

The Authority confirms the preliminary findings on Like Article.

D. DOMESTIC INDUSTRY:-

4. M/s Hindustan Organic Chemicals Ltd. (HOCL), M/s. Narmada Chematur Petro Chemicals Ltd. (NCPL), and M/s Anirox Pigments Ltd., have jointly filed the petition. These three units are the only producers of Aniline in India. The petitioner companies therefore account for 100% of domestic production and have the required standing to file the petition under the Rules.

The Authority confirms the stated position on domestic industry as given at para G 7 of the preliminary findings.

E. DUMPING:

5. Japan

Arguments raised by M/s Sumitomo Chemical Company Ltd., :-

M/s Sumitomo Chemical Co., Ltd. co-operated and responded to the questionnaire sent by the Authority.

As stated at Para 1.9, of the preliminary findings, the exporter has stated that they have exported about 268 MT of Aniline during the period of investigation. Out of the said 268 MT, 251.86 MT was exported in May 1998 and 16 MT was exported in June 1998. They have submitted copies of the relevant invoices and bills of lading for the said exports made by them to buyers in India during the period investigated. The cif prices indicated therein is *** (cif) USD for 251.86MT of Aniline and *** USD for 16MT of Aniline. The price difference between the two, was stated to be attributable to the quantity of the product sold.

The examination of normal value and export price by the Authority based on Sumitomo Chemical Company's response and available information as given at Para J. (I) of the preliminary findings shows that information against Appendices 3A, B and C, which concerns price structures and sales arrangements for both domestic sales and for exports has been filed. Details on unit prices charged for like goods sold on

domestic and export markets indicating the details of the nature and amount of charges beyond ex-factory level are available. While information on licensed/installed capacity, production and sales as per Appendix 4A has been provided, the information on cost of production/unit cost to make and sell and profit in domestic and export markets as per Appendices 4 B,C and D has not been furnished. Copies of price lists showing domestic sales prices have been submitted. It is stated by the exporter that they would like to refrain from submitting the data on manufacturing cost since it is a highly sensitive trade secret.

The exporter is a multi-product manufacturing company. The net sales and cost of sales which was submitted to the Authority is that of the total sales of their products. Regarding the detailed statement of the profit and loss account, the exporter has disclosed only the figures which could be collected from their financial statements which are open to the public. Information regarding the profit and loss accounts of the company in respect of Aniline has been withheld as information to be kept confidential to their company.

(A) Normal Value

From the response filed by the exporter (Appendix 2B),it is seen that domestic sales of the product under investigation in terms of KG and value thereof in terms of USD were as follows:-

Product	Sales in domestic market		
	Unit (kg)	Value(\$)	Y
Aniline	***	***	***

The average price per kg Works out to Y* * * or USD * * */kg (at an average exchange rate of IUSD=Y128.01 as during the period of investigation).

The price at list price level and the weighted average domestic selling price worked out from the data given at Appendix 2B of the questionnaire response, is Y***kg. In the sales price structure for domestic sales (Appendix 3B), adjustments claimed on account of charges after ex-factory include inland freight (Y***kg), storage (Y***kg), handling (Y***kg). The total cost on account of the aforementioned charges after ex-factory comes to Y* * */kg. The Authority had at the time of Preliminary Findings, disallowed the charge on storage costs as the same were not incurred on the sales price structure for exports. However, vide their letter dated 28/4/2000 to the Authority, the exporter has clarified the charges on (I) the storage cost to domestic sales and (ii) adjustment taking into account the difference of the payment term. SSC has stated that Aniline is delivered to their domestic customers through domestic stock points, while Aniline is exported from the port of their factory

without any storage cost. A copy of a storage bill from a domestic stock point of Aniline has been submitted as documentary evidence that proves their actual payment of *** million yen as monthly tank rental for storage of Aniline destined for Japanese domestic customers. Storage cost is estimated as *** Rs/kg (=*** Yen/kg) which is reduced in calculating ex-factory domestic price. The total cost on charges on account of inland freight, storage and handling is Y*** which is reduced to arrive at the ex-factory price.

A copy of a bill to a domestic customer has been provided as documentary evidence of standard payment term of domestic sale (***days). This interest rate adjustment is stated to be of the order of *** Rs/kg (=*** Yen/kg) which shall be reduced in calculating ex-factory domestic price too. The calculation worked out by the exporter in their questionnaire response is adopted by the Authority.

The ex-factory normal value after taking into account all the above mentioned adjustments is Y* * * or USD * * */kg at an average exchange rate of 1 USD=Y 128.01.

Argument raised by Domestic Industry

It is submitted that the exporter has not fully cooperated with the Designated Authority. When such important information as cost of production has not been provided by the exporter, we fail to understand how the 'exporter has established that its sales in the home market were in the ordinary course of trade. It is submitted that the profit and loss account of the company for the subject goods is not sufficient. It is quite possible that even when the company has made profits in its operations relating to the subject goods, still its sales in the home market may not be in the ordinary course of trade. It is submitted that it is not open for a company to state that it would not provide information because it is a highly sensitive trade secret. When worldwide all interested parties have to provide information of this nature to the investigating authorities, Sumitomo cannot be an exception. It is also relevant to note that the action of the company in not giving the information to the Designated Authority is a deliberate and conscious decision of the company. Since the company has decided to withhold the information from the Designated Authority, we feel that the Designated Authority could proceed further considering the company as non-cooperative.

Authority's Position

As already noted in the Disclosure Statement, the exporter is a multi-product manufacturing company. The net sales and cost of sales which was submitted to the Authority is that of the total sales of their products which is irrelevant to these investigations. Regarding the detailed statement of the profit and loss account, the

exporter has disclosed only the figures which could be collected from their financial statements which are open to the public. The Authority notes that vital information regarding the profit and loss accounts of the company in respect of Aniline, as called for, has been withheld by the exporter as information to be kept confidential to their company.

In this connection, the attention, of the exporter was invited to provisions contained in Article 2.1 of the WTO Agreement on Anti-Dumping which states that "... a product is to be considered as being dumped...if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country."

M/s Sumitomo Chemical Co. was informed that if, in response to the Disclosure Statement, the profit and loss accounts of Aniline were not submitted by them, the Authority would be constrained under the Rules, to disregard the ex-factory normal value of the like article based on the exporters response, as disclosed to them in a separate confidential disclosure, and adopt the constructed cost of the subject goods at Rs ***/-per Mt or USD ***/kg at an average exchange rate of 1 USD= Rs 42.2.

The Authority notes that no objections were raised by the exporter in the calculation of exfactory normal value. However, in the absence of the exporter's statement on Profit & Loss with regard to sales of Aniline in the domestic market in Japan, as called for in the disclosure, the Authority is constrained to adopt the constructed cost of the subject goods at USD ***/Mt or USD ***/kg.

(B) Export Price

Arguments raised by M/S Sumitomo Chemical Company Ltd.,:-

SCC's cif price of export sales to India is ** *USD for 251. 86MT and ** *USD for 16 MT. Based on these prices, the sales price structure for exports to India have been prepared n Appendix 3A-1, 3A-2 and 3A-3. Appendix 3A1 shows the calculation of price at ex-factory level based on SCC's export in May of 251.86 MT, which is Y***kg (cif/listed price, ** *USD). Appendix 3 A-2 shows the calculation of price at ex-factory level based on the export of 16 MT in June which is Y ***kg (cif/listed price, ** *USD). Appendix 3A-3 shows the weighted average- ex-factory price of these two prices, which is Y ***/kg and the weighted average list price of Y * **/kg.

In the sales price structure for exports to India, the listed price which is a weighted average listed price of the two shipments is Y ***/kg. Discounts/commissions are offered at Y***/kg. Charges after ex-factory and before fob include inland freight @Y***/kg. Insurance has been charged at Y***/kg. It is stated that there are no

charges on account of storage, handling, taxes, packaging etc. Charges after fob, include that of overseas freight @ Y***/kg, overseas insurance @ Y***/kg, shipping charge @a Y***/kg and clearance & handling @Y***/kg. It is stated that there are no charges on account of duty, sales tax, etc

It is seen that the quantity of 251.86 MT was shipped in bulk and 16Mt was shipped in drums. The exporter in their letter dated 1/8/2000 to the Authority has stated that drum packing was used only at one time to export 16MT of Aniline to India in June 1998: The capacity of the drums is *** kg per drum. They have stated that the price of packing material (drum) is *** yen/per drum; the charge for consigning third party to packing, is ***yen/drum, the transportation charge is *** yen/drum. The cost of packaging used for export of 16 MT in June'98 is Y***. After deducting the costs above, the export price at exfactory level comes to Y*** or USD ***/kg at an average exchange rate of IUSD=Y 128.01.

Authority's Position

The Authority notes that no objections were raised by the exporter in the calculation of exfactory export price as disclosed to M/s. Sumotomo in a separate confidential disclosure. Therefore, the Authority determines the export price at ex-factory level at USD***/kg.

6. USA

(A) Normal value

As given at Para J (ii) of the Preliminary Findings, BASF Corporation has stated that, at no time during the period of investigation has BASF Corporation or a BASF distributor exported any Aniline to India. Bayer Corporation has not produced, manufactured, sold or exported Aniline during the period of investigation. While M/s E.I. duPont de Nemours & Co. have addressed their views in a letter to the Authority, they have not given a formal response to the questionnaire. Their statement on export price is not substantiated by any documentary evidence. Hence there is no evidence of normal value or export price.

The petitioners have submitted evidence from 'The Chemical Market Reporter' published by Schnell Publishing Company since 1871 that is stated to be a well recognized journal in the chemicals industry in the USA. The Authority in view of lack of information from the exporters in the USA has been constrained to adopt the normal value of aniline in the domestic market in the USA as evidenced by the prices stated in the said journal.

According to the Chemical Market Reporter, the price of Aniline in USA is USD 0.49 to 0.50 per lb. (Pound) which is equivalent to USD 1080 per MT of Rs.1102 per MT (1 MT=2204.62 Pounds). The normal value of Aniline in the USA can thus be considered as USD 1091 pmt (average of the two prices reported by the journal). It is also stated that the price of Aniline shown by the Chemical Market Reporter is FOB price and is therefore not inclusive of freight and transportation.

(B) Export Price

The petitioner has claimed export price in the USA based on the data published by Kandla Port. The export price in 1998-99 (April-March'99) is based on volume and value (in lacs) which were 5623.595MT and Rs *** respectively for the aforesaid period only. The cif export price is * * */MT at an exchange rate of 1 USD=Rs.42 .3.

The above export price being cif price, adjustments have been claimed (based on petitioners own exports) on account of ocean freight -1%; marine insurance - 0.5% of export prices commission - 3% of export price; inland transportation - 2%; packaging- 3% and port handling and port charges - 2%.

The net export price from the USA after deducting these is Rs***/MT or USD ***/kg.

(C) Views expressed by Domestic Industry:-

None of the exporters from the USA have provided information in the form and manner prescribed. The Designated Authority is fully justified in proceeding with the determination of normal value as per the evidence contained in the petition.

7. Assessment of Non-cooperating exporters:

(A) Japan

For the non-cooperating exporters, the export prices have been referenced on the basis of information furnished by DGCIS data. Normal value has been determined on the basis of the constructed cost as worked out by the Authority. The Authority considers it appropriate to adopt the constructed cost and the best available information for determining the normal value and export price for such non-cooperating exporters.

(B) USA

There are no claims by the exporters from the USA with regard to normal value and export price. In view of the non-submission of information to the questionnaire by

producers/exporters from the USA, the Authority has been constrained to rely upon best available information with regard to normal value and export price as provided by the petitioner and treat producers/exporters in the USA as non-cooperative. For such non-cooperating exporters, the export prices have been referenced on the basis of information furnished by available data. Normal value has been referenced on the basis of the domestic price of Aniline as given in the Chemical Market Reporter. It is stated that the price of Aniline shown by the Chemical Market Reporter is FOB price and is therefore not inclusive of freight and transportation. The Authority considers it appropriate to reference the best available information and methodology as illustrated above for determining the normal value and export price for such non-cooperating exporters.

8. Dumping Margins:

The dumping margins for the exporters from the subject countries are as under:-

Producer	Normal Value	Export Price	Dumping Margin (%)
JAPAN			
(1) M/s. Sumitomo Chemical Company Ltd.	***	***	134.37
(2) All other exporters	***	***	275
USA			
(1) M/s. E. I. Dupont de Nemours & Co.	***	***	131.9
(2) All other exporters	***	***	131.9

F. INJURY

9. Argument raised by domestic industry:

As brought out in Para B. 2 Of the Preliminary Findings, and after the oral hearing, the domestic industry has stated inter alia that: -

- i. There is no significant change in the demand for Aniline in India. The changes in demand have, therefore, not contributed to any injury to the domestic industry. The price variation of Aniline is directly related to the international price and the pricing is influenced generally by market forces because of cheaper import and as such there is no demand supply gap.
- ii. The consumption pattern of Aniline in India is different from that of the world market where 80% of the product is used to manufacture MDI. In India Aniline is used for rubber chemicals, pharmaceuticals, dye intermediates and photographic chemicals.
- iii. The imports from the subject countries have increased significantly in absolute terms. The import information in respect of 1998-99 is as per information

compiled from Kandla port. Though Aniline is largely imported at Kandla the actual volume of imports is bound to be higher than Kandla volumes. The market share of Japan in the total imports of Aniline increased to 89.80% in 1997-98 from 76.79% in 96-97. Imports of Aniline from the USA have also increased significantly from 47MT. in 1997-98 to 5623.595MT in 1998-99. The cumulative imports from the subject countries have thus accounted for more than 81.16% of imports of Aniline into India as evident from the available data.

- iv. The domestic industry has lost substantial sales in 1998-99. The sales volume of the domestic industry declined by 255IMT whereas imports increased by 2192MT(approx.). The sales lost by the domestic industry are the sales gained by the exporters from Japan and the USA.
- v. HOC had exported Sulphonic Acid and received the Advance licence from DGFT which was used for importing 467.07 MT of Aniline.
- vi. HOC had made attempts to set up an MDI project. The same has been deferred. In case the project is set up, HOC will also set up additional Aniline capacity for captive consumption and supply to the domestic market will not be hampered.
- vii. The capacity utilisation of Aniline plant has been high in the past and the; entire quantity was available to the domestic consumers. The capacity utilisation declined in the investigation period because of large imports and the landed cost of Aniline was the variable cost of manufacture which resulted in losses. The Aniline plant takes annual shutdown every year for changing catalyst for 15 days and on ceryain occasions there are problems of supply of raw material viz., Benzene for a very short period which hampers production. Apart from this there are no supply problems of Aniline from HOC.
- viii. The claim of material injury to the domestic industry from the dumped imports is based on the following factors:
 - a. Increase in imports from the subject countries in absolute terms;
 - b. Increase in market share of imports and decline in market share of domestic industry;
 - c. Decline in domestic industry production;
 - d. Decline in sales volume of domestic industry;
 - e. Decline in selling prices;
 - f. Decline in profitability.

10. Arguments raised bay co-operative exporter M/s Sumitomo Chemical Company Ltd., Japan:-

As brought out in Para II 4. of the Preliminary Findings:-

1. SCC exported about 268MT of .Aniline, through the trading companies in Japan, to India during the period April 1998 to March 1999 which accounts for only 2.9% of the total import to India for the above-mentioned period.
2. Out of the said 268 MT, 251.86 MT was exported in May 1998 and 16 MT was exported in June 1998, respectively. Since then, SCC has never exported Aniline to India and has no immediate plan to export the said product to India.
3. Judging from: the magnitude of their export to India in terms of quantity, the causal relationship between SCC's export and the alleged injury to the domestic industry in India should be de minimis.
4. SCC's price is far higher than the import price of Aniline originating from other Japanese sufficient evidence to prove the causal relationship between SCC's export and the alleged injury to the domestic Aniline industry exporters. It is also far higher than the USA origin product. In terms of price there is no in India.
5. The Aniline price cited in the Japan Chemical week is used in "Part III Evidence of Dumping". However, the data listed in this newspaper is divorced from the actual price of Aniline in the ordinary course of trade in Japan. This exporter has traced the Aniline price listed in Japan Chemical week back to January of 1996 and found that the price listed cannot be an had never been revised for, at least more than three years. This shows that the said price evidence to determine the normal value.
6. SCC sells more than 60,000MT of Aniline in Japan. This should be the basis for the Normal Value in this case.

11. Authority's Position:- .

The Authority has taken into account all indices regarding injury while doing the final determination. This involves, all relevant principles for determination of injury as specified under Annexure II of the anti-dumping rules viz., the volume of dumped imports, their effect on price in the domestic market and its effect on the production, capacity utilisation, sales, profits, market share etc. of domestic industry. While determining the non-injurious price for the like article for the domestic industry, the Authority has used the actual cost of production of the subject goods during the period of. Investigation to determine optimum cost of production for the domestic industry which has taken into account the normated best consumption norms and the actual price of the raw materials which are consumed for the production of the subject goods during the period of investigation. For calculation of injury margin, the ex-factory non-injurious price of the domestic industry has been compared with the landed value of the imported goods. The quantum of imports, sales and market share, closing stocks and prices were as given below.

Quantum of Imports:-

Imports of Aniline(NIT)were as follows:-

	1996-97	1997-98	1998-99
Total imports	1277	5847	8038.804
Japan	983	5251	901.209
USA		47	5623.595
Other Countries	57	297	1514

Production and Capacity Utilisation:-

	1996-97	1997-98	1998-99 (POI)
Capacity (MT)	48100	48500	54100
Production (MT)	39165	47254	41780
Capacity Utilisation%	81.42	97.43	77.23

Sales and Market Share:-

	1996-97	1997-98	1998-99 (POI)
Demand (MT)	37,196	44,220	43,860.804
Share of Imports (%)	3.4	13.22	18.33
Share of Petitioners %	96.56	86.77	81.67
Local Sales of Domestic Industry MT	35,919	38373	35822
Selling Prices of Domestic Industry	***	***	***

Closing Stocks (MT)

	1996-97	1997-98	1998-99 (POI)
All Petitioners	446.419	2226.814	225.454
HOCL	194	1478	1548
NCPL	34.419	710.314	654.094
ANIROX	218	38.5	50.36

G. CONCLUSION ON INJURY

As brought out in para 17 of the preliminary findings, it is recognised that the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. Some interested parties have argued that increase in import duty on Aniline will trigger off increase in prices of drugs, pharmaceuticals, dyes and dye intermediates, rubber chemicals, etc. which will have an adverse effect on exports. In this connection the submissions made by Gujarat Dyestuffs Manufacturers' Association and other manufacturers of downstream products were examined by the Authority. Aniline is a basic raw material produced

from nitrobenzene, hydrogen and concentrated nitric acid. Aniline is produced by reduction of nitrobenzene through hydrogen route. The raw material for nitrobenzene is benzene and for hydrogen is naphtha. The contention of Gujarat Dyestuffs and others is that Benzene attracts only 16.5% import duty and helps manufacturers of Aniline to bring down their cost. It is noted however that the corresponding increase/decrease in customs duties for Aniline and its feedstocks from 1995-96 till 99-2000 have been as follows:-

PRODUCT	Increase/Decrease (%)
Aniline	(-) 10%
FEEDSTOCKS	
Benzene	(+)119%
Toluene	(+)9.5%
Naphtha	5.5% customs duty imposed for the first time in 99-2000
Sulphur	5.5% customs duty imposed for the first time in 99-2000

The Authority notes that the domestic industry failed to match the landed price of the imported product an account of the rise in prices of the inputs/feed stock required for the manufacture of aniline. Prices of petroleum, fuel oil and benzene stated firming up from 1996 onwards. The domestic industry has submitted that the increase in selling prices of Aniline was on account of the increase in the cost of production. The cost of the basic input Benzene increased quite steeply in the post investigation, period and the increase in the cost of production was higher than the increase in the selling prices.

The interested parties have argued that the petitioners have had reasonably good levels of capacity utilisation and that too when other world producers were compelled to reduce their production. As already noted, that was due to low worldwide demand for MDI whereas in India, Aniline requirement is confined to manufacture of only rubber chemicals, dyes and drug and drug intermediates. It has also argued that the user industry's share of the export market would be affected if anti-dumping duties are imposed. However, under the Export and Import Policy, an advance licence issued under the Duty Exemption Scheme enables import of duty free inputs required for export production subject to actual user condition. Such licences are exempted from payment of Basic Customs Duty, Surcharge, Additional Customs Duty, Anti-Dumping Duty and Safeguard Duty, if any. Such licences are issued to both manufacturer and merchant exporters subject to the prescribed procedures.

However, fair competition in the Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help

maintain availability of wider choice to the consumers of aniline. 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 product to the consumers.

The Authority confirms the conclusions on injury as indicated at para 14 of the preliminary findings and reiterates that: -

- a. the quantum of imports from the subject countries has increased in absolute terms;
- b. the market share of the petitioner companies has gone down;
- c. imports are undercutting the prices of the domestic industry;
- d. the domestic industry has been forced to sell at prices that have resulted in losses;
- e. closing stock of the domestic industry has gone up.
- f. The Authority therefore concludes that the domestic industry has suffered material injury.

H. CAUSAL LINK

In establishing that the material injury to the domestic industry has been caused by the imports from the subject country, the Authority holds that the increase in market share of imports from Japan and USA resulted in decline in the market share of the petitioner. The Authority notes that the share of Japan in total imports was 76.97%, 89.80% and 11.21% in 96-97, 97-98 and 98-99 respectively. The share of USA in total imports were 0.80% in 1997-98 and 69.96% in 1998-99. Japan and USA cumulatively accounted for 81.16% of the total imports of Aniline during the period of investigation. Thus imports from the subject countries increased significantly during the period investigated.

Some interested parties have argued that the unusually low prices existing in the period of investigation was only a short term phenomenon due to low crude oil prices. However it is noted that export prices of Aniline from Japan to third countries were much higher than export prices to India. In the sales price structure for exports to countries other than India, of the cooperative exporter, the listed price is Y*** /kg. The export price at ex-factory level is Y*** /kg or USD * * * /kg. In the sales price structure for exports to India, the listed price which is a weighted average listed price of the two shipments is Y * ** /kg whereas the ex-factory price is Y*** or USD *** /kg at an average exchange rate of 1 USD=Y128.01.

Aniline's outlets in India are restricted mostly to only rubber chemicals, dyes and drug and drug intermediates. The Authority notes that even modest volumes of exports at

dumped prices by major world manufacturers can affect Indian industry on account of the limited demand structure and the inability of domestic industry to match dumped prices. The Authority also notes that there have been no major fluctuations in demand for Aniline in India. The domestic industry is one of the smallest producers of Aniline in the world and the capacity of Indian industry is adequate to meet the demand for Aniline. The global prices of Aniline dropped significantly in 1998-99 and had an impact on the prices at which it was imported to India. This affected the operations and profitability of the domestic producers as aniline was dumped by major international manufacturers during the period of investigation.

Imports from the subject countries undercut the prices of the domestic product forcing the domestic industry to sell at unremunerative prices. Resultantly, the domestic industry incurred losses. The material injury to the domestic industry was, therefore, caused by the dumped imports from the said countries.

12. Anti-Dumping duty imposed: -

The Authority has carefully evaluated the injury caused to the domestic industry on account of dumping of Aniline from Japan and USA 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.

13. FINAL FINDINGS: -

The Authority after considering the foregoing, concludes that:

- a. Aniline originating in or exported from Japan and USA 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 country.

14. The Authority recommends imposition of definitive Anti-dumping duty on all imports of Aniline falling under customs sub-heading no. 2921.41. of the Customs Tariff Act as specified under the para relating to product under consideration originating in or exported from Japan and USA. The anti-dumping duty shall be amount mentioned in Col.3.

Country	Name of the producer/exporter	Amount (USD/kg)
1	2	3
Japan	(a) Sumitomo Chemical Co. Ltd.	0.064
	(b) All other exporters	0.18
USA	(a) M/s. E.I. duPont de Nemours & Co.	0.20
	(b) All other exporters	0.20

15. 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.

16. Subject to the above, the Authority confirms the preliminary findings dated 8th March, 2000

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

RATHI VINAY JHA...
Designated Authority