

# MINISTRY OF COMMERCE & INDUSTRY

## (Department of Commerce)

### NOTIFICATION

New Delhi, the 11th July, 2000

### FINAL FINDINGS

**Subject :** Anti dumping investigation concerning imports of Acrylic Fibre from Taiwan-Final Findings

**27/1/99-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:
  - i. The Designated Authority (hereinafter also referred to as the Authority) notified preliminary findings vide notification dated the 10th November, 1999 and requested the interested parties to make their views known in writing within forty days from the date of its publication;
  - ii. The Authority forwarded a copy of the preliminary findings to known interested parties, who were requested to furnish their views, if any, on the preliminary findings within forty days of the date of the letter;
  - iii. The Authority also forwarded a copy of the preliminary findings to the Cultural & Economic Centre, Taiwan in New Delhi with a request to furnish their views on the preliminary findings;
  - iv. The Authority held a public hearing to hear the interested parties orally, which was attended by representatives of Forum of Acrylic Manufacturer Association, M/s. Formosa Plastics Corporation, Taiwan and Economic and Cultural Centre of Taiwan in New Delhi. The parties attending the public hearing were requested to file written submissions of views expressed orally. The written submissions thus received from interested parties have been considered by Designated Authority in this finding.
  - v. The Authority made the public file available to all interested parties containing non-confidential version of the evidence submitted by various interested parties, for inspection, upon request;
  - vi. Arguments raised by interested parties before announcing of preliminary findings, which have been brought out in the preliminary findings notified earlier have not been repeated herein for sake of brevity. However, arguments raised by the interested parties have been appropriately dealt with in the preliminary findings and/or these findings;
  - vii. In accordance with Rule 16 of the Rules supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received on the same have also been duly considered in these findings.

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

## **B. VIEWS OF PETITIONERS, EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES AND EXAMINATION BY AUTHORITY**

2. The submissions made by the interested parties have been examined, considered and dealt at appropriate places herein under:-

## **C. PRODUCT UNDER CONSIDERATION:**

3. In the Preliminary Findings, the Authority had considered the product under consideration for the present investigation as Acrylic Fibre in the form of Acrylic staple fibre, Acrylic Tow and Acrylic Top. Acrylic Fibre is a long chain of synthetic polymer composed of at least 85% by weight of Acrylonitrile units. The Acrylic Fibre is produced in various grades defined in terms of deniers. Acrylic Fibre is produced either through wet technology or dry technology. Acrylic Fibre has application in various household uses and some industrial use. Acrylic Fibre is classified under custom code 5501 and 5503 of Customs Tariff Act.
4. **AUTHORITY POSITION**

No arguments have been raised by any of the interested parties with regards to product under consideration and the scope of present investigation. Therefore, the Authority confirms the preliminary findings with regards to product under consideration.

## **D. LIKE ARTICLES**

5. In the preliminary determination, the Authority held that Acrylic Fibre produced and sold by domestic industry and those imported from the subject countries, are being used interchangeably by the customers in India. The process and technology for manufacturing the product all over world is similar in terms of machinery, raw materials, manufacturing process except for minor differences such as additives, automation in material handling.

### **AUTHORITY POSITION**

No arguments have been raised by interested parties subsequent to Preliminary Findings. In view of the same, Authority confirms its preliminary findings in that Acrylic Fibre being produced by Domestic industry and those being imported from subject countries are commercially and technically substitutable and are Like Articles within the meaning of relevant Rules.

## **E. DOMESTIC INDUSTRY**

6. In the Preliminary Findings, the Authority held that the petition was jointly filed by M/s Indian Acrylics Ltd., Chandigarh, M/s. Pasupati Acrylon Ltd., New Delhi and

M/s. Consolidated Fibre and Chemicals Ltd. Calcutta. The petitioner claimed that Indian Petrochemical Ltd., having their plant at Vadodra is the other company producing Acrylic Fibre. Thus, it is claimed that there are only four units which produces Acrylic Fibre in India. The total production of Acrylic Fibre in 1998-99 was 80,268 MT and the production of petitioner companies was 59,168 MT. Thus, the petitioner account for a major portion of the domestic production of Acrylic Fibre during the POI and therefore had the standing to file the petition on behalf of domestic industry as required under the Rules.

#### **AUTHORITY'S POSITION:**

As no arguments have been raised by any of the interested parties, with regards to "the standing of domestic industry, the Authority confirms its preliminary findings with regard to standing of petitioners to represent domestic industry in the investigation.

## **F. QUANTUM OF IMPORTS AND DE-MINIMUS IMPORTS**

7. The argument have been made by interested parties that the quantum of imports from some of the subject countries are de-minimus and hence no duties should be levied. The interested parties have argued as under:-

#### **8. M/S. FORMOSA PLASTICS CORPORATION, TAIWAN**

- i. It has been argued by M/s. Formosa Plastics corporation that reliance is being placed on statistics furnished by petitioners based on data published by DGCI&S, Calcutta. It was stated by the exporters in their submissions that the imports statistics by DGCI&S, Calcutta apparently includes imports from third countries which have been attributed to be originating from Taiwan. These exports needs to be excluded to assess the quantum of imports from Taiwan and whether they are more than the de-minimus limits.
- ii. The petitioner have furnished information with regard to the quantum of imports only for a period of eight months till November, 1998. The Authority has placed reliance on the quantum of imports based on statistics furnished by petitioners for a period of eight months presuming that similar trends would continue for the remaining period of investigation.

#### **9. EXAMINATION BY AUTHORITY**

- a. The Authority notes that at the time of initiation of investigation the petitioner had furnished information on quantum of imports based on statistics available from DGCI&S till November, 1998. These statistics furnished by the petitioners prima-facie indicated existence of dumping and accordingly the Authority initiated investigations.
- b. However, in its Preliminary findings dated the 10th November, 1999, the Authority had considered and analysed the quantum of imports for the period of investigation, as per information published by DGCI&S, Calcutta. The information published by DGCI&S indicated quantum of imports from Taiwan at 1590 MTs which represented 4.38% of the total imports into India. This is higher than the de-minimus limit of quantum of imports as required under Rule14 (d). It has been claimed by exporters,

that some of the imports from Taiwan are alleged to have originated from third countries but have been attributed to be originating from Taiwan. The Authority notes that these allegations of diversion of exports via Taiwan are not substantiated and hence the Authority has placed reliance on the information of exports from Taiwan as published by DGCI&S, Calcutta.

- c. It has been further argued by M/s. Formosa Plastic Corporation that the Authority may consider imports statistics as furnished by them based on published information in Taiwan. The Authority notes that there is likely to be variances in the exports statistics even though it may pertain to identical period due to time lag involved in transportation and clearance. However, as per information furnished by the exporter from published sources in Taiwan, the quantum of exports from Taiwan under the Customs heading 5501 and 5503 were 1207 MTs which represents 3.8% of total imports of Acrylic Fibre in India during the period of investigation. Thus, the Authority notes that even based on the claims made by the exporter with regards to quantum of exports based on published information from Taiwan, the quantum of imports are higher than the de minimus limits as required under the Rules.

## **G. THE NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN**

10. The response in the investigation was received by the Designated Authority only from one exporter from Taiwan i.e. M/s. Formosa Plastics Corporation. The assessment of normal value, export price and dumping margin in respect of M/s. Formosa Plastics Corporation and other nonco-operative exporters is discussed herein under:

### **M/S FORMOSA PLASTICS CORPORATION**

The information furnished by the exporter was verified by the Designated Authority. Based on verification of information, the Normal value and exports price is assessed as under:-

#### NORMAL VALUE

- i. The exporter furnished transaction-wise details of domestic sales of Acrylic Fibre during the period of investigation. Separate details were furnished by the exporter with regards to regular type and special type of Acrylic Fibre sold in domestic market. The Authority notes that there is no difference in the sales price of regular type and special type Acrylic Fibre sold by M/s. Formosa Plastics Corporation in the domestic market. The company sold \*\*\*Kg of regular type Acrylic Fibre in domestic market at an invoice price of NT\$\*\*\*\* Million. The subject goods are sold in the domestic market at a credit of \*\*\*\* months from the month of sale. Thus, the exporter has claimed credit cost in the domestic sales for an average credit period of \*\*\*\* days at an interest rate of \*\*\*\*%. Besides, M/s. Formosa Plastics Corporation has claimed inland freight in arriving at Ex-factory cost of domestic sales. The claims of the exporters with regard to credit cost and inland freight have been allowed by the Authority.
- ii. The company was requested to make available details on its cost of production of Acrylic Fibre during the Period of Investigation(POI). The requisite details on cost of production of subject goods was furnished by the exporter. The

Authority notes that Acrylonitrile(ACN) cost is a major input in the manufacture of Acrylic Fibre. There has been significant variances in the prices of ACN during the period of investigation. The prices of ACN furnished by the exporter varied from US\$\*\*\*\*\* per MT to US\$\*\*\*\*\* per MT. In view of the variances in raw materials prices, Authority has assessed month-wise cost of production of Acrylic Fibre during the period of investigation, in order to verify that domestic sales of subject goods are viable sales as required under the Rules. The Authority notes that a significant portion of domestic sales are at a price below its fair cost of production with additions of reasonable margins for administrative costs, selling expenses and profit. However, the weighted average sales price of subject goods in domestic market was higher than weighted average cost of production during the period of investigation, Therefore, the sale of subject goods in domestic market have been considered by the Authority as viable sales as required under Rule 2(Annexure-1) of Anti-Dumping Rules.

Accordingly, based on domestic sales price during the period of investigation and after allowing for deductions on account of Inland freight and Credit costs, the domestic sales at EX-factory level have been assessed by the Authority at NT\$\*\*\*\*\* per Kg. (US\$\*\*\*\*\* per Kg.).

#### EXPORT PRICE

During period of investigation, M/s. Formosa Plastics Corporation exported \*\*\*\*\* Kg. of Acrylic Fibre to India at a CIF price of US\$\*\*\*\*\* at an average price of US\$\*\*\*\*\*. Further, expenses were incurred on Commission to Indian agent @ \*\*\*\*%, Inland freight, Port charges, Overseas freight, Clearing and handling charges and LC charges. These expenses being on actual basis have been allowed by Authority in arriving at Ex-factory cost of export sales. Accordingly, the average Export Price of Acrylic Fibre exported by M/s. Formosa Plastics Corporation during the POI has been assessed at US\$ \*\*\*\*\* per Kg.

Based on the methodology as indicated above, the Authority assesses Dumping Margin in respect of M/s. Formosa Plastics Corporation at US\$ \*\*\*\*\* per Kg or 12.89%.

## **H DUMPING MARGIN IN RESPECT OF NON-CO-OPERATIVE EXPORTERS FROM TAIWAN**

11. No response was filed in the present investigation by any other exporters from Taiwan. The Authority provided opportunity to other exporters from Taiwan to furnish relevant information for assessment of normal value, export price and dumping margin. The Authority also wrote to the Economic and Cultural Centre of Taiwan in India. However, no other exporter has furnished any information relevant to the present investigation. In the absence of any response from other exporters from Taiwan, in the preliminary determination, the Authority had assessed normal value and export price based on best available information. The assessment of normal value, export price and dumping margin in the preliminary findings has not been disputed by any of the exporters from Taiwan. In view of the same, Authority confirms its preliminary findings with regards to margin of dumping in respect of non-co-operative exporters. at US\$\*\*\*\*\* per Kg. or 25.52%.

## **INJURY AND CAUSAL LINK**

12. The arguments raised by M/s. Formosa Plastics Corporation with regards to injury and Causal Link are:-
- a. The quantum of imports from Taiwan are negligible and the market share of imports from Taiwan has shown declining trends. The small quantities of imports from Taiwan could not possibly cause material injury to petitioner during the period of investigation.
  - b. The downward trends in prices, profitability, sales realisation, production or capacity utilisation in respect of domestic industry has been erroneously attributed to imports from Taiwan without establishing any negative co-relation.
  - c. While alleging that the exports of Acrylic Fibre from Taiwan to India has been at a price lower than the Normal value, the petitioner have not taken into consideration the fact that export prices from Taiwan to India have been closely in line with average export price to all other markets.
  - d. If any Anti-Dumping duty is imposed on the exporter, the Indian down stream producers who have been utilising the exporters product would suffer.

## **J. EXAMINATION BY AUTHORITY**

13. In its preliminary determination while assessing the injury and causal link in the present investigation, the Authority had considered whether there has been significant price undercutting by the dumped imports as compared with the prices of like articles in India or whether the effect of such imports is otherwise to depress prices to a significant degree or to prevent increase which otherwise would have occurred to a significant degree. The Authority notes that quantum of imports of Acrylic Fibre from Taiwan are more than the de minimus limits as required under the Rules, and there has been increase in the share of imports from Taiwan relative to the total imports of Acrylic Fibre in India. Authority further notes that the exporters from Taiwan have exported Acrylic Fibre to India at a price lower than the normal value in Taiwan and the sales price to India have declined significantly. The landed value of imports of Acrylic Fibre from Taiwan to India has been at a price lower than the noninjurious price for the domestic industry. This prevented the domestic industry from increasing its sales price and there has been significant erosion in the profitability of domestic industry from the sale of subject goods. In view of the same, the Authority concludes that the domestic industry has suffered material injury and the injury to domestic industry has been caused due to dumped imports of Acrylic Fibre from Taiwan. The argument regarding effect on down stream producers is generic in nature and is not relevant to the scope of present investigation. The purpose of anti dumping investigation is to ensure that the subject goods are imported at a fair price.

### **14. ARGUMENTS BY M/S ASIATIC EXPORT AND IMPORT**

A reference was received by the Authority from M/s Asiatic Export & Import vide its letter dated 20th May, 2000 enclosing the opinions of some of the importers of Acrylic Fibre, inter-alia, with regards to pricing policy of domestic industry, the quality, of Acrylic Fibre supplied by domestic industry, the need for continuance of anti dumping duty in view of increase in prices etc..

## EXAMINATION BY AUTHORITY

The Authority notes that in the present investigation none of the importers of Acrylic Fibre have responded to the information solicited by the Designated Authority. In the reference dated 20th May, 2000 from the Asiatic Export and Import no data or information has been furnished to assist the Authority in the present investigation. The Authority, therefore, notes that the reference from M/s Asiatic Export and Import is not relevant to the scope of present investigation.

## **FINAL FINDINGS**

15. The Authority, after considering the foregoing, concludes that:
- Acrylic Fibre originating in or exported from Taiwan has been exported to India below its normal value;
  - the domestic industry has suffered material injury;
  - injury has been caused to the domestic industry by the dumping of the subject goods originating in or exported from Taiwan.
16. The Authority considered to recommend the amount of Anti-Dumping Duty equal to the margin of dumping or less, which if levied, would remove the injury to domestic industry. The average landed price of the imports,, for the purpose, was compared with the Non-Injurious selling price of the petitioner companies, determined for the period investigations. Wherever the difference was less than the dumping margin, a duty lower than the dumping margin is recommended.
17. Subject to the above, the Authority confirms the preliminary findings with regard to imposition of anti-dumping duty and recommends imposition of definitive anti-dumping duty on all imports of Acrylic Fibre falling under the Custom heading 5501 and 5503 of Customs Tariff Act. originating in or exported from Taiwan. The amount of Anti-Dumping Duty, per Kg. shall be the amount indicated in the table below:-

<b>SI. No</b>	<b>Country/Exporters</b>	<b>Amount of duty (US\$ per Kg.)</b>
1.	<b>TAIWAN:</b> M/S. FORMOSA PLASTICS CORPORATION	0.140
2.	ALL OTHER EXPORTERS	0.240

18. Landed value of imports for the purpose shall be the assessable value as, determined by the customs under the Customs Act, 1962 and all duties of customs except duties levied under Section 3, 3A, 8b , 9 or 9A, as the case may be, of the Customs Tariff Act, 1975.
19. An appeal against this order shall lie to the Customs, Excise and Gold (Control) Appellate Tribunal in accordance with the Act supra.

**RATHI VINAY JHA...**  
Designated Authority