

**Government of India**  
**Ministry of Commerce & Industry**  
**(Department of Commerce)**

New Delhi, the 22 August 2003

**INITIATION NOTIFICATION**

**Subject:** Initiation of Anti-dumping Investigations concerning import of PVC Paste Resin originating in or exported from Korea RP, Saudi Arabia and European Union.

**No.14/14/2003-DGAD** M/s. Chemplast Sanmar Limited, Chennai, has filed a petition before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff (Amendment) Act, 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 alleging dumping of Poly Vinyl Chloride Paste Resin originating in or exported from Korea RP, Saudi Arabia and European Union and have requested for initiation of anti-dumping investigations and levy of anti-dumping duties.

**1. PRODUCT UNDER CONSIDERATION**

The product under investigation in the present case is Poly Vinyl Chloride Paste Resin also known as Poly Vinyl Chloride Resin (Emulsion grade) or PVC Paste Resin (herein after also referred to as subject goods). It is produced from Vinyl Chloride Monomer (VCM) and VCM is produced from EDC, which in turn require chlorine as major raw material. It is produced and sold in white/off white powder. It is produced in a number of grades, which differ in "K values". Various grades are technically and commercially substitutable. It is used in the artificial leather (Rexene), coated fabrics, Tarpaulins, conveyor belting, Toys, Automotive sealant and adhesives etc. PVC Paste resin is classified under subheading no 39042210 in the Customs Tariff Act though the petitioners have claimed that the imports have been cleared in a number of classifications. The Poly Vinyl Chloride (suspension grade) classified under 39042110 is different from the subject goods and is not included under product under consideration. Investigations are being initiated with respect to product under consideration irrespective of the classification under which they are being imported. Customs classifications are indicative only and in no way binding on the scope of investigations.

## **2. DOMESTIC INDUSTRY STANDING**

The petition has been filed by M/s Chemplast Sanmar Limited, Chennai. As per the PVC Resin manufacturers Association (PREMA), there are only two major producer of the PVC Paste Resin in India i.e M.s Chemplast Sanmar Ltd and M/s Finolex Industries Ltd. The petitioner is a major producer of subject goods in India accounting for a major proportion of the production of the subject goods in India. The other producer of the subject goods M/s Finolex Industries has supported the petition. The Authority notes that the petitioner constitutes a domestic Industry within the meaning of the rule 2(b) and the petitioner satisfies the criteria of standing to file the petition in terms of Rule 5(3)(a) of the Rules supra.

## **3. COUNTRIES INVOLVED**

The countries/territory involved in the present investigation are Korea RP. Saudi Arabia and European Union. (hereinafter also referred to as subject countries/territory).

## **4. LIKE GOODS**

The petitioner has claimed that goods produced by it are like articles to the goods originating in or exported from Korea RP. Saudi Arabia and European Union. There is no significant difference in the subject goods produced by the petitioner and those exported from subject countries/terriory. Petitioner claims that the two are technically and commercially substitutable. Therefore, for the purpose of present investigation, the goods produced by the petitioner are being treated as Like Articles of the product imported from the subject countries/territory within the meaning of the Rules, supra.

## **5. NORMAL VALUE**

The Authority notes that the petitioner has claimed normal value of subject goods in European Union on the basis of domestic prices reported in the published journals namely "Vinyl Chloride" by Harriman Chemsult Limited which has been claimed as internationally acknowledged and authentic journal in this trade. The Authority has prima facie accepted the normal value of the subject goods in the European Union on the basis of the domestic selling prices as published in the journal. With regards to Korea RP and Saudi Arabia, the petitioner has claimed the normal value on the basis of the constructed cost of production which is based on the prices of the EDC in the domestic market of the exporting country which is a major raw material for the production of the subject goods as reported by Harriman Chemsult in "Vinyl Chloride" citing that domestic prices for these countries are nor reported in the said

journal or other published journals and actual selling prices are not publicly available. The Authority has prima facie considered the normal value of the subject goods in Korea RP and Saudi Arabia on the basis of constructed cost of production after addition of selling, general and administrative expenses along with reasonable profit as per the data made available by the petitioner.

## **6. EXPORT PRICE**

The Petitioner has determined the export price from the subject countries/territory based on the transaction wise information from the secondary data sources, i.e. M/s International Business Information Service, Mumbai whose data is based on the Customs Daily List. Adjustments have been claimed on account of ocean freight, marine insurance, inland transportation in the country of exports, port handling and port charges to arrive at the Export Price at ex-factory level.

## **7. DUMPING MARGIN**

There is, prima facie, evidence that Normal Value of the subject goods in the subject countries/territory is significantly higher than the ex-factory export price indicating prima facie that the subject goods are being dumped by exporters from the subject countries/territory.

## **8. INJURY AND CAUSAL LINK**

Petitioner has furnished information on various parameters relating to material injury and threat of material injury to the domestic industry. They have cited excess capacities created by the exporters in the subject countries and exporters being saddled with the higher inventories in the subject countries as the reason for threat of material injury. Other parameters such as increase in volume of imports from subject countries, decline in the import prices, rise in the share of the subject countries in relation to total demand, and decline in the markets share of the petitioner, low return in investment, decline in the profitability and capacity utilization, negative cash flow, price undercutting, price depression and price suppression, prima facie, indicate collectively and cumulatively that the domestic industry has suffered material injury and is facing threat of material injury on account of dumping of subject goods from subject countries/territory.

## **9. INITIATION OF ANTI DUMPING INVESTIGATIONS**

The Designated Authority, in view of the foregoing paragraphs, initiates anti-dumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject country.

## **10. PERIOD OF INVESTIGATION**

The Period of Investigation for the purpose of the present investigation is 1st October 2002 to 30th June 2003.

## **11. SUBMISSION OF INFORMATION**

The exporters in the subject countries and the importers in India known to be concerned with this investigation are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority, Directorate General of Anti Dumping & Allied Duties, Ministry of Commerce & Industry, Department of Commerce, Government of India, Udyog Bhavan, New Delhi – 11 00 11.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation, and to representative consumer organizations who can furnish information which is relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

## **12. TIME LIMIT**

Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

## **13. INSPECTION OF PUBLIC FILE**

In terms of Rule 6(7), any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. In case where an interest party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the

Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

**(L.V. SATHARISHI)**  
ADDITIONAL SECRETARY & DESIGNATED AUTHORITY