

**MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING &
ALLIED DUTIES)**

NOTIFICATION

New Delhi, the, 7th July 2004

Initiation

Subject: Initiation of anti-dumping duty imposed on imports of Certain Rubber Chemicals (MBT, MBTS, CBS and PVI) originating in or exported from China PR.

No. 14/9/2004-DGAD: WHEREAS M/s National Organic Chemicals Industries Ltd. (herein after referred to as NOCIL) has filed an application before the Designated Authority (hereinafter referred to as the 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 Certain Rubber Chemicals namely MBT, MBTS, CBS and PVI (herein after referred to as subject goods), originating in or exported from People Republic of China (herein after referred to as China PR) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

AND WHEREAS, the Authority finds that sufficient *prima facie* evidence of dumping of the subject goods from the subject country, injury to the domestic industry and causal links between the dumping and injury exist, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the injury to the domestic industry.

2. Products under consideration

The products under consideration are certain specific rubber chemicals used in manufacture of rubber products, namely:

- A. Accelerators: **MBT, MBTS, and CBS**
- B. Pre-vulcanization inhibitors/ retarder/ scorch inhibitor rubber chemical: **PVI**

Detailed chemical names of the products are as follows:-

3. Accelerators chemicals

Generic Name	Chemical description	Other trade names
MBT	2-Mercapto Benzothiazole	Accelerator M,
MBTS	Dibenzothiazole disulphide	Accelerator DM
CBS	N-cyclohexyl-2-benzothiazole sulphenamide	Accelerator CZ/ Accelerator HBS

Pre vulcanization inhibitor/retarder chemical

Generic Name	Chemical Description	Other trade names
PVI	N-(Cyclohexylthio) phthalimide	Rubber Chemical CTP Anti scorching Agent Scorch inhibitor

1. **MBT** - MBT is produced by reacting aniline, carbon disulphide and sulphur under high temperature and pressure of Hydrogen Sulphide gas formed during the reaction.
2. **MBTS** - MBTS is manufactured by oxidation of sodium salt of MBT using suitable oxidizing agents.
3. **CBS** -- CBS is manufactured by reacting the sodium salt of MBT, Cyclohexyl amine using suitable oxidizing agents.
4. **PVI** -- PVI is manufactured by reacting an oxo-alcohol, Alkali, Organo sulphur compound, ammonia, chlorine and phthalic anhydride in presence of a solvent. It is a multi-stage reaction process.

The products are mainly used in automotive tyre and tubes industry and also in conveyor belting and footwear industry amongst others.

Other rubber chemicals used in various other uses are not covered within scope of the product under consideration.

The products are classified under various subheadings of customs classification heads 38.12.10, 38.12.20 and 38.12.30 as well as under 29.34.20 and 29.25.20 (at six digit levels) of the Customs Tariff Act and ITC HS classification. The Customs and ITC HS classifications are however, indicative only are in no way binding on the scope of the present investigation.

4. Domestic industry and Standing

The application has been filed by M/s National Organic Chemicals Industries Ltd., Mumbai. The Authority called for the opinion of the other known producers of the

products involved in terms of their support and opposition to the application filed by NOCIL. On the basis of the response received Authority has examined the standing requirement of the applicant in terms of the Rule 5 of the said Rules against individual products and is of the opinion that the applicant commands major proportion of domestic production of the products involved and therefore, satisfy the criteria of standing as domestic industry to file the petition in terms of Rule 5(3) (a) of the Rules supra.

5. Like articles

The applicant has claimed that each individual product included in the application is a stand-alone product and does not have inter se substitutability with other rubber chemicals. These are specific chemicals used in specific recipe used for manufacture of different types of rubber products and cannot be substituted for other chemicals though they are generally known as accelerators and inhibitors. Moreover, the rubber chemicals included in the present application are also not inter se substitutable or inter se like products as these materials are used for specific end applications. Therefore, dumping margins and all other analysis, including injury to the domestic industry will be done on individual products.

These individual products are known by their chemical, as well as trade names world-over and there is no difference between the product manufactured by them and the import products. There is no difference in the products produced by the domestic industry and imported from subject country. The products are being directly imported by the tyre industry and also by traders for supply to other industries. The consumers are using the domestic and corresponding import products interchangeably.

The products produced by the domestic industry and imported from subject country are identical in all essential characteristics and therefore, like articles within the meaning of the term as per the Rules.

6. Normal values

The applicant has claimed that China is a non-market economy country and should be treated so in terms of the Rules subject to rebuttal of presumption in terms Paragraph 7 and 8 of Annexure I of the AD Rules as amended vide Customs Notification No. 101/2003 dated 10.11.2003

In view of the Non-market economy claim the Authority has *prima facie* considered the Constructed Normal Value based on cost of manufacturing the subject goods in terms of Para 7 & 8 of the Annexure 1 to the said Rules as amended.

7. Export prices

The export prices of individual products have been estimated on the basis of data collected from DGCI&S and other secondary sources. Adjustments on account of ocean freight, marine insurance, commission, inland transportation in the country of export, port handling and port charges have been made to arrive at the Export Price at ex-factory level.

8. Dumping margins

There is sufficient evidence that Normal Values of the subject goods in the subject countries are significantly higher than the net export prices indicating *prima-facie* that the subject goods are being dumped in the Indian market by exporters from the subject country.

9. Injury and causal link

Petitioners have furnished information on various parameters relating to injury on account of individual products separately. Parameters, such as increase in volume of imports both in absolute terms and in relation to the demand of the products, loss in market share, price under-cutting, price under-selling, Price depression, low return on investments, profitability and cash loss in the manufacturing of subject goods, *prima-facie* indicate, collectively and cumulatively, that the Domestic Industry has suffered material injury on account of dumping.

10. Procedure

Countries involved: The country involved in the present investigation is the People Republic of China.

Period of investigation (POI): The period of investigation (POI) for the purpose of present investigation is **1.1.2003 to 31.12.2003**. The injury investigation period will however, cover the period 2000-01 to 2002-03 and the POI.

Submission of information: The exporters in the subject country, their governments through their embassy in India, the importers and users in India known to be concerned and the domestic industry are requested to submit relevant information in the form and manner prescribed and to make their views known to the:

The Designated Authority

Directorate General of Anti-Dumping and Allied Duties

Department of Commerce
Udyog Bhavan
New Delhi-110011.

Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below.

11. 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 (40) 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 **(40) forty days** from the date of the letter addressed to them.

12. 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 interested 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.

(Abhijit Sengupta)
Designated Authority