

MINISTRY OF COMMERCE AND INDUSTRY
(Department of Commerce)
Directorate General of Anti Dumping & Allied Duties

INITIATION NOTIFICATION

New Delhi, the 18th, May 2005

Subject : Initiation of Anti-dumping investigation concerning import of Silk Fabrics 20-100 gms/meter from People's Republic of China.

No.14/20/2004-DGAD - Central Silk Board, Bangalore along with the following co-operative / federation / associations of power loom silk fabric producers viz.

- i. The Mysore Power Loom Silk Manufacturers Co-operative Society Ltd., Bangalore, Karnataka.
- ii. M/s Karnataka Weavers Federation, Bangalore, Karnataka.
- iii. M/s Bangalore District and Bangalore Rural District Power-Loom Weavers Production and Sales Co-operative Federation Ltd., Dodda Ballapur, Karnataka.
- iv. M/s Silk Trade Association (Regd), Varanasi, UP.
- v. M/s Pure Silk Weavers Association, Surat, Gujarat.

have filed an application 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 before the Designated Authority (hereinafter referred to as the Authority) alleging dumping of Silk Fabrics of weight 20-100 gms/meter from People's Republic of China and requested for Anti Dumping investigations and levy of anti dumping duties.

PRODUCT UNDER CONSIDERATION

2. The product involved in the present investigation is Silk Fabric of weight 20-100 gms/meter (hereinafter also referred to as subject goods). Silk fabric is produced from the basic raw material raw silk. Silk Fabric is classified under Heading 5007 of the Customs Tariff Act and generally gets covered under Sub-heading 5007 9000. However, applicants have claimed that the subject goods may also get covered under Sub-headings 5007 1000, 5007 20, 5007 2010 and 5007 2090 of the Customs Tariff Act. These Classifications are indicative only and are in no way binding on the scope of the present investigation.

LIKE ARTICLE

3. The applicants have claimed that the silk fabric produced by the power looms in India is like article to the subject goods originating in or exported from subject country. Silk Fabric is also produced in India in handlooms, which has, however, not been treated as like article to the subject goods being imported from subject country on account of parameters like production process, price and substitutability. Therefore, for the purpose of the present investigation, the silk fabric produced by the applicants in power loom sector only is being treated as 'Domestic Like Article' to the subject goods being imported from the subject country.

DOMESTIC INDUSTRY

4. The application has been filed by the Central Silk Board, Bangalore along with the following co-operative / federation / associations of power loom silk fabric producers viz.

- i. The Mysore Power Loom Silk Manufacturers Co-operative Society Ltd., Bangalore, Karnataka.
- ii. M/s Karnataka Weavers Federation, Bangalore, Karnataka.
- iii. M/s Bangalore District and Bangalore Rural District Power-Loom Weavers Production and Sales Co-operative Federation Ltd., Dodda Ballapur, Karnataka.
- iv. M/s Silk Trade Association (Regd), Varanasi, UP.
- v. M/s Pure Silk Weavers Association, Surat, Gujarat.

Silk fabric is also produced on handlooms in India. However, the silk fabric produced on hand looms being not considered as like article for the purpose of this investigation, the production of silk fabric in power looms has been considered for determining the domestic industry. The aforesaid co-operative / federation / associations of power looms expressly supporting the application account for more than 50 percent of total production of the like article produced by the domestic industry. The aforesaid co-operative / federation / associations of power looms producing silk fabric represent a major proportion of silk fabric produced in India in power looms. The Authority determines that aforesaid applicants satisfy the criteria of standing to file the application on behalf of the domestic industry in terms of Rule 5(3)(a) and represent the domestic industry within the meaning of Rule 2 (b) of the Rules supra.

COUNTRY INVOLVED

5. The country involved in the present investigation is People's Republic of China hereinafter also referred to as the subject country.

NORMAL VALUE

6. Applicants have claimed that PR China has been treated as non-market economy by anti dumping Investigating Authorities and as such normal value may be determined on a reasonable basis including the price payable in India for the like product. The estimated normal value of Silk Fabric has been claimed on the basis of the cost of major raw material raw silk, which is based on International Silk Association (ISA), France monthly newsletter, December 2003, March 2004 and June 2004. Reasonable conversion cost, administrative, selling, general expenses and profit has been added to arrive at the estimate of normal value. The Authority proposes to examine the normal value claim as per paragraph 7 & 8 of Annexure I of Anti Dumping Rules. The Authority notes that there is sufficient evidence of the Normal value claimed for the subject goods from China P R.

EXPORT PRICE

7. The export price has been based on DGCI&S data under heading 5007 9000. Adjustments have been claimed on account of ocean freight, insurance, inland freight, storage etc. to arrive at the Export Price at ex-factory level. There is sufficient evidence of the export price claimed for the subject goods from the subject country.

DUMPING MARGIN

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

INJURY AND CAUSAL LINK

9. The applicants have furnished information on various parameters relating to injury. Parameters such as significant decline in production, decline in capacity utilization, closure of several power looms, decline in sales, drop in employment, loss of market share in demand, decline in profitability, decline in the sales realization, price undercutting, and losses to the Domestic Industry prima-facie indicate collectively that the Domestic Industry has suffered material injury on account of dumping. Imports from other countries of subject goods are negligible. The share of imports from subject country has increased in absolute terms as well as in relation to the

demand of the product in India. The prima facie evidence shows causal link between the dumped imports of the subject goods and injury caused to the domestic industry.

INITIATION OF ANTI-DUMPING INVESTIGATIONS

10. 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.

PERIOD OF INVESTIGATION (POI)

11. The period of investigation for the purpose of present investigation is 1st April 2003 to 30th September 2004 (eighteen months).

SUBMISSION OF INFORMATION

12. The exporters in the subject country 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, Department of Commerce, Ministry of Commerce & Industry, Government of India, 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.

TIME LIMIT

13. 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.

INSPECTION OF PUBLIC FILE

14. 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.

(Christy L. Fernandez)
Designated Authority