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

INITIATION NOTIFICATION

New Delhi, the 30th December, 2005

Subject: Initiation of anti-dumping investigations concerning imports of Bias Tyres for Bus and Lorries/Trucks from China PR and Thailand

F.NO.14/9/2005-DGAD: WHEREAS Automotive Tyre Manufacturer's Association (ATMA) New Delhi, (herein after referred to as applicant) have *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 (herein after referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred to as the Rules), alleging dumping of Bias Tyres for bus and lorries including trucks (herein after referred to as subject goods), originating in or exported from the Peoples Republic of China and Thailand (herein after referred to as subject countries) 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 countries, injury to the domestic industry and causal link between the dumping and injury exist, this Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rule 5 of the said Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty which if levied would be adequate to remove the injury to the domestic industry.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present application is New/ Unused Pneumatic Diagonal Ply or Cross Ply Non Radial Bias Tyres, Tubes and Flaps of rubber used in buses and lorries (including trucks) originating in or exported from China and Thailand. A tyre set generally comprises of one Tyre, one Tube and one Flap. In the market parlance the term "TTF" (Tyre+Tube+ Flap) is prevalent to denote the tyre set. One unit each of Tyre, Tube and Flap is used together in automotive applications. They jointly render the function of "Tyre". New/ Unused Pneumatic Diagonal Ply or Cross Ply Non Radial Bias Tyres, Tube and Flap used

in bus and lorries/trucks, sold or imported either on TTF basis or in Set or individually as Tyre, Tube and Flap or in any other combination constitutes the product under consideration in the present application.

Product under consideration is classified under Chapter 40 of the Customs Tariff Act, 1975 under the category of Rubber and Articles thereof. Tyre, Tube and Flap are not jointly classified under a single subheading under Chapter 40. Tyres falls under customs subheading no. 40112090, Tubes falls under customs subheading no. 40131020 and Flaps falls under customs subheading no. 40139049.

2. COUNTRIES INVOLVED

The countries involved in the present investigation are People's Republic of China and Thailand.

3. DOMESTIC INDUSTRY AND STANDING

The application is filed by Automotive Tyre Manufacturers Association (ATMA) on behalf of the domestic industry using the information provided by M/s Apollo Tyres Ltd and M/s Ceat Ltd. Application has been supported by M/s JK Tyres (JK Industries Lt), M/s Birla Tyres (Kesoram Industries Ltd) and M/s MRF Ltd. Applicant companies alongwith supporting companies constitute more than 50% of Indian production of the subject product. On the basis of the information available on record the Authority has determined that (a) production of the applicant manufacturers of the subject goods constitutes a major proportion in Indian production; (b) domestic producers expressly supporting the application account for more than 50 per cent of total production of the like product produced by the domestic industry; and (c) the application has been made on behalf of the domestic industry.

The Authority after examining the above, determines that the applicant companies alongwith the supporting companies constitute domestic industry within the meaning of Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of Rules supra.

4. LIKE ARTICLES

The applicant has claimed that goods produced by its member companies are like articles to the goods originating in or exported from subject countries. There is no significant difference in the subject goods produced by the domestic industry and those exported from subject countries. Applicant claims that the two are technically and commercially substitutable. Applicant has provided information on imports as compiled by Directorate General of Commercial Intelligence & Statistics (DGCI&S), Kolkatta and International Business Information Service (IBIS) Mumbai. Applicant has claimed that the subject goods and goods produced and supplied by the domestic industry is being interchangeably used. For the purpose of present

investigation, the goods produced by the domestic industry is being treated as Like Article to the product imported from the subject countries within the meaning of the Rules supra.

5. NORMAL VALUE

The applicant has claimed that China PR should be treated as non-market economy and normal value should be determined in accordance with Para 7 of Annexure I of the Anti Dumping Rules. The domestic industry has proposed Sri Lanka as an appropriate third country market economy in terms of para 7. Accordingly normal value has been worked out on the basis of price in Sri Lanka duly adjusted for selling and distribution overheads as an appropriate estimate of normal value in China PR.

However, the individual exporters may rebut this presumption and the Authority shall examine the market economy claims of individual exporters in terms of the relevant Rules.

The applicant has stated that despite their best efforts they have not been able to obtain information about the domestic prices of the subject goods prevailing in Thailand. The applicant has claimed normal value in Thailand on the basis of constructed cost of production, after making reasonable addition for selling, general and administrative costs and profit. International prices of major raw materials have been considered while constructing the cost of production.

6. EXPORT PRICE

Export price of the subject goods from the subject countries has been determined by considering DGCI&S and IBIS data. Adjustments have been claimed on account of ocean freight, marine insurance, commission, port handling and port charges and bank charges to arrive at ex-factory export price. Adjustment has been claimed by the applicant on account of credit costs and indirect taxes, which has not been allowed at this stage.

7. DUMPING MARGIN

There is sufficient evidence that normal values of the subject goods in the subject countries are significantly higher than the net export prices from these countries, indicating prima-facie that the subject goods are being dumped in the Indian market by exporters from the subject countries.

8. INJURY AND CAUSAL LINK

Applicant has furnished information on various parameters relating to injury to the domestic industry. Parameters, such as decline in market share, stagnant sales, increase in volume of imports both in absolute terms and in relation to the demand

of the products, significant price under-cutting, price under-selling, price depression, decline in profits, return on investments and cash flow, increase in inventories, collectively and cumulatively prima-facie indicate that the domestic industry has suffered material injury on account of dumping from the subject countries. Applicant has also claimed threat of material injury on the grounds of increase in the rate of increase in imports, surplus unutilized capacities in subject countries and significant price undercutting by the dumped imports.

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 (POI)

The Period of Investigation for the purpose of the present investigation is 1st April 2004 to 30th June 2005 (15 months). The injury investigation period will, however, cover the period 2001-02 to 2003-04 and the POI.

11. SUBMISSION OF INFORMATION

The exporters in the subject countries, their Government through the Embassy, the importers in India known to be concerned with this investigation and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

Designated Authority,
Ministry of Commerce & Industry,
Department of Commerce,
Government of India,
Room No. 240,
Udyog Bhavan, New Delhi – 1100 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

a) General Time Limits

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.

b) Specific time limit for selection of market economy third country

Interested parties to the investigation may wish to comment on the appropriateness of Sri Lanka which, as mentioned in the Para 5 above of this initiation notification is envisaged as a market economy third country for the purpose of establishing normal value in respect of the China PR. These comments must be submitted within two weeks from the date of publication of this notification.

13. SUBMISSION OF INFORMATION

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. 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 Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

14. INSPECTION OF PUBLIC FILE

In terms of Rule 6(7), Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

(Christy L. Fernandez)
Designated Authority