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

INITIATION NOTIFICATION

New Delhi, the 13th November, 2001

Subject: Initiation of Anti-dumping investigation concerning imports of Vinyl Acetate Monomer from Singapore and Iran into India.

No. 58/1/2001-DGAD- M/s. Vam Organic Chemicals limited, Noida having their plants at Gajraula, UP and Nira, district Pune, have filed a petition 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 Vinyl Acetate Monomer originating in or exported from Singapore and Iran and requested for Anti Dumping investigations and levy of anti dumping duties.

PRODUCT INVOLVED

2. The product involved in the present petition is Vinyl Acetate Monomer (hereinafter referred as subject goods). Vinyl Acetate Monomer is an organic compound. Vinyl Acetate Monomer is a clear colourless liquid. Its chemical formula is $C_4H_6NO_2$. It is used for production of Polymers, water-based paints, adhesives, paper coating and emulsion polymerization process. Vinyl Acetate Monomer is classified under Chapter 29 of schedule 1 of the Customs Tariff Act under sub heading 291532. This Custom classification is however, indicative only and is in no way binding on the scope of the present investigation.

DOMESTIC INDUSTRY

3. The petition has been filed by M/s. Vam Organic Chemicals limited, Noida. Besides the petitioner, Vinyl Acetate Monomer is produced in India by another company viz. M/s. Vinyl Chemicals (India) Limited. However, M/s Vinyl Chemicals (India) Limited is an importer of the subject goods. The production of subject goods by the petitioner constitutes a major proportion of the total domestic production.

Therefore, the petitioner represents the domestic industry and the petitioner satisfies the criteria of standing to file the petition in terms of Rule 5(3) (a) of the Rules supra.

COUNTRY INVOLVED

4. The countries involved in the present investigation are Singapore and Iran(hereinafter referred to as the subject countries).

LIKE ARTICLE

5. The petitioners have claimed that the goods produced by them are like articles to the goods produced, originating in or exported from Singapore and Iran. Therefore, for the purpose of the present investigation, the goods produced by the petitioners are being treated as 'like articles' to that imported from the subject countries within the meaning of the Rules supra

NORMAL VALUE

6. The petitioners have stated that the prices reflected in a reputed journal ICIS-LOR are indicative of the prevailing prices of subject goods and considering the prices reflected in the journal, the producers in Singapore are not recovering their cost of production. Therefore, the petitioner has claimed the normal value in respect of Singapore on the basis of constructed cost of production with reasonable addition for administrative, selling cost and for profits. Petitioner has claimed that Iran is a non-market economy and, therefore, they have claimed Normal Value in respect of exports from Iran in terms of Government of India, Ministry of Finance Notifications No. 44/99-CUS(NT) dated 15th July, 1999 and Notification No. 28/2001 dated 31st May, 2001 which inter alia state that

"In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin."

The provisions of the aforesaid Government of India Notifications further stipulate inter alia that:

The term "non market economy country" subject to the Note to this paragraph means every country listed in that note and includes any country which the designated

authority determines and which does not operate on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise. While making such determination, the designated authority shall consider as to whether,

- i. the decision of concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- ii. the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write offs, barter trade and payment via compensation of debts;
- iii. such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and
- iv. the exchange rate conversions are carried out at the market rate.

The Notifications further state that any country seeking to establish that it is a market economy country as per criteria enunciated above, may provide all necessary information which shall be taken due account by the designated authority. Therefore, the petitioner has claimed Normal value in respect of Iran on the basis of constructed cost of production determined on the best information available with regard to cost of production duly adjusted to include selling, general and administrative expenses and a reasonable profit margin.

EXPORT PRICE

7. The petitioner has claimed the export price on the basis of secondary source information. Adjustments have been claimed on account of freight, insurance, commission, inland transportation, port expenses to arrive at the Export Price at ex-factory level.

DUMPING MARGIN

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

INJURY AND CAUSAL LINK

9. Various parameters relating to injury such as the decline in market share, decline in sales, decline in the sales realisation, increase in losses of the Domestic Industry due to inability to realize fair and reasonable price from sale of the subject goods, building up of inventory of finished goods prima-facie indicate collectively and cumulatively that the Domestic Industry has suffered material injury on account of dumping.

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 countries.

PERIOD OF INVESTIGATION (POI)

11. The period of investigation for the purpose of present investigation is 1st April 2001 to 30th September 2001.

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 and 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.

L.V. SATHARISHI,
Designated Authority