

Government of India
Ministry of Commerce & Industry
Department Of Commerce
(Directorate General of Anti-Dumping & Allied Duties)

Dated 11 th January, 2007

INITIATION NOTIFICATION

Subject: Initiation of Anti Dumping investigation concerning the imports of Phenol from USA, Korea RP and Taiwan

No.14/5/2006 DGAD - Whereas M/s. Hindustan Organic Chemicals Limited and M/S S I Group-India Ltd (Formerly known as Schenectady Herdillia Limited) have filed a petition before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended in 1995 and the 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 AD Rules), alleging dumping of Phenol (hereinafter referred to as the subject goods), originating in or exported from USA, Republic of Korea and Taiwan (hereinafter referred to as the subject countries) and have therefore requested for initiation of an anti-dumping investigation against the imports of the subject goods from the subject countries and levy anti-dumping duty on the such dumped subject goods.

AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of subject goods by the subject countries, 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 the 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. PRODUCT UNDER CONSIDERATION

The Product under consideration in the proposed anti-dumping investigation is Phenol. Phenol is a basic organic chemical normally classified under Chapter 29 of the Customs Tariff Act. However, imports are reported under Chapter 27 also. The product is classifiable under Customs Tariff heading no. 2907.11 and 2707.60. The Customs classifications are, however, indicative only and in no way binding on the scope of the present investigation.

The product is marketed in two grades Crystalline and Hydrated. The two grades are differentiated on the basis of flow characteristics of Phenol. The product is marketed in two forms - loose and packed. Loose sales are normally in bulk, whereas packed consignments can be of much smaller container loads. Phenol is used in the manufacture of Phenol formaldehyde Resins, Laminates, Plywood, Particle Boards, Bisphenol-A alkyl Phenols Pharmaceuticals, Dephenyl Oxide etc.

3. DOMESTIC INDUSTRY AND STANDING

The petition has been jointly filed by M/s. Hindustan Organic Chemicals Limited and M/S S I Group-India Ltd(Formerly known as Schenectady Herdillia Limited) . There are no other known producers of the product in the Country. It is found that M/S S I Group-India Ltd(Formerly known as Schenectady Herdillia Limited)has made significant customs duty paid imports of the subject goods from subject country(ies). The Authority has considered it appropriate to exclude M/S S I Group-India Ltd(Formerly known as Schenectady Herdillia Limited) from the scope of the “domestic industry”. Hindustan Organic Chemicals Limited shall constitute “domestic industry” for the purpose of the present investigations.

As per the evidence available, applicant has the standing to file the case for anti dumping investigation on behalf of domestic industry as per Rule 2(b) and Rule 5(3)(a) of Anti Dumping Rules.

4. LIKE ARTICLE

Petitioners have claimed that there is no significant difference in Phenol produced by the domestic industry and Phenol exported from subject countries. Phenol produced by the domestic industry is comparable to phenol imported from subject countries in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff

classification of the goods. Both the products are technically and commercially substitutable and hold closely resembling characteristics. It is further claimed that the consumers have used the two interchangeably. For the purpose of present investigation, phenol produced by the petitioners is being treated as like article to phenol imported from subject countries within the meaning of the Anti Dumping Rules.

5. COUNTRIES INVOLVED

Countries involved in the present investigations are USA, Republic of Korea (Korea RP) and Taiwan (also referred to as subject countries).

6. NORMAL VALUE

Petitioners have claimed normal value on the basis of domestic price (based upon ICIS-LOR magazine) after adjustment for freight and insurance in the case of USA and on the basis of estimates of cost of production by considering the published prices of major inputs and other overhead estimates on the basis of Indian experience wherever required in case Korea and Taiwan. Separate normal value has been determined for loose and packed material in view of significant packing cost involved.

7. EXPORT PRICE

Export price is based on transaction wise information collected from DGCI&S, Further, separate export price has been determined for loose and packed material. Since the export price so determined is at CIF level, the same has been adjusted for expenses on account of ocean freight, marine insurance, inland transportation in the country of export, port expenses, credit cost , commission and bank commission to arrive at the ex-factory export price.

8. DUMPING MARGIN

There is sufficient evidence that the 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 by the exporters from the subject countries.

9. INJURY AND CAUSAL LINK

Petitioners have furnished evidence regarding injury having taken place as a result of the alleged dumping in terms of significant deterioration in terms of production, sales volumes, capacity utilization, profits, return on capital employed, cash profits, market share, price undercutting, price underselling, etc. There is sufficient prima-facie evidence of material injury being suffered by the petitioners caused by dumped imports from subject countries.

10. PERIOD OF INVESTIGATION (POI):

The period of investigation (POI) for the purpose of present investigation is July, 2005 - June, 2006. The injury investigation period will however, cover the period April, 2003-March, 04, April, 2004-March, 05, April, 2005-March, 06 and period of investigation.

11. SUBMISSION OF INFORMATION:

The exporters in the subject countries and their Government through their embassies/representatives in India, the importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties
Ministry of Commerce & Industry,
Department of Commerce,
Room No. 240, 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.

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 (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. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the facts available on record in accordance with the Rules supra.

13. SUBMISSION OF INFORMATION ON NON-CONFIDENTIAL BASIS

In terms of Rule 7, 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.

14. 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.

(Christy L. Fernandez)

Designated Authority