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

New Delhi Dated the 4th.June, 2007

INITIATION NOTIFICATION

**Subject: Initiation of Anti Dumping investigation concerning the imports
of Diclofenac Sodium from China**

No. 14/4/2007 DGAD - Whereas M/s. Kairav Chemicals Limited, M/s. Amoli Organics Limited & M/s. Aarti Drugs 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 Diclofenac Sodium (hereinafter referred to as the subject goods), originating in or exported from China (hereinafter referred to as the subject country) 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 from the subject country, injury to the domestic industry and causal link between 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 Rule 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 present petition is "Diclofenac Sodium", (also referred as DFS hereinafter) also described as 2-[(2,6-Dichlorophenyl), Amino] Benzene Acetic Acid Mono Sodium Salt; [0-(2,6-

Dichloroanilino) Phenyl Acetic Acid Sodium Salt. Diclofenac Sodium is white or slightly yellowish crystalline powder, slightly hygroscopic in nature and sparingly soluble in water. DFS has two grades-tablet and injectable grade. There is no significant difference in two grade. Diclofenac Sodium is primarily used as anti inflammatory and analgesic drug.

Diclofenac Sodium is an organic chemical normally classified under Chapter 29 of the Customs Tariff Act. DFS is classified under 29420090. The Customs classification is, however, indicative only and in no way binding on the scope of the present investigation.

3. DOMESTIC INDUSTRY AND STANDING

There are four producers of subject goods in India, namely Kairav Chemicals Limited, Amoli Organics Limited, Aarti Drugs Limited and Meditech Chemicals Ltd. The petition has been jointly filed by Kairav Chemicals Limited, Amoli Organics Limited and Aarti Drugs Limited. Meditech Chemicals Ltd. has supported the petition. Further, ^{the production by petitioner companies constitutes a major proportion} in the Indian production. The petition satisfies the condition of standing under the Rules and the petitioners constitute "domestic industry" within the meaning of the Rules. The applicants have the standing to file the present petition 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 Diclofenac Sodium produced by the domestic industry and Diclofenac Sodium exported from the subject country. Diclofenac Sodium produced by the domestic industry is comparable to Diclofenac Sodium imported from subject country 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, Diclofenac Sodium produced by the petitioners is being treated as like article to Diclofenac Sodium imported from the subject country within the meaning of the Anti Dumping Rules.

5. COUNTRIES INVOLVED

The country involved in the present investigations is the People's Republic of China (also referred to as China or subject country).

6. NORMAL VALUE

The petitioners have claimed that China is a non-market economy. The petitioners have therefore, claimed determination of normal value on the basis of constructed cost of production. Petitioners have claimed that normal value cannot be determined on the basis of price or costs in third countries for the reason that the goods are not produced in several countries and no information is publicly available in this regard. Petitioners have determined normal value on the basis of cost of production in India, duly adjusted.

7. EXPORT PRICE

The export price has been determined based on the transaction wise data compiled by IBIS, considering that the product does not have dedicated classification. Net export price has also been determined from the CIF price and adopting various elements of price adjustments towards freight, credit cost, bank charges, inland freight, insurance and commission etc to arrive at ex-works export price.

8. DUMPING MARGIN

There is sufficient evidence that the normal value of the subject goods in the subject country is significantly higher than the net export price indicating prima-facie that the subject goods are being dumped by the exporters from the subject country.

9. INJURY AND CAUSAL LINK

Petitioners have furnished evidence regarding injury having taken place as a result of the alleged dumping in terms of increase in imports in absolute terms and relative to production & consumption in India, significant price undercutting, increase in market share of China and decline in the market share of the domestic industry, deterioration in profits, return on capital employed, cash profits after improvements up to 2005-06, etc. It is also noted that the product was attracting anti dumping duties during the injury period. There is sufficient prima-facie evidence of material injury being suffered by the petitioners caused by dumped imports from subject countries. Further, in addition to material injury, petitioners have claimed that the imports are causing threat of material injury from the dumped imports based on rate of increase in imports, significant price undercutting and significant unutilized capacities.

10. PERIOD OF INVESTIGATION (POI):

The period of investigation (POI) for the purpose of present investigation is January - December 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 country and their Government through their embassy in India, 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.

(R.GOPALAN)
Designated Authority