

Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Anti Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 21st. October, 2008

Initiation Notification

Subject: Initiation of anti-dumping investigation concerning imports of Bus & Truck Radial Tyres originating in or exported from China PR and Thailand.

No. 14/17/2008-DGAD - Whereas Automotive Tyre Manufacturers' Association (ATMA) (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 New/Unused Pneumatic Radial Tyres, with or without Tubes and Flaps of rubber used in buses and lorries (including trucks) (both tube type or tubeless) (hereinafter referred to as subject goods), originating in or exported from China PR and Thailand (herein after referred to as "subject country") and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

AND WHEREAS, the Authority finds sufficient prima facie evidence of dumping of the subject goods from the subject Country, injury to the domestic industry and causal link 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 any 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 petition is "New/ Unused Pneumatic RadialTyres, with or without Tubes and Flaps of rubber used in buses and lorries (including trucks) (both tube type or tubeless)" originating in or exported from China PR and Thailand, hereinafter

referred as "subject product" or "Tyres" or "Tyre Set" or TBR. The scope of the product includes only **radial used in buses and lorries/trucks**, classified in Chapter 40 under customs subheading no. 40112010(tyres), 40131020(tubes) & 40129049(flaps).

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 tyre set. Tyres are broadly produced in two types, namely radial and non-radial. Non-radial or bias type used in trucks and bus also known as diagonal ply or cross ply tyres is beyond the scope of the subject product in this investigation.

2. DOMESTIC INDUSTRY STANDING

The present petition has been filed by Automotive Tyre Manufacturers' Association (ATMA). Three ATMA members, Apollo Tyres Ltd., J. K. Tyre Industries Ltd. and MRF Ltd. are participating in the present petition by providing all the relevant information. Production by these three ATMA members is 100% of Indian production of the subject product.

The Authority, after examining the above, determines that the applicant constitutes domestic Industry within the meaning of the Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

3. COUNTRIES INVOLVED

The country involved in the present investigation is People's Republic of China (also referred to as China PR) and Thailand.

4. LIKE ARTICLE

The applicant has claimed that there is no difference in the subject good produced by the domestic industry and the subject product imported from the subject Country. The product is being imported by the importers and consumers. The consumers are using the domestic and imported product interchangeably. Applicant has claimed that the two are technically and commercially substitutable. The products produced by the domestic industry and imported from the subject Country are identical in terms of essential characteristics such as physical and chemical characteristics, manufacturing process, technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the goods, and therefore, are like articles within the meaning of the terms under the Rules. For the purpose of the present investigation, the product produced by the applicant is being treated as like article to the product imported from the subject country within the meaning of the Rules supra.

5. NORMAL VALUE

The petitioner 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. Petitioner has proposed India as an appropriate market economy third country. The Authority at the stage of initiation, has however considered cost of production in India, duly adjusted, for selling, general and administrative costs and profit as the basis of normal value. Individual Chinese exporters may rebut this presumption and the Authority shall examine the market economy claims of individual exporters in terms of the relevant Rules. In respect of Thailand, the applicant has submitted evidence regarding prices of like article in Thailand. Since the normal value based on the normal value in Thailand has been found to be higher, at this stage normal value has been considered based upon CNV. Thailand

6. EXPORT PRICE

Export price of the subject goods from the subject Country has been determined by considering transaction-wise import data collected from DGCI&S / Info Drive India Pvt. Ltd. Adjustments have been made on account of ocean freight, marine insurance, and port handling charges to arrive at ex-factory export price.

7. DUMPING MARGIN

Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject countries. There is sufficient evidence that the normal value of the subject goods in China PR and Thailand is significantly higher than the ex-factory export price indicating, prima facie, that the subject goods are being dumped by exporters from subject countries into the Indian market.

8. INJURY AND CAUSAL LINK

The petitioner has furnished information on various parameters relating to material injury. Petitioner has claimed that the industry earlier suffered due to lack of demand in the Country. Resultantly, the domestic industry was forced to export the product at significant losses. Simultaneously, lot of efforts was made by the industry in creating awareness and demand for the product under consideration. Gradually, the demand for the product increased and resultantly exports have declined. However, as the demand for the product is getting created and the product is getting established in the Country, even though sales of the domestic industry increased to some extent, the domestic industry was faced with loss of market share, increased inventories, continued losses, sub-optimal capacity utilization, return on investments and cash flow. Parameters such as significant increase in imports in absolute terms as also relative to production and consumption in India, significant price undercutting, price underselling leading to price suppression, capacity utilization, market share, continued financial losses, return on investments, cash flow, inventories, collectively and cumulatively show that domestic industry has suffered material injury. Petitioner has also claimed threat of material injury on the basis of significant increase in imports, price undercutting, significant exports from China to a number of countries, increasing share of India in China's global exports. There is sufficient evidence that the dumped imports of subject goods from China PR are, prima facie, causing material injury to the domestic industry.

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 April 2007 to March 2008. The injury investigation period will, however, cover the period 2004-05, 2005-06, 2006-07 and the POI.

11. SUBMISSION OF INFORMATION

The exporters in the subject Country, 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:

The Designated Authority
Directorate General of Anti Dumping & Allied Duties,

Ministry of Commerce & Industry,
Department of Commerce,
Government of India,
Room No. 240, Udyog Bhavan,
New Delhi – 110107.

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 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.

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

Interested parties to the investigation may wish to comment on the appropriateness of South Africa which is envisaged as a market economy third country for the purpose of establishing normal value in respect of 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), the 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.

R Gopalan
Designated Authority

