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

Dated: the 10th July, 2009

NOTIFICATION

Initiation Notification

Subject: **Initiation of anti dumping investigations concerning imports of Coumarin originating in or exported from China PR.**

No.14/17/2009-DGAD Whereas M/s. Atlas Fine Chemicals Pvt. Limited, Nasik Road, Maharashtra-422101, the domestic producer has 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 (hereinafter referred to as AD Rules), alleging dumping of Coumarin (hereinafter referred to as the subject goods), originating in or exported from the People's Republic of China (hereinafter referred to as the subject country) and have requested for initiation of anti-dumping investigations against the imports of the subject goods from the subject country and levy of anti-dumping duty on such dumped subject goods.

2. 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.

A. Product under consideration and Like Article:

3. The product under consideration in the present investigation is Coumarin of all types (hereinafter referred as "subject goods"). Coumarin (Chemical Formulae $C_9H_6O_2$) is in the lactone family of chemicals. It is an aroma chemical, which can be in the form of white crystals, flake or powder. It has characteristic odour of newly mown hay and bittersweet somewhat similar to vanilla. Coumarin is used in the preparation of fragrance compounds and those fragrance compounds are used in the production of soaps, detergents, cosmetics, incense sticks, and fine fragrances. It imparts pleasant fragrance and masks unpleasant odors in many other household and industrial products. Coumarin, which was originally a natural product obtained from Tonka beans is now produced synthetically. It can be obtained by two synthetic processes i.e. (i) starting from phenol to obtain Salicylaldehyde followed by Perkin reaction and (ii) starting from Ortho-cresol which is also called Raschig method in which Salicylaldehyde is made from Ortho-cresol and then converted into Coumarin. In both the processes Salicylaldehyde and Acetic Anhydride react in the presence of Sodium Acetate in Acetic Acid as catalyst and crude Coumarin is separated from Acetic Acid by distillation. The crude Coumarin is further purified by several distillations and then crystallized in Menthol. The crystallized product is separated by centrifugation and dried. The main physical specification of Coumarin is its purity, for which the melting point

is the indicator. There is no replacement for Coumarin by any single product or combination of products.

4. The scope of the product is classified under Chapter 29 (Organic Chemical) of the Customs Tariff Act under Customs Sub-heading No. 2932.21.00.

5. The petitioner has claimed that there is no known difference in petitioner's product and subject goods exported from the subject country and are comparable 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 and there is no significant difference in the subject goods produced by the petitioner and those exported from the subject country and the both are technically and commercially substitutable. For the purpose of the present investigations, the goods produced by the domestic industry are being treated as like article to the subject goods imported from the subject country in accordance with the AD Rules.

B. Domestic Industry and Standing:

6. The petition has been filed by M/s. Atlas Fine Chemicals Pvt. Limited, Nasik Road, Maharashtra-422101 claiming that they are the sole domestic producer of the subject goods and has provided relevant information. The petitioner has stated that there were two other producers of the subject goods in India, however, both of them have closed their commercial production and accordingly the petitioner has accounted for 100% of the Indian production during the proposed Period of Investigation.

7. The Authority, after examining the above, determines that the petitioner constitutes domestic Industry within the meaning of the Rule 2(b) read with Rule 2(d) of the Anti Dumping Rules and the petitioner satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

C. Countries involved:

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

D. Normal Value:

9. The petitioner has claimed that China PR should be treated as non-market economy and therefore the Normal Value should be determined in accordance with Para 7 and 8 of Annexure-I of the AD Rules. The petitioner has stated that they could not get any information about the Normal Value in China PR and accordingly the Normal Value has been constructed considering China PR as a non-market economy country. The petitioner has stated that Coumarin, the subject goods are produced only in India, China PR and France around the world and accordingly the choice of market economy third country is extremely limited. The Petitioner has submitted that France can be considered as an appropriate market economy third country for the determination of Normal Value and profitable selling price from France to India or profitable selling price from India to France can be considered for determination of Normal Value. The petitioner has also submitted that they were not able to get price of subject goods in France at this stage.

10. There is sufficient evidence with regard to Normal Value to justify initiation of Anti dumping Investigations in terms of the AD Rules. However, in accordance with Para 7 to Annexure-I of the Rules, interested parties are hereby invited to suggest an appropriate analogue country for determination of Normal Value in China PR within the specific time limit laid down in this notification.

E. Export Price:

11. The petitioner has stated that the imports considered for assessment of demand are based upon IBIS Data and before adopting IBIS Data instead of DGCI&S Data they have correlated the import volumes from both the sources with the data reported by Chinese Customs for exports from China PR to India. The petitioner has claimed export price of the subject goods from the subject country as the weighted average import price in the proposed Period of Investigation, based on transaction wise import data provided by the IBIS (International Business Information System). Adjustments have been claimed on account of ocean freight, marine insurance, inland transportation, port expenses, bank charges and credit cost in the country of exports to arrive at ex-factory export price.

12. There is sufficient evidence with regard to Export Price to justify initiation of anti dumping investigations in terms of the AD Rules.

F. Dumping Margin:

13. Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of subject county. There is sufficient prima facie evidence to justify investigations that the normal value of the subject goods is significantly higher than the ex-factory export price and that the subject goods are being dumped by exporter(s)/producer(s) from the subject country.

G. Injury and Causal Link:

14. The petitioner has furnished information on various parameters relating to material injury. Though, the demand of the subject goods has grown up significantly the domestic industry even after that is unable to utilize their existing capacities due to continuous dumping. Continuous dumping has therefore adversely affected its utilization of capacities. Resultantly, production has suffered. Significant price difference between imported and domestic product is preventing the domestic industry from increasing its sales volumes. Imports are significantly undercutting the prices of the domestic industry. Consequently, dumping is preventing price increases that would have otherwise occurred as a result of increase in the cost of production. Persistent dumping has adversely affected profitability of the domestic industry. The domestic industry has suffered financial losses during the injury period and that has directly impacted upon the return on capital employed and cash profits. Dumping has adversely affected the growth of the domestic industry. Prima facie, the domestic industry has suffered collectively and cumulatively material injury on account of dumping of subject goods from subject country. The Performance of the domestic industry has deteriorated in terms of production, capacity utilization, sales values & volume, profits, return on investments, cash flow, inventories and market share and the capacity utilization of the domestic industry continued to remain sub-optimal in spite of existence of significant demand.

15. There is sufficient evidence with regard to injury to the domestic industry and the causal link, to justify initiation of an anti-dumping investigations in terms of the AD Rules.

H. Period of Investigation (POI):

16. The Period of Investigation (POI) for the purpose of present investigation is 1st January, 2008 to 31st December, 2008. The injury investigation period will however, cover the periods 2005-06, 2006-07, 2007-08 and the Period of Investigation.

I. Submission of information:

17. The known producer(s)/exporter(s) of the subject country and their Government through their Embassy in India, the known importers and known users in India to be concerned and the domestic industry are being addressed separately to enable them to submit their relevant information in the form and manner prescribed and to make their views known to the:

**The Designated Authority,
Ministry of Commerce & Industry,
Department of Commerce,
Directorate General of Anti-Dumping &
Allied Duties, (DGAD),
Room No. 240, Udyog Bhavan,
New Delhi-110011**

18. 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.

J. Time limit:

19. Any information relating to the present investigation and any request for hearing should be sent in writing so as to reach the Authority at the above mentioned address not later than forty (40) days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Designated Authority may record its findings on the basis of the facts available on record in accordance with the AD Rules.

K. Submission of Information on non-confidential basis:

20. In terms of Rule 7 of the AD Rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority along with the reasons for claiming confidentiality. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. 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.

L. Inspection of public file:

21. 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.

M. Use of facts available:

22. 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