

14/43/2010-DGAD  
Government of India  
Department of Commerce  
Ministry of Commerce & Industry  
(Directorate General of Anti-Dumping & Allied Duties)  
Udyog Bhawan, New Delhi

Dated the 11<sup>th</sup> January 2011

### **INITIATION NOTIFICATION**

**Subject: - Initiation of Anti Dumping Investigation concerning imports of “Pentaerythritol” originating in or Exported from European Union (excluding Sweden)**

**No.14/43/2010-DGAD:** M/s Kanoria Chemicals & Industries Ltd. has filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter 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 as amended from time to time (hereinafter referred to as the AD Rules) for initiation of Anti-Dumping Duty investigation concerning imports of “Pentaerythritol” (hereinafter also referred to as the subject goods) originating in or exported from European Union (excluding Sweden) (hereinafter also referred to as the subject country).

2. AND WHEREAS, the Authority finds that sufficient evidence of dumping of the subject goods originating in or exported from the subject countries, ‘injury’ to the domestic industry and causal link between the alleged dumping and ‘injury’ exist to justify initiation of an anti-dumping investigation; 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 AD 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.

#### **Domestic Industry & ‘Standing’**

3. The Application has been filed by M/s Kanoria Chemicals & Industries Ltd. on behalf of the domestic industry. The production of M/s Kanoria Chemicals & Industries Ltd. accounts for a major proportion of the total domestic production of the like article and is more than 50% of Indian production of the like article. The application thus satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD

Rules. Further, M/s Kanoria Chemicals & Industries Ltd. is proposed to be treated as “domestic industry” within the meaning of Rule 2(b) of the AD Rules.

### **Product under consideration**

4. The product under consideration in the present petition is “Pentaerythritol” (also referred to as subject goods hereinafter). Pentaerythritol is claimed to be an organic compound. The name “erythritol” is claimed to have been derived from “Pentaerythritol” which indicates presence of four hydroxyl groups, and the prefix “Penta” indicates that there are five carbon atoms in the molecule.

The applicant has stated that Pentaerythritol can be of technical grade or nitration grade. The principal difference in the two grades is claimed to be in purity, crystal size and uniformity of crystals. Both the grades are claimed to be produced out of the same process. It has been submitted that gradation comes into picture only after production and at the stage of analytical testing of the product. Pentaerythritol having purity above 98% and better crystal formation is stated to be used in the explosive industry and therefore, this grade has been designated as “Nitration Grade” in commercial parlance. However, Pentaerythritol considered as “Nitration Grade” can also be used for production of Alkyd Resins and other products (where the other grade “Technical Grade” Pentaerythritol is used). Production process, however, it is claimed, largely results in production of “Technical Grade”.

The product is mostly used in the manufacture of Alkyd Resins, Resin Esters, Plasticizers, Printing inks, Synthetic rubber, Stabilizers for plastics, Modified drying oils, Detonators, Explosives, Pharmaceuticals, and Core oils and Synthetic lubricants, etc. The product falls under customs classification 29054200. Customs classifications are indicative only and in no way binding on the scope of these investigations.

### **Like Articles**

5. The applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods. The two are technically and commercially substitutable and hence should be treated as ‘like article’ under the AD Rules.

Therefore, for the purpose of the present investigation, the subject goods produced by the applicant in India are being treated as ‘Like Article’ to the subject goods being imported from the subject country for the purpose of the present investigation.

## **Subject Countries**

6. The present petition has been filed in respect of alleged dumping of the product under consideration from European Union (excluding Sweden).

## **Normal value**

7. The applicant has submitted that all possible efforts were made to get evidence of the price at which the material is being sold in the domestic market of EU. However, applicant has not been able to get any evidence of actual domestic selling price in EU which can constitute accurate and adequate evidence for the present purpose. Petitioner has therefore determined normal value based on estimates of cost of production based on international raw material prices. It has submitted that determination of normal value based on estimates of cost of production would be reasonable and sufficient basis to determine whether or not the product is being exported at significantly dumping prices. Petitioner has considered international price of methanol, consumption norms of the industry, estimates of conversion costs on the basis of Indian experience, selling, general & administrative expenses and reasonable profit margin. For the purposes of initiation, the normal value claims have been moderated by resorting to the constructed method of determination of normal value for exporters/producers from European Union (excluding Sweden).

## **Export Price**

8. The applicant has claimed export prices on the basis of data obtained from IBIS. Price adjustments have been allowed on account of Ocean Freight, Marine Insurance, Inland Freight and Port expenses to arrive at the net ex-factory export price.

## **Dumping Margin**

9. Based on the normal value and export price, the applicant has determined dumping margin for the product. It is found that the normal value of the subject goods in the subject country is significantly higher than the net export prices, prima-facie, indicating that the subject goods originating in or exported from the subject country are being dumped, to justify initiation of an antidumping investigation.

## **Injury and Causal Link**

10. The applicant has furnished evidence regarding the 'injury' having taken place as a result of the alleged dumping in the form of increased volume of dumped imports, price undercutting, price suppression and decline in profitability, return on capital employed and cash flow for the domestic industries. There is sufficient evidence of

the 'injury' being suffered by the applicant caused by dumped imports from subject countries to justify initiation of an antidumping investigation.

### **Period of Investigation**

11. The petitioner has proposed and taken April'09-June'10 (15 Months) as period of investigation. However, for analyzing injury Apr'06-Mar'07, Apr'07-Mar'08, Apr'08-Mar'09 and POI has been considered.

### **Submission of information**

12. The known 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 interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

**The Designated Authority,  
Directorate General of Anti-Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce  
Room No.243, Udyog Bhawan,  
New Delhi -110107.**

### **Time limit**

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 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 Authority may record their findings on the basis of the 'facts available' on record in accordance with the AD Rules.

### **Submission of Information on Non-Confidential basis**

14. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2) of the AD Rules for the confidential information provided as per Rule 7 (1) of the AD Rules. 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 information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

Notwithstanding anything contained in para above, if the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalised or summary form, it may disregard such information.

### **Inspection of Public File**

15. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

### **Non-cooperation**

16. In case any interested party refuses access to and 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 Governments as deemed fit.

(P. K. Chaudhery)  
The Designated Authority

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