

No.14/17/2003-DGAD
Government of India
Ministry of Commerce & Industry
(Department of Commerce)

New Delhi, the 8th October 2003

INITIATION NOTIFICATION

Subject: Initiation of Anti-dumping Investigations concerning import of Cyclohexanone originating in or exported from Taiwan, European Union and United States of America (USA).

M/s Gujarat State Fertilizers & Chemicals Limited, Vadodra, Gujarat has filed a petition before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff (Amendment) Act, 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 alleging dumping of Cyclohexanone originating in or exported from Taiwan, European Union & USA and has requested for initiation of anti-dumping investigations and levy of anti-dumping duties.

1. PRODUCT UNDER CONSIDERATION

The product under investigation in the present case is Cyclohexanone, having chemical formula $C_6H_{10}O$ (henceforth referred to also as subject goods). It is an intermediate product generated in the process of manufacture of caprolactum. Cyclohexanone is manufactured from Benzene and it acts as an intermediate in the production of Adipic Acid and in the manufacture of Nylon 6. Besides, being used primarily as an intermediate in the production of Adipic Acid and in the manufacture of nylon 6, it is also used as a solvent and thinners for lacquers, especially those containing nitro cellulose or vinyl chloride polymer and co-polymer resins including poly vinyl chloride. It is an excellent solvent for DDT and organic phosphorus insecticides and pesticides. It is also used as a sludge solvent in oil for piston type aircraft lubrication. It is classified under Chapter 29 of the Customs Tariff Act under subheading 29142200 which is described as "Cyclohexanone and Methylcyclohexanones". The Authority has examined the transaction wise data provided by the DGCIS for the POI and it has found that primarily Cyclohexanone is being imported under the Customs subheading mentioned above. Methyl cyclohexanone which is also classified under same Customs subheading is excluded

from the scope of the investigations. Investigations are being initiated with respect to product under consideration irrespective of the classification under which they are being imported. Customs classifications are indicative only and in no way binding on the scope of investigations.

2. DOMESTIC INDUSTRY STANDING

The petition has been filed by M/s Gujarat State Fertilizers & Chemicals Limited, Vadodra, Gujarat. The petitioner has claimed that they are the only producer selling the subject goods in the domestic market. Another company M/s. Fertilizers & Chemicals Travancore Limited (FACT) also produces the subject goods. However, the same is used for the captive consumption only and they have not sold any subject goods in the preceding three years as per the letter received from FACT. There is no other known producer of the subject goods in India. The Authority determines that the petitioner is a major producer of subject goods in India accounting for a major proportion of the production of the subject goods in India. The Authority notes that the petitioner constitutes a domestic Industry within the meaning of the rule 2(b) and the petitioner satisfies the criteria of standing to file the petition in terms of Rule 5(3)(a) of the Rules supra.

3. COUNTRIES INVOLVED

The countries/territory involved in the present investigation are Taiwan, European Union and USA (hereinafter also referred to as subject countries/territory).

4. LIKE GOODS

The petitioner has claimed that goods produced by it are like articles to the goods originating in or exported from subject countries/territory. There is no significant difference in the subject goods produced by the petitioner and those exported from subject countries/territory. Petitioner claims that the two are technically and commercially substitutable. Therefore, for the purpose of present investigation, the goods produced by the petitioner are being treated as Like Articles of the product imported from the subject countries/territory within the meaning of the Rules, supra.

5. NORMAL VALUE

The petitioner has claimed that the product is an intermediate product in production of caprolactam and according to the petitioner, no published information is available with regard to the actual transaction price at which the product is being sold in the domestic market in the exporting countries/territory. Normal value in the case of

European union and Taiwan has been claimed on the basis of prices reported in the “Polyamides & Intermediates” a journal published by reportedly leading journal Tecnon. With regard to the USA, petitioner has claimed that prices are not reported in this journal. Petitioner has claimed normal value in the case of USA on the basis of cost of production in the USA, constructed on the basis of the major raw material, Benzene, in the USA, reported in the “Polyamide & Intermediate” and other costs on the basis of the most optimum conversion costs of the petitioner. The Authority notes that there is sufficient evidence of the Normal value claimed for the subject goods from the subject countries/territory.

6. EXPORT PRICE

The Petitioner has claimed the export price of cyclohexanone from the subject countries/territory based on the import data provided by the DGCIS. Imports of the other products reported under the classification 29142200 have been excluded for the purpose of calculations of the export price. Adjustments have been claimed on account of ocean freight, marine insurance, inland transportation in the country of exports, port handling and port charges to arrive at the Export Price at ex-factory level. There is sufficient evidence of export price and the adjustments claimed for the subject goods from subject countries.

7. DUMPING MARGIN

There is, prima facie, evidence that Normal Value of the subject goods in the subject countries/territory is significantly higher than the ex-factory export price indicating prima facie that the subject goods are being dumped by exporters from the subject countries/territory.

8. INJURY AND CAUSAL LINK

Petitioner has furnished information on various parameters relating to material injury to the domestic industry. Parameters such as increase in volume of imports from subject countries/territory, decline in the import prices, increase in the market share of imports from subject countries/territory, decline in the market share of the domestic industry, decline in the sales volume and capacity utilization of the domestic industry, decline in the domestic selling price, low return in investment, negative cash flow, price undercutting, price depression and price suppression, prima facie, indicate collectively and cumulatively that the domestic industry has suffered material injury on account of dumping of subject goods from subject countries/territory.

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

The Period of Investigation for the purpose of the present investigation is 1st April 2002 to 30th June 2003 (15 months).

11. SUBMISSION OF INFORMATION

The exporters in the subject countries and the importers in India known to be concerned with this investigation are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority, Directorate General of Anti Dumping & Allied Duties, Ministry of Commerce & Industry, Department of Commerce, Government of India, Udyog Bhavan, New Delhi – 11 00 11.

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 which is 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

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. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

13. 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 interest 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.

(L.V. SATHARISHI)
ADDITIONAL SECRETARY