

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

NOTIFICATION

New Delhi, dated the 10<sup>th</sup> February, 2009

*Preliminary Findings*

**Sub:** Anti-Dumping Investigation involving import of all kinds of plastic processing or injection moulding machines, also known as injection presses, having clamping force not less than 40 tonnes originating in or exported from China PR.

**F.NO. 14/12/2008-DGAD:-** Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) 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 the Rules) thereof:

1. WHEREAS M/s L&T Demag Plastic Machinery Company Ltd, Chennai, Tamil Nadu, (herein after referred to as the applicant) has filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Act, and the Rules, alleging dumping of all kinds of plastic processing or injection moulding machines, also known as injection presses, having clamping force not less than 40 tonnes, used for processing or moulding of plastic materials (hereinafter referred to as the subject good), originating in or exported from the China PR (hereinafter referred to as subject country) and requested for initiation of an investigation for levy of anti dumping duties on the subject goods.

2. AND WHEREAS, the Authority on the basis of sufficient evidence submitted by the applicants issued a public notice dated 8<sup>th</sup> July 2008, published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject good, originating in or exported from the subject country, in accordance with the sub-Rule 5(5) of the Rules, to determine the existence, degree and effect of 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. Procedure*

3. Procedure described below has been followed with regard to this investigation after issuance of the public notice notifying the initiation of the above investigation by the Authority.

- (i) The Embassy of the subject country in New Delhi was informed about the initiation of the investigations in accordance with Rule 6(2).
- (ii) The Designated Authority sent copies of initiation notifications dated 8<sup>th</sup> July 2008 to the embassy of the subject country in India, known exporters from the subject country, known importers and other interested parties, and the domestic industry, as per the information available with it. Parties to this investigation were requested to file questionnaire responses and make their views known in writing within prescribed time limit. Copies of the letter, petition and questionnaire sent to the exporter were also sent to the Embassy of subject country along with a list of known exporters/ producers with a request to advise the exporters/producers from the subject country to respond to the questionnaire within the prescribed time.
- (iii) Copy of the non-confidential version of the petition filed by the domestic industry was made available to the known exporters and the Embassy of the subject country in accordance with Rules 6(3) supra.
- (iv) Questionnaires were sent to the known exporters from subject country in accordance with the rule 6(4) to elicit relevant information. Responses to exporter's questionnaire have been received from the following exporters of the subject goods from the subject country:
  - a. Guangzhou Borch Machinery Co. Ltd.
  - b. Zhejiang Sound Machinery Manufacture Co. Ltd.
  - c. Zhejiang Golden Eagle Plastic Machinery Ltd. (Producer) & Zhejiang Golden Eagle Co. Ltd. (Exporter).
  - d. Ningbo Liguang Machinery Co. Ltd.
  - e. Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.
  - f. Hangzhou Tederic Machinery Co. Ltd.
  - g. Ningbo Haitian Plastic Machinery Group
  - h. Haitian Heavywork Machinery Co. Ltd.
  - i. Ningbo Haitian Huayuan Machinery Co. Ltd.
  - j. Wenzhou Smargon Import & Export Co. Ltd.

- (v) Questionnaires were sent to the known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4). Responses to the Importer's questionnaire have been received from The All India Plastic Manufacturers' Association, Mumbai and from the following importers of the subject goods In India:
- a. Salzer Electronics Ltd.
  - b. Riya Moulders
  - c. CJ Polytech Pvt. Ltd.
  - d. Tech Plastic Industries
  - e. Sakkthi Polymers
  - f. Tooling Temple
  - g. Victory Engineering Works
  - h. Primex Home Appliances
  - i. Moldwell Products
- (vi) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, including the period of investigations;
- (vii) The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties;
- (viii) The Non-Injurious Price based on the optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) was worked out provisionally so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;
- (ix) The Authority initiated the investigation with Non-Market Economy presumptions in respect of People's Republic of China in terms of para 8 of Annexure I to the Rules and provided an opportunity to the country concerned and the exporters from the subject country to rebut the said presumption under the said Rule. It was also mentioned in the said notification that the Authority may however, notify an appropriate third country, in the due course, for the purpose of determination of normal value in China PR in terms of para 7 of Annexure I to the Rules. However, none of the interested parties, including the applicants, have placed any material fact before the Authority to select an appropriate market economy third country for the above purpose.

- (x) The confidentiality claims of various interested parties in respect of the data submitted by them have been examined. The information, which is by nature confidential or which has been provided on a confidential basis by the interested parties, along with non-confidential summary thereof, has been treated confidential \*\*\* in this finding represents information furnished by the domestic industry on confidential basis and so considered by the Authority under the Rules.
- (xi) Investigation was carried out for the period starting from 1.01.2007 to 31.12.2007 (POI).

### ***B. Product under Consideration and Like Article***

4. The product under consideration in this investigation is all kinds of plastic processing or injection moulding machines, also known as injection presses, having clamping force not less than 40 tonnes, used for processing or moulding of plastic materials. The machines are used for producing various plastic articles using an injection moulding process and consist of an injection unit, which melts the polymer and injects it into the mould and a clamping unit, which holds the mould, opens, closes and ejects the finished product. Plastic processing machines are used by user-segments such as automotive, communications, entertainment electronics, electrical, packaging, etc., in processing plastic to make bumpers, water bottles, medicine bottles, bottle caps, household items, writing instruments, plastic screws and so on.

5. The clamping force is a critical parameter in the operation of the plastic processing machines (PPM). The machines are produced based on the required clamping force, which is a deciding factor for the distance between the tie bars. PPM holds the moulds in which the components are shaped. Presses are rated by tonnage, which expresses the amount of clamping force that the machine can generate. This pressure keeps the mould closed during the injection process. Tonnage can vary from less than 5 tons to 6000 tons, with the higher figures used in comparatively few manufacturing operations.

6. Plastic processing machinery is classified under Chapter 84 of the Customs Tariff Act, 1975 under subheading 8477.10 under subheading 8477.1000 under the Indian Trade Classification (Based on Harmonized Commodity Description and Coding system).

7. The applicant has claimed that there is no known difference between the products manufactured by them and the subject goods imported from the subject country, which can have any impact on price, usage, quality etc. The applicant also claims that the technology and primary production process employed by them and the foreign producers

are comparable; however, every producer fine-tunes its production process based on available facilities and necessities.

8. No argument has been received from any interested party on the scope of product under consideration or like article. Examination of the product and import data submitted by the applicant indicates that there is no difference between subject goods produced by the Domestic Industry and imported from China. In view of the similarity in manufacturing process and substitutability, the Authority provisionally holds that the two are required to be treated as alike and one product for the purpose of defining the 'product under consideration' in this case.

### **C. Domestic Industry and Standing**

9. The application has been filed by M/s L & T Demag Plastic Machinery Ltd., Chennai, and the applicant is one of the major producers of the subject goods in India. The Authority notes that there are other producers of the subject goods in India i.e., M/s Ferromatic Milacron India Ltd.; M/s Windsor Machines Ltd and M/s Electeronica Machine Tools Ltd., Pune.

10. Subsequent to Initiation, only M/s Electronica Machine Tools Ltd., Pune provided some information regarding their production and sales of the subject goods from 2004-05 to 2007-08. The company has provided no information for POI. In view of the incomplete information, M/s Electronica Machine Tools Ltd., Pune has been treated as non-cooperative for the purpose of this investigation.

11. The exporters, producers, importers, consumers and other interested parties who have not supplied information in this investigation have been treated as non-cooperating interested parties.

12. Web sites of other known producers of this product were also checked for information on their capacities, production and sales. It is noticed that information on the capacities, sales and production of the subject goods are not separately available on the websites of these companies.

13. After taking into account the production of all the known producers of the subject goods in the Country, the Authority is of the opinion that the applicant commands a major proportion of the production of the subject goods in India and holds that for the purpose of this investigation the applicant M/s L & T Demag Plastic Machinery Ltd., Chennai commands the standing in terms of Rule 5(3) and constitutes the domestic industry in terms of Rule 2(b).

#### ***D. De Minimis Limits***

14. As per the import data received by the Authority from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and other secondary sources, as well as the data furnished by the cooperating exporters from the subject country, the imports of the subject goods from the subject country are above the de minimis level.

#### ***E. Other submissions and issues raised***

15. The Authority notes that the producers of the subject goods in China have submitted their responses to the exporter's questionnaire as listed out in para 3(iv) above. The consumers or importers in India as mentioned in para 3(v) have also responded to the Designated Authority and provided the information relevant to the present investigation. The responding importers of subject goods have argued that the imports of subject machines from China no way affects the interest of India's Growth. However, they have not substantiated their claim by any evidence whatsoever.

16. M/s APJ-SLG Law Offices, New Delhi has on behalf of an Association of Chinese Plastics Machinery Manufacturers have made the following submissions:

- a. Initiation Notification is not in line with the Trade Notice of the DGAD since the Authority has taken into account a period of investigation which is more than six months old.
- b. The petitioner is not eligible to file the Application because of the following reasons:
  - The applicant has not disclosed to the Authority that they are related to a major producer from China, which is a manufacturing facility of their parent company. The applicant has not disclosed whether the said manufacturer from China is an exporter of the subject goods or not.
  - The Authority should hold that the only applicant is not eligible to file the application as it is related to exporter in China.
  - 41% share of country's total production of the applicant should not have been considered as a major proportion to justify the initiation of investigation. The Authority may kindly appreciate that with only 41% of the industry before the Authority, any injury analysis would be inherently flawed and misleading.
- c. Excessive confidentiality claimed by the domestic industry has prevented us from making appropriate submissions. Some of the glaring instances where unwarranted and impermissible confidentiality has been claimed are as follows:

- Balance sheets of the applicant industry not supplied with the non-confidential version of the applicant nor was available in the public file.
  - Normal value calculations and the methodology not disclosed.
  - Calculations of normal value, export price and the estimated dumping margin not disclosed.
  - Expenses claimed as adjustments in the export price claimed confidential.
  - Basis and methodology of capacity determination for the domestic industry.
  - Reasons and explanation by the applicant as to why the domestic producer accounting for only about 41% of the country's total production has been considered a 'major proportion'.
  - Details of the efforts made by the Authority to obtain relevant information from the rest of the industry who have not participated in the investigation.
- d. Entire approach adopted in the injury submission of the applicant is flawed and misleading. The following comments were made in this regard:
- Increase in volume of imports per se is not relevant unless the same has resulted in an adverse impact on the various parameters of injury envisaged in paragraph (iv) of Annexure II of the Anti dumping Rules. No such analysis has been done or demonstrated by the applicant to form a valid ground for injury.
  - The profitability analysis based on just 41% of the domestic industry support cannot give any idea about the true state of the 'domestic industry'.
  - The domestic industry has claimed confidentiality on the export figures in volume terms to camouflage the real picture and to prevent the interested parties from bringing the true facts.
  - It is not clear that how the capacity figures have been worked out when the product range is so vast. The capacity utilization is of no consequence in the facts and circumstances of the case.
  - With non-confidential version for all the machines indicating 100% price under-cutting, we are not in position to offer any meaningful comments.
- e. The Authority may kindly provide the proper non-confidential version along with the balance sheets of the applicant for the entire injury investigation period before proceeding in the matter.

### ***Examination by the Authority***

17. No evidence was provided to the Authority along with the submission that any Association of the producers of the subject goods in China PR has authorized M/s APJ-SLG Law Offices, New Delhi to represent their interest either directly or indirectly. The submissions made are however examined as under:

18. As per the evidence available on record, production of M/s L&T Demag Plastic Machinery Company Ltd. accounts for a major proportion of the total domestic production. The Applicant thus satisfies the requirements of rule 2(b) and rule 5(3) of Anti dumping rules.

19. No evidence has come to the notice of the Authority regarding the export of the subject goods into India by the manufacturing unit of M/s Demag, Germany in China PR. The Authority therefore holds the Applicant as 'Domestic Industry' within the meaning of Rule 2(b) of Anti dumping rules.

20. The confidentiality claims of the domestic industry in respect of the data submitted by them have been examined. The information, which is by nature confidential or which has been provided on a confidential basis, along with non-confidential summary thereof, has been treated confidential.

21. The Authority has determined the injury to domestic industry and a causal link between the dumped imports and injury, taking into account all relevant facts in accordance with rule 11 of Anti-dumping rules.

## ***F. Determination of Dumping Margin***

### ***F.1 Examination of Market economy claims***

22. The Authority, notes that in the past China PR has been treated as a non-market economy country in the anti-dumping investigations by other WTO Members. Therefore, in terms of para 8 (2) of the annexure of anti-dumping of AD rules, China PR has been treated as a non-market economy country subject to rebuttal of the above presumption by the exporting country or individual exporters in terms of the above Rules.

23. As per Paragraph 8, Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove to the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- a) the decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without

significant State interference in this regard, and whether costs of major inputs substantially reflect market values;

- b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- d) the exchange rate conversions are carried out at the market rate.

24. The Authority notes that following producers and exporters of the subject goods from the subject country have submitted their questionnaire responses and market economy questionnaire responses, consequent upon the initiation notice issued by the Authority and rebutted the non-market economy presumption. The questionnaire responses and the Market economy responses of the such responding producers and exporter have been examined for determination:

- a) *Guangzhou Borch Machinery Co. Ltd., China PR*
- b) *Zhejiang Sound Machinery Manufacture Co. Ltd.*
- c) *Zhejiang Golden Eagle Plastic Machinery Ltd. (Producer) & Zhejiang Golden Eagle Co. Ltd. (Exporter).*
- d) *Ningbo Liguang Machinery Co. Ltd.*
- e) *Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.*
- f) *Hangzhou Tederic Machinery Co. Ltd.*

### ***Examination by the Authority***

25. The Authority has taken cognizance that the exporters have submitted substantive evidence in their response along with the relevant facts with which they want to rebut the presumptions as mentioned in para 8 of Annexure 1 of the Rules and Non Market Economy questionnaire sent to them regarding grant of market economy status to their company. As regards raw materials, which mainly includes Steel and Steel generated components, the exporters have submitted that they have purchased their raw materials from private parties at Chinese market price. The Authority notes that the issue of raw material prices i.e., Steel/ Steel generated components, paid by the company is vital to an examination of both market economy treatment as also correct assessment of its cost of production. The exporters have not so far established with verifiable evidence that "prices of major inputs substantially reflect market values". In a situation where the raw material prices are significantly lower than the prevailing market rates in the international market, not only a vital condition for market economy treatment is not satisfied but also costs may be underestimated. Further, the Authority notes that even if one of the critical parameters of market economy treatment is not satisfied, it would not be feasible

to grant market economy status to the responding companies. In view of this, for the purpose of preliminary findings, the Authority has not granted them market economy treatment.

26. The Authority notes that following producers and exporters of the subject goods from the subject country have submitted their questionnaire responses only and market economy questionnaire responses have not been submitted to rebutt the non-market economy presumption.

- g) Ningbo Haitian Plastic Machinery Group
- h) Haitian Heavywork Machinery Co. Ltd.
- i) Ningbo Haitian Huayuan Machinery Co. Ltd.
- j) Wenzhou Smargon Import & Export Co. Ltd.

The Authority therefore holds that the above Chinese producers/ exporters are, in any case, not eligible for market economy status.

27. Thus, the Authority has constructed the normal value by taking into account cost of production in India, duly adjusted to reflect international raw material prices and optimum conversion costs, selling, general & administrative expenses and reasonable profit. The main raw material is Steel and Steel generated components. However, as the investigation proceeds further, the Authority proposes to continue examination of the appropriateness of any market economy third country for the purpose of determination of normal value as per para 7 of Annexure 1 of the Rules, should information about their appropriateness of price or constructed value be received by the Authority. It is also noted that the responding Chinese companies have made no claim with regard to an appropriate market economy third country.

## ***F.2 Determination of normal value***

28. As recorded above there are significant issues of market economy determination in respect of the responding exporters from the subject country that requires further examination and verification. Therefore, pending further examination and verification of the claims made by the responding exporters and producers from China PR, in respect of their market economy claims and individual treatment claims, for the purpose of the preliminary finding, the authority has provisionally constructed the normal value in China PR on the basis of Para-7 to Annexure-I to the Rules.

29. In this connection Para 7 of Annexure I of the Anti-dumping Rules provide that:

In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

30. The Authority indicated, in the Initiation Notification, that the Authority may notify an appropriate third country, in the due course, for the purpose of determination of normal value in China PR in terms of the above provision. However, none of the interested parties, including the applicants, have placed any material fact before the Authority to select an appropriate market economy third country for the above purpose. The domestic industry has submitted that they have made efforts to collect information on price and cost data of the subject goods in market economy third countries but no publicly available information could be collected in this regard. It has also been argued that for determination of normal value based on third country cost and prices the Authority would require complete and exhaustive data on domestic sales or third country export sales, as well as cost of production and cooperation of such producers in third country, which the applicant is unable to obtain. The responding Chinese companies have made no claim with regard to an appropriate market economy third country. Therefore, the domestic industry has submitted that India should be treated as an appropriate surrogate country for China in this matter and the normal value should be determined accordingly.

31. Pending further examination of the issues, for the purpose of preliminary determination the Authority proceeds to provisionally determine the normal value in China PR on other reasonable basis, in terms of second proviso of para 7 of Annexure 1 to the Rules. Accordingly, the ex-works Normal Value of the product under consideration for all exporters from China PR has been provisionally constructed based on facts available. The Normal Value has been constructed taking into account domestic price of all the major inputs for the lowest cost machine within a given clamping force due to non-availability of international price for various components separately for machines of different clamping forces. Consumption norms, conversion cost, and SGA expenses of the domestic industry

have been adopted for determination of the normal value. After adding a reasonable profit margin of \*\*\*% constructed normal value works out as under:

PPM's Clamping Force (Tons)	Constructed Normal Value (CNV) (Rs. In lacs)	CNV @ Exchange Rate @ Rs. 41.357 /US\$ (USD)
60	***	***
85	***	***
100	***	***
125	***	***
150	***	***
160	***	***
180	***	***
200	***	***
250	***	***
275	***	***
325	***	***
350	***	***
450	***	***
500	***	***
550	***	***
650	***	***
800	***	***

### ***F.3 Export Price***

#### ***a) Guangzhou Borch Machinery Co. Ltd., China PR***

32. Gunagzhou Borch Machinery Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India through local commission agents and through an agent in India. The sales to Indian customers are in CIF terms. The exporter has claimed adjustments towards inland freight, ocean freight and insurance to India, Commission and credit expenses to arrive at ex-factory export price. However, it is noticed that no adjustment towards the bank charges and VAT paid and refund obtained has been made though the exporter is required to pay VAT @17% of the invoice value and is entitled for a refund a part of the VAT paid on export. Such adjustments have therefore been made based on the invoice value. Pending further

clarification and verification of the claims made, including the VAT adjustments and bank charges, the Authority has determined the export price of the above exporter as follows:

Producer/ Exporter: Guangzhou Borch Machinery Co. Ltd., China PR

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as claimed	VAT Adjustments	Bank charges	Net Export Value realized	Net Export Price (USD/No.)
80	***	***	***	***	***	***	***
120	***	***	***	***	***	***	***
150	***	***	***	***	***	***	***
200	***	***	***	***	***	***	***
260	***	***	***	***	***	***	***
320	***	***	***	***	***	***	***

b) Zhejiang Sound Machinery Manufacture Co. Ltd, China PR

33. M/s Zhejiang Sound Machinery Manufacture Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India directly. The sales to Indian customers are in CIF terms except a \*\*\* transaction of \*\*\* machines. The exporter has claimed adjustments towards inland freight, ocean freight and insurance to India, credit expenses, bank charges and non-refundable VAT to arrive at ex-factory export price. Pending further clarification and verification of the claims made, the Authority has determined the export price of the above exporter as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as	VAT Adjustments claimed	Bank charges claimed	Net Export Value	Net Export Price
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			claimed			realized	(USD/No.)
90	***	***	***	***	***	***	***
130	***	***	***	***	***	***	***
160	***	***	***	***	***	***	***
220	***	***	***	***	***	***	***
280	***	***	***	***	***	***	***
330	***	***	***	***	***	***	***
380	***	***	***	***	***	***	***
480	***	***	***	***	***	***	***
580	***	***	***	***	***	***	***
680	***	***	***	***	***	***	***

c) Zhejiang Golden Eagle Plastic Machinery Ltd. (Producer) & Zhejiang Golden Eagle Co. Ltd. (Exporter).

34. M/s Zhejiang Golden Eagle Co. Ltd., China PR has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The subject goods have been produced by M/s Zhejiang Golden Eagle Plastic Machinery Ltd. who is a subsidiary of the exporter, M/s Zhejiang Golden Eagle Ltd. The exporter has reported the direct sales of the subject machines to Indian customers.

35. The sales to Indian customers are in CIF, CFR as well as on FOB terms. The exporter has claimed adjustments towards overseas freight and insurance, credit expenses, and non-refundable VAT to arrive at ex-factory export price. However, the exporter has not shown any adjustment towards bank charges. Since the comparison is required to be made at the ex-factory level adjustments towards the above expenses are required to be made from the export price of the exporter for fair comparison purpose. Accordingly, adjustment towards bank charges has been made on facts available basis as per the response filed by other producers/exporters. Accordingly, pending further



d) Ningbo Liguang Machinery Co. Ltd.

36. M/s Ningbo Liguang Machinery Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India directly. The sales to Indian customers are in FOB terms. The exporter has claimed adjustments towards inland freight and non-refundable VAT to arrive at ex-factory export price. However, the exporter has not shown any adjustment towards bank charges. Since the comparison is required to be made at the ex-factory level, adjustment towards the bank charges is required to be made from the export price of the exporter for fair comparison purpose. Accordingly, adjustment towards bank charges has been made on facts available basis as per the response filed by other producers/exporters. Accordingly, pending further clarification and verification of the claims made, the Authority has determined the net export price of the above exporter as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as claimed	VAT Adjustments claimed	Bank charges	Net Export Value realized	Net Export Price USD/No.
90	***	***	***	***	***	***	***
130	***	***	***	***	***	***	***
170	***	***	***	***	***	***	***
700	***	***	***	***	***	***	***

e) Hangzhou Tederic Machinery Co. Ltd.

37. M/s Hangzhou Tederic Machinery Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India directly. The sales to Indian customers are both in CIF and FOB terms. The exporter has claimed adjustments towards inland freight, ocean freight and insurance to India, and handling charges to arrive at ex-factory export price. However, it is noticed that no adjustment towards the bank charges and VAT paid and refund obtained has been made though the exporter is required to pay VAT @17% of the invoice value and is entitled for a refund a part of the

VAT paid on export. Such adjustments have been made based on the invoice value on facts available basis as per the response filed by other producers/exporters. Pending further clarification and verification of the claims made, including the VAT adjustments and bank charges, the Authority has determined the export price of the above exporter as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as claimed	VAT Adjustments	Bank charges	Net Export Value realized	Net Export Price USD/No
100	***	***	***	***	***	***	***
150	***	***	***	***	***	***	***
188	***	***	***	***	***	***	***
230	***	***	***	***	***	***	***
400	***	***	***	***	***	***	***
850	***	***	***	***	***	***	***

f) Ningbo Haitian Plastic Machinery Group

38. M/s Ningbo Haitian Plastic Machinery Group has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India through commission agents. The sales to Indian customers are mainly in CIF terms. The exporter has claimed adjustments towards inland freight, ocean freight, insurance, credit, export packing, bank charges and non-refundable VAT paid to arrive at ex-factory export price. Pending further clarification and verification of the claims made, the Authority has determined the export price of the above exporter based on the adjustments claimed as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling	VAT Adjustments claimed	Bank charges claimed	Net Export Value	Net Export Price (USD/No.)
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			Expenses as claimed			realized	
58	***	***	***	***	***	***	***
86	***	***	***	***	***	***	***
200	***	***	***	***	***	***	***
530	***	***	***	***	***	***	***
600	***	***	***	***	***	***	***
700	***	***	***	***	***	***	***
800	***	***	***	***	***	***	***
1300	***	***	***	***	***	***	***
1400	***	***	***	***	***	***	***
1600	***	***	***	***	***	***	***
1800	***	***	***	***	***	***	***
2800	***	***	***	***	***	***	***

g) Haitian Heavywork Machinery Co. Ltd.

39. M/s Haitian Heavywork Machinery Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India through commission agents. The sales to Indian customers are in CIF terms. The exporter has claimed adjustments towards inland freight, ocean freight, insurance, credit, export packing, bank charges and non-refundable VAT paid to arrive at ex-factory export price. Pending further clarification and verification of the claims made, the Authority has determined the export price of the above exporter based on the adjustments claimed as follows:

Amount in USD



200	***	***	***	***	***	***	***	***
250	***	***	***	***	***	***	***	***
280	***	***	***	***	***	***	***	***
300	***	***	***	***	***	***	***	***
320	***	***	***	***	***	***	***	***
360	***	***	***	***	***	***	***	***
380	***	***	***	***	***	***	***	***
450	***	***	***	***	***	***	***	***
470	***	***	***	***	***	***	***	***
530	***	***	***	***	***	***	***	***
650	***	***	***	***	***	***	***	***
700	***	***	***	***	***	***	***	***
800	***	***	***	***	***	***	***	***
1000	***	***	***	***	***	***	***	***

i) Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.

41. M/s Ningbo Haixing Plastic Machinery Mfg. Co. Ltd. has reported export of \*\*\* numbers of the subject machines of different tonnages to India during the POI. The exporter has submitted that the machines have been sold to customers in India directly. The sales to Indian customers are in FOB terms. The exporter has claimed adjustments towards inland freight and non-refundable VAT to arrive at ex-factory export price. However, the exporter has not shown any adjustment towards bank charges. Since the comparison is required to be made at the ex-factory level, adjustment towards the bank charges is required to be made from the export price of the exporter for fair comparison purpose. Accordingly, adjustment towards bank charges has been made on facts available basis as per the response filed by other producers/exporters. Accordingly, pending further clarification and verification of the claims made, the Authority has determined the net export price of the above exporter as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as claimed	VAT Adjustments claimed	Bank charges @ 0.3%	Net Export Value realized	Net Export Price USD/No
58	***	***	***	***	***	***	***
88	***	***	***	***	***	***	***
128	***	***	***	***	***	***	***
168	***	***	***	***	***	***	***
218	***	***	***	***	***	***	***
268	***	***	***	***	***	***	***
308	***	***	***	***	***	***	***
368	***	***	***	***	***	***	***

j) Wenzhou Smargon Import & Export Co. Ltd.

42.

M/s Wenzhou Smargon Import & Export Co. Ltd. has reported export of \*\*\* number of the subject machines of 150 tons clamping force to India during the POI. The exporter has submitted that the machines have been sold to customers in India directly. The sales to Indian customers are in CIF terms. The exporter has claimed adjustments towards inland freight, ocean freight, other levies, credit and export packing. However, it is noticed that no adjustment towards the bank charges and VAT paid and refund obtained has been made though the exporter is required to pay VAT @17% of the invoice value and is entitled for a refund a part of the VAT paid on export. Such adjustments have been made based on the invoice value on facts available basis as per the response filed by other producers/exporters. Pending further clarification and verification of the claims made, including the VAT adjustments and bank charges, the Authority has determined the export price of the above exporter as follows:

Amount in USD

Clamping Force (Tons)	Qty Nos.	Invoice Value	Total Direct Selling Expenses as claimed	VAT Adjustments	Bank charges	Net Export Value realized	Net Export Price USD/No
150	***	***	***	***	***	***	***

#### *F.4 Dumping Margins*

43. For the purpose of determination of dumping margin the ex-works normal value and export prices so determined provisionally have been compared at the same level of trade and dumping margin has been provisionally determined for the exporters from the subject country. Since the product under consideration includes the subject machines of different clamping forces, the Authority has made clamping force-wise comparison for determination of dumping margin. Where the clamping force of imported PPM is not matching with the one produced by the domestic industry, the Authority has considered the net export price of imported PPM with next higher clamping force for comparison with the normal value constructed based on the PPM produced by the domestic industry. For the PPM with 800 tons clamping force, the net export price of PPMs' from 800 tons to 1000 tons imported from China PR have been considered for determination of dumping margin. This has been done considering the fact that presently the domestic industry offers the PPM's from 40 to 1000 tons in their domestic market. For determination of dumping margin in the following table, normal value and export price have been worked out for the total exports taken together:

Amount in USD

Producer	Exporter	Total Normal Value	Total Export Price	Total Dumping Margin	DM %
Guangzhou Borch Machinery Co. Ltd	Guangzhou Borch Machinery Co. Ltd	***	***	***	90%
Zhejiang Sound Machinery Manufacture Co. Ltd.	Zhejiang Sound Machinery Manufacture Co. Ltd.	***	***	***	187%

Zhejiang Golden Eagle Plastic Machinery Ltd.	Zhejiang Golden Eagle Co. Ltd.	***	***	***	169%
Ningbo Liguang Machinery Co. Ltd.	Ningbo Liguang Machinery Co. Ltd.	***	***	***	106%
Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.	Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.	***	***	***	138%
Hangzhou Tederic Machinery Co. Ltd.	Hangzhou Tederic Machinery Co. Ltd.	***	***	***	138%
Ningbo Haitian Plastic Machinery Group	Ningbo Haitian Plastic Machinery Group	***	***	***	118%
Haitian Heavywork Machinery Co. Ltd.	Haitian Heavywork Machinery Co. Ltd.	***	***	***	179%
Ningbo Haitian Huayuan Machinery Co. Ltd.	Ningbo Haitian Huayuan Machinery Co. Ltd.	***	***	***	125%
M/s Wenzhou Smargon Plastic Machinery Co. Ltd.	M/s Wenzhou Smargon Import & Export Co. Ltd.	***	***	***	255%
Any other exporter		***	***	***	255%

## ***G. INJURY DETERMINATION***

44. Views of All India Plastics Manufacturers' Association

M/s All India Plastics Manufacturers' Association has forwarded the representation of the following companies of users' industry. Out of 7 such companies, three companies, namely, M/s Salzer Electronics Ltd., M/s Tooling Temple and M/s Victory Engineering Works have stated that the import of machineries from China to India in no way affects any Indian Industry.

- a. Salzer Electronics Ltd., Coimbatore
- b. CJ Polytech Pvt. Ltd., Chennai
- c. Tech Plastic Industries, Chennai
- d. Sakkthi Polymers, Erode
- e. Tooling Temple, Coimbatore
- f. Victory Engineering Works, Coimbatore
- g. Primex Home Appliances, Coimbatore

#### 45. Views of domestic industry

The domestic industry has submitted the following to claim that they have suffered material injury as a result of dumping from China PR:

- a. There is too significant price difference between the imported and domestic product. As a direct consequence, the domestic industry is forced to significantly reduce the prices.
- b. The decline in the selling prices as a consequence of imports lead to deterioration in the performance of the domestic industry on account of profit/ loss and now, domestic industry making losses.
- c. Losses lead to significant deterioration in return on investments and cash profits per unit of sales of subject goods. Thus, deterioration in ROI was direct consequence of reduction in the selling prices, triggered as a result of decline in the import prices.
- d. The market for the subject goods has seen significant growth. However, the domestic industry instead of having positive growth is faced with negative growth.
- e. Imports increased significantly in absolute terms. As a direct consequence, market share of the subject imports increased and that of domestic industry declined.

#### *Examination by the Authority*

46. The following are the essential facts before the Authority in respect of alleged injury to the domestic industry caused by dumped imports from China, which will form the basis for the preliminary determination by the Authority.

47. The Authority notes that the submission made by the user companies that the import of machineries from China to India in no way affects any Indian Industry has not been substantiated by any evidence whatsoever.

48. Having examined the degree and extent of dumping from China the Authority has examined the injury caused to the domestic industry, if any, and the causal link between the dumped imports and injury so suffered by the domestic industry. The Authority holds that the applicant Company, i.e., M/s L&T Demag Plastic Machinery Limited, Chennai constitutes a major proportion of Indian production of the subject goods during the period of investigation under Rule 2(b) of Anti-dumping Rules. Therefore, for the purpose of injury determination the applicant company has been held to constitute the domestic industry within the meaning of the Rules.

49. In the spirit of Supreme Court Judgment in Reliance Industries Vs Designated Authority matter, all the known producers of the subject goods have been requested to file their cost and injury information for the purpose of injury determination and determination of non-injurious price for the domestic industry as a whole. However, these producers have not filed any relevant information so far. Therefore, for the purpose of preliminary determination the cost and injury information of the applicant domestic producer, constituting the domestic industry as defined in Rule 2(b), has been examined.

50. Rule 11 of Antidumping Rules read with Annexure-II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

51. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

52. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under:

### ***G.1 Volume Effects of Dumped Imports: Import volumes and market share***

53. With regard to the volume of the dumped imports, the Designated Authority is required to consider whether there has been a significant increase in dumped imports, in absolute terms or relative to production and consumption in India. As far as import volume is concerned the DGCI&S import data as well as import data reported in secondary sources i.e. IBIS have been examined. The Authority notes that the product under consideration is imported under product classification No 84771000 at 8-digit level and the same classification covers Plastic Processing Machines (injection moulding machines) of all sizes and capacity. Therefore, after analysing the transaction level data, the volume and value of imports have been determined as follows:

54. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules. All economic parameters affecting the Domestic Industry as indicated above such as production, capacity utilization, sales volume etc. have been examined as under: -

***A) Volume Effects of Dumped Imports: Import volumes and market shares***

***a) Import volumes and share of subject countries:***

55. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

56. The Authority has examined the volume of imports of the subject goods from the subject country and other countries based on the transaction-wise import data provided by DGCI&S and IBIS data provided by the domestic industry. The Authority notes that the export from the China PR as reported in the DGCI&S data is higher than export data of the responding exporters from China PR. Therefore, for the purpose of the preliminary determination the export volume reported by the DGCI&S has been considered for volume analysis.

Quantity in Nos

Period	2004-05	2005-06	2006-07	POI
Country	Quantity	Quantity	Quantity	Quantity
China PR	191	255	644	949
Trend	100	134	337	497
Others	332	283	294	406

Trend	100	85	89	122
Total	523	538	938	1355
Trend	100	103	179	259
Share of subject country	36.52%	47.40%	68.66%	70.04%
Trend	100	130	188	192

57. The above data indicates that total imports and imports of the subject goods from the subject country have increased substantially during the injury examination period. The share of imports from the subject country has increased from 37% in the base year to about 70% of the total imports during the POI.

***b) Actual and potential effect on production and capacity utilization.***

58. The volume of domestic production and effects of dumped imports on the domestic operation of the domestic industry have been examined in terms of total production, capacity utilization and domestic sales of the domestic industry.

Production, Sales and Demand	Unit	2004-05	2005-06	2006-07	POI
Installed Capacity of DI	Nos.	600	600	600	600
Trend	Index	100	100	100	100
Production (DI)	Nos.	370	437	536	393
Trend	Index	100	118	145	106
Capacity Utilization	%	61.67%	72.83%	89.33%	65.50%
Trend	Index	100	118	145	106
Domestic Sales	Nos.	306	366	466	334
Trend	Index	100	120	152	109
Sales of other domestic Producers	Nos.	389	470	513	498

Trend	Index	100	121	132	128
Imports	Nos.	523	538	938	1355
Trend	Index	100	103	179	259
Total Demand	Nos.	1218	1374	1917	2187
Trend	Index	100	113	157	180

59. The Authority notes that the production, sales and capacity utilization of the domestic industry, which was increasing till 2006-07 declined significantly in period of investigation. While domestic demand has increased by about 80% compared to the base year, the sale of the domestic industry during the corresponding period increased by only 9%. Whereas the imports have increased by 159%, the subject country has contributed 91% of the total increase.

***c) Actual and potential effect on market share:***

60. Effects of the dumped imports on the domestic sales and market shares have been examined as follows:

Share in Demand	Unit	2004-05	2005-06	2006-07	POI
Subject country	%	15.68%	18.56%	33.59%	43.39%
Trend	Index	100	118	214	277
Other countries	%	27.26%	20.60%	15.34%	18.56%
Trend	Index	100	76	56	68
Domestic Industry	%	25.12%	26.64%	24.31%	15.27%
Trend	Index	100	106	97	61
Other domestic producers	%	31.94%	34.21%	26.76%	22.77%
Trend	Index	100	107	84	71

61. While the demand of the subject goods in the domestic market has increased by about 80%, the share of the domestic industry in the total demand has declined by 39% compared to the base year. The share of the imports from subject country has increased from a 16% share to about 43% of the total demand, indicating that such imports have significantly impacted the domestic industry's sales volumes and market shares. Other domestic producers have also lost considerable market share.

***B) Price Effect of the Dumped imports on the Domestic Industry***

62. With regard to the effect of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

***1. Price undercutting and underselling effects***

63. Price undercutting has been provisionally determined by comparing the weighted average landed value of dumped imports from the subject country over the entire period of investigation with the weighted average net sales realization of the domestic industry for each machine clamping force tonnage. For this purpose landed value of imports has been calculated by adding 1% handling charge and applicable basic customs duty to the value reported in the DGCI&S data of import prices from the subject country. Price undercutting has also been separately determined based on the export data reported by the responding exporters from China PR.

64. In order to determine the net sales realization of the domestic industry, any rebates, discounts, commissions, etc. offered by the domestic industry and the central excise duty paid have been deducted from the total sales realization.

65. For the purpose of price underselling determination the weighted average landed price of imports from subject country has been compared with the Non-injurious selling price of the domestic industry determined for the POI.

Price undercutting ( based on export data of responding exporters)

(Rs./Machine)

PPM with Clamping Force	Net Selling price - Domestic	Landed Value (China PR)	Price undercutting (Rs./No)	Price undercutting (%)

60T	***	***	***	50-60%
85T	***	***	***	60-70%
100T	***	***	***	50-60%
125T	***	***	***	60-70%
150T	***	***	***	50-60%
160T	***	***	***	60-70%
180T	***	***	***	50-60%
200T	***	***	***	50-60%
250T	***	***	***	50-60%
275T	***	***	***	40-50%
325T	***	***	***	40-50%
350T	***	***	***	40-50%
450T	***	***	***	40-50%
500T	***	***	***	30-40%
550T	***	***	***	50-60%
650T	***	***	***	40-50%
800T	***	***	***	40-50%
Average for product under consideration	***	***	***	50-60%

Price undercutting (based on export data reported by DGCI&S)

(Rs./Machine)

PPM with Clamping Force	Net Selling price - Domestic (Rs./No.)	Landed Value (China PR)	Price undercutting (Rs./No)	Price undercutting (%)
-------------------------	--	-------------------------	-----------------------------	------------------------

60T	***	***	***	40-50%
85T	***	***	***	60-70%
100T	***	***	***	50-60%
125T	***	***	***	60-70%
150T	***	***	***	50-60%
160T	***	***	***	60-70%
180T	***	***	***	70-80%
200T	***	***	***	30-40%
250T	***	***	***	50-60%
275T	***	***	***	50-60%
325T	***	***	***	40-50%
350T	***	***	***	60-70%
450T	***	***	***	50-60%
500T	***	***	***	60-70%
550T	***	***	***	60-70%
650T	***	***	***	60-70%
800T	***	***	***	40-50%
Average for product under consideration	***	***	***	50-60%

Price underselling ( based on export data of responding exporters)

(Rs./Machine)

PPM with Clamping Force	Non-injurious price (Rs./	Landed Value (China PR)	Price underselling (Rs./No)	Price underselling (%)
-------------------------	---------------------------	-------------------------	-----------------------------	------------------------

	No.)			
60T	***	***	***	50-60%
85T	***	***	***	60-70%
100T	***	***	***	50-60%
125T	***	***	***	60-70%
150T	***	***	***	50-60%
160T	***	***	***	60-70%
180T	***	***	***	50-60%
200T	***	***	***	50-60%
250T	***	***	***	50-60%
275T	***	***	***	50-60%
325T	***	***	***	40-50%
350T	***	***	***	50-60%
450T	***	***	***	50-60%
500T	***	***	***	40-50%
550T	***	***	***	60-70%
650T	***	***	***	40-50%
800T	***	***	***	50-60%
Average for product under consideration	***	***	***	50-60%

Price underselling ( based on export data reported by DGCI&S)

(Rs./Machine)

PPM with Clamping Force	Non-injurious price (Rs./No.)	Landed Value (China PR)	Price underselling (Rs./No)	Price underselling (%)
-------------------------	-------------------------------	-------------------------	-----------------------------	------------------------

60T	***	***	***	40-50%
85T	***	***	***	60-70%
100T	***	***	***	40-50%
125T	***	***	***	60-70%
150T	***	***	***	50-60%
160T	***	***	***	60-70%
180T	***	***	***	60-70%
200T	***	***	***	40-50%
250T	***	***	***	50-60%
275T	***	***	***	60-70%
325T	***	***	***	40-50%
350T	***	***	***	60-70%
450T	***	***	***	60-70%
500T	***	***	***	60-70%
550T	***	***	***	60-70%
650T	***	***	***	60-70%
800T	***	***	***	40-50%
Average for product under consideration	***	***	***	50-60%

66. The above data shows that the landed value of the dumped imports is significantly below the net sales realization of the domestic industry and has significant price undercutting effect for PPM's of all tonnage of clamping forces. The landed value is also significantly below the non-injurious price resulting in significant price underselling effect on the domestic industry.

ii) Price suppression and depression effects of the dumped imports:

67. Price depression exists when the industry's prices are lower than the level of the previous period. Price suppression occurs when dumping prevents price increases that would otherwise take place due to increase in costs.

Particulars	Unit	2004-05	2005-06	2006-07	POI
Cost of Sales	Rs. Lacs	***	***	***	***
Trend	Index	100	118	148	132
Selling Price	Rs. Lacs	***	***	***	***
Trend	Index	100	116	151	116

68. From the above table, it is evident that price suppression is there as the domestic industry is not able to increase its prices in proportion with the increase in cost.

69. The above provisional analysis shows that the dumped imports have adverse volume and price effect on the domestic industry in terms of increase in volume of dumped imports both in absolute and relative terms, and by suppressing the prices of the domestic market while eroding its market share.

### ***G.3 Examination of other injury factors***

70. After examining volume and price effect in the previous section, the Authority has examined the other mandatory injury parameters as follows:

#### ***a) Profits/Loss and Return on investments***

71. Profits earned by the domestic industry from the sales of the subject goods in the domestic market were as follows: -

Particulars	Unit	2004-05	2005-06	2006-07	POI
Domestic Cost of Sales	Rs. Lacs	***	***	***	***
Trend	Index	100	118	148	132
Domestic Sales Value	Rs. Lacs	***	***	***	***
Trend	Index	100	116	151	116
Profit/ Loss before Tax	Rs. Lacs	***	***	***	***

Trend	Index	100	82	188	-113
Interest	Rs. Lacs	***	***	***	***
Profit/ Loss before Tax & Interest	Rs. Lacs	***	***	***	***
Trend	Index	100	101	221	-31
Capital Employed for domestic sales	Rs. Lacs	***	***	***	***
Return on capital employed	%	***	***	***	***
Trend	Index	100	75	126	-19

72. The above data shows that the domestic sales realization of the domestic industry has not increased in line with the increase in cost of production. The profitability of the domestic industry has declined over the injury investigation period and resulted in net loss on the domestic sales in the POI. The return on the Capital Employed for domestic sales of the domestic industry has declined significantly during the POI as compared to the base year and during the POI the domestic industry had a negative return from the subject goods.

**b) Cash Profit**

73. Cash profits of the domestic industry over the injury period have been as under:

Particulars	Unit	2004-05	2005-06	2006-07	POI
Profit/ Loss before Tax	Rs. Lacs	***	***	***	***
Depreciation on Domestic Sales	Rs. Lacs	***	***	***	***
Cash profit for domestic sales	Rs. Lacs	***	***	***	***
Trend	Index	100	96	185	-68

74. It is seen from the above that the cash profits of the domestic industry has significantly deteriorated over the injury period resulting in cash losses in the POI.

**c) Employment and Wages**

75. Number of employees and wages paid indicates that employment has increased. The wages have also increased compared to the base year.

Particulars	Unit	2004-05	2005-06	2006-07	POI
Employment	Nos.	***	***	***	***
Trend	Index	100	103	121	136
Wages	Rs. Lacs	***	***	***	***
Trend	Index	100	117	152	171
Average wages per employee	Rs.	***	***	***	***
Trend	Index	100	114	126	126

**d) Inventories**

76. Inventory holding of the domestic industry has gone up over the injury period as shown in the following table:

Particulars	Unit	2004-05	2005-06	2006-07	POI
Opening stock	Rs. Lacs	***	***	***	***
Closing stock	Rs. Lacs	***	***	***	***
Average stock	Rs. Lacs	***	***	***	***
Trend	Index	100	125	168	212

**e) Productivity**

77. The productivity of the domestic industry has been examined with reference to production per day and per employee as follows:

Productivity	Unit	2004-05	2005-06	2006-	POI
Total Production	Nos.	370	437	536	393
Trend	Indexed	100	118	145	106
Production Per dering 330	Nos.	1.12	1.32	1.62	1.19

Days)					
Trend	Indexed	100	118	145	106
No of Employees	Nos	***	***	***	***
Trend	Indexed	100	103	121	136
Productivity per	Nos.	***	***	***	***
Trend	Indexed	100	115	120	78

The above data shows that the productivity of the domestic industry that was improving till 2006-07 but declined in the period of investigation.

***(f) Growth***

78. The domestic industry has shown positive growth in terms of absolute volume of production and sales of the domestic industry over the injury period. However, the growth is lower than the growth in domestic demand leading to negative growth of market share of domestic industry. The growth is negative when examined in terms of profitability, productivity and market share.

***g) Ability to raise fresh Investment***

79. The Authority notes that there is a healthy growth in domestic demand for the subject goods but still the domestic industry could not make fresh capital investments for expansion due to significant growth in dumped imports from subject country.

***h) Magnitude of Dumping***

80. The dumping margin determined for the subject country and the applicant exporters is above de minimis level.

***i) Factors affecting prices***

81. Preliminary examination of trend in the volume of dumped imports and prices from the subject country and the domestic prices indicate that the dumped imports through volume and price effects have affected the prices of the domestic industry.

#### ***G.4 Overall assessment***

82. The above preliminary analysis of the factors indicate that in spite of the improvement in production and sales in absolute terms, the domestic industry suffered injury on account of decline in market share, net sales realization, profitability, return on investments and cash profits. Volume of dumped import from the subject country has increased significantly and the prices of dumped imports were significantly undercutting the prices of the domestic industry, resulting in significant suppression of price in the domestic market. This has resulted in significant financial losses to the domestic industry. The injury ***suffered by the domestic industry is material and significant.***

#### ***H. Causal link and other factors***

83. Having examined the existence of material injury and volume and price effects of dumped imports on the prices of the domestic industry, in terms of its price undercutting, price underselling and price suppression, and depression effects, other indicative parameters listed under the Indian Rules and Agreement on Anti Dumping have been examined to see whether these any other factor, other than the dumped imports could have contributed to injury to the domestic industry. Accordingly, the following parameters have been examined:

##### ***i) Volume and prices of imports from other sources***

DGCIS data shows that the subject goods are being imported from other countries not under investigation. However, the volume of import from the subject country is about 70% of total imports. Therefore, imports from all other sources are lower than the imports from subject country and prices are higher than the import prices from the subject country. Therefore, the imports from other countries do not affect the prices in the domestic market;

##### ***ii) Contraction in demand and / or change in pattern of consumption***

Demand for the subject goods shows a healthy growth during the entire injury investigation period and therefore, the injury to the domestic industry has nothing to do

with the lack of demand in the country. The data on consumption and demand does not show any significant change in the pattern of consumption of the product.

***iii) Trade restrictive practices of and competition between the foreign and domestic producers***

The goods are freely importable. The applicant is the one of the major producer of the subject goods and account for significant domestic production and sales. No other evidence of conditions of competition or trade restrictive practices has been brought to the knowledge of the Authority by any interested party.

***iv) Development in technology***

There is no allegation of significant changes in technology, which could have caused injury to the domestic industry.

***v) Export performance of the domestic industry***

The Authority notes that the export sale of the domestic industry is significant. However, for the purpose of injury analysis the domestic sales only has been considered and injury, if any, caused due to the export performance of the domestic industry has not been attributed to the dumped imports.

Exports	Unit	2004-05	2005-06	2006-07	POI
Export sales	Nos.	***	***	***	***
Trend	Indexed	100	110	106	84

*vi)*

*Producti*

***vity of the Domestic Industry***

Productivity of the domestic industry has declined in the period of investigation due to surge in dumped imports from subject country.

84. The above non-attribution analysis shows that no other known factors, other than the dumped imports, appear to have affected the domestic industry.

***H.1 Factors establishing causal link***

85. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has materially deteriorated due to dumped imports from the subject country. Therefore, the causal links between dumped imports and the injury to the domestic industry is established on the following grounds:

a. The volume of dumped import from the subject country has sharply increased at significantly lower prices during the injury investigation period, resulting in significant price undercutting and underselling. As a direct consequence, the domestic industry could not increase its prices in line with increase in the cost of production resulting in financial losses.

b. Increase in import volumes and suppression of domestic prices adversely affected the profits, cash flow and return on investments of the company.

c. Significant positive price undercutting resulted in increase in market share of imports from the subject country. As a direct consequence, market share of the domestic industry has declined. The domestic industry appears to have responded to decline in import prices by suppressing its prices and suffered financial losses.

86. Therefore, the Authority provisionally concludes that the domestic industry suffers material injury and the injury to the domestic industry has been caused by the volume and price effects of dumped imports from the subject country.

#### I. Magnitude of Injury and injury margin

87. The non-injurious prices for PPM of different clamping force produced by the domestic industry as determined by the Authority has been compared with the landed value of the exports from the subject country for determination of injury margin. Both dumping margin and injury margin have been determined considering the exports of PPM's upto 1000 tons from the subject country. The weighted average landed price of the exporters from the subject country and their injury margins have been worked out as follows:

Producer	Exporter	Injury Margin
Guangzhou Borch Machinery Co. Ltd	Guangzhou Borch Machinery Co. Ltd	81%
Zhejiang Sound Machinery Manufacture Co. Ltd.	Zhejiang Sound Machinery Manufacture Co. Ltd.	202%

Zhejiang Golden Eagle Plastic Machinery Ltd.	Zhejiang Golden Eagle Co. Ltd.	158%
Ningbo Liguang Machinery Co. Ltd.	Ningbo Liguang Machinery Co. Ltd.	137%
Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.	Ningbo Haixing Plastic Machinery Mfg. Co. Ltd.	165%
Hangzhou Tederic Machinery Co. Ltd.	Hangzhou Tederic Machinery Co. Ltd.	134%
Ningbo Haitian Plastic Machinery Group	Ningbo Haitian Plastic Machinery Group	97%
Haitian Heavywork Machinery Co. Ltd.	Haitian Heavywork Machinery Co. Ltd.	172%
Ningbo Haitian Huayuan Machinery Co. Ltd.	Ningbo Haitian Huayuan Machinery Co. Ltd.	109%
M/s Smargon Plastic Machinery Co. Ltd.	M/s Smargon Import & Export Co. Ltd.	249%
Any other exporter		249%

## ***I. Conclusions***

88. After examining the issues raised and submissions made by the interested parties and facts made available before the Authority, as recorded in this finding, the Authority provisionally concludes that:

- i) The subject goods have entered the Indian market from the subject country at prices less than their normal values in the domestic market of the exporting country;
- ii) The dumping margins of the subject goods imported from the subject country are substantial and above de minimis;
- iii) The domestic industry has suffered material injury and the injury has been caused to the domestic industry, both by volume and price effect of dumped imports of the subject goods originating in or exported from the subject country.

## ***J. Indian industry's interest & other issues***

89. The Authority notes that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of provisional anti-dumping measures would not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the products to the consumers.

## ***K. Recommendations***

90. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on various aspects of dumping, injury and causal links. Having initiated and conducted a preliminary investigation into dumping, injury and causal links between dumping and injury to the domestic industry, in terms of the Rules laid down, and having provisionally established positive dumping margin against the subject countries, and having concluded that the domestic industry suffers material injury due to such dumped imports, the Authority is of the opinion that imposition of provisional measure is required to prevent injury being caused to the domestic industry during the investigation period.

91. Therefore, Authority considers it necessary and recommends imposition of provisional anti-dumping duty on imports of subject goods, from the subject country, in the form and manner described hereunder.

92. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of provisional anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. The Authority further notes that there is a significant differentiation of the product in terms of its capacity and prices. Therefore, a provisional duty in terms of reference price or fixed duty would not be appropriate in this case. Therefore, the Authority recommends imposition of provisional measure as an ad valorem duty, to be worked out as a percentage of the CIF value of imports of the subject goods from the subject country. Accordingly, provisional antidumping duty equal to the amount arrived at by applying the percentage indicated in Col 9 of the duty table annexed herewith is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on imports of all types of Plastic Processing Machines, excluding Plastic Processing Machines having clamping force less than 40 tons and those more than 1000 MT originating in or exported from China PR.

***K. Further Procedures***

93. The following procedure would be followed subsequent to notification of the preliminary findings: -

- (a) The Authority invites comments on these findings from all interested parties and the same would be considered in the final finding;
- (b) Exporters, importers, petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within 40 days from the date of dispatch of the letter. Any other interested party may also make known its views within forty (40) days from the date of publication of these findings;
- (c) The Authority would conduct further verification to the extent deemed necessary;
- (d) The Authority would hold hearing to hear the views of various interested parties orally;
- (e) The Authority would disclose essential facts before announcing final findings.

***R. Gopalan***  
***Designated Authority***

**ANNEXURE**

<b><i>Duty Table</i></b>								
Sl. No	Tariff Item	Description of Goods	Specification	Country of Origin	Country of Export	Producer	Exporter	% of CIF Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

1.	8477.1000	Plastic Processing or Injection Moulding Machines	Clamping force equal to or more than 40 Tons and equal to or less than 1000 tons	China PR	China PR	M/s Guanzhou Borch Machinery Co. Ltd	M/s Guanzhou Borch Machinery Co. Ltd	76%
2.	-Do-	-Do-	-Do-	China PR	China PR	M/s Zhejiang Sound Machinery Manufacture Co. Ltd.	M/s Zhejiang Sound Machinery Manufacture Co. Ltd.	163%
3.	-Do-	-Do-	-Do-	China PR	China PR	M/s Zhejiang Golden Eagle Plastics Machinery Co. Ltd.	M/s Zhejiang Golden Eagle Co. Ltd.	147%
4.	-Do-	-Do-	-Do-	China PR	China PR	M/s Ningbo Liguang Machinery Co. Ltd.	M/s Ningbo Liguang Machinery Co. Ltd.	95%
5.	-Do-	-Do-	-Do-	China PR	China PR	M/s Ningbo Haixing Plastics Machinery Mfg. Co. Ltd.	M/s Ningbo Haixing Plastics Machinery Mfg. Co. Ltd.	123%
6.	-Do-	-Do-	-Do-	China PR	China PR	M/s Hangzhou Tederic Machinery Co. Ltd.	M/s Hangzhou Tederic Machinery Co. Ltd.	126%
7.	-Do-	-Do-	-Do-	China PR	China PR	Ningbo Haitian Plastic Machinery Group	Ningbo Haitian Plastic Machinery Group	100%
8.	-Do-	-Do-	-Do-	China PR	China PR	Haitian Heavywork Machinery Co. Ltd.	Haitian Heavywork Machinery Co. Ltd.	128%
9.	-Do-	-Do-	-Do-	China PR	China PR	Ningbo Haitian Huayuan Machinery Co. Ltd.	Ningbo Haitian Huayuan Machinery Co. Ltd.	100%
10.	-Do-	-Do-	-Do-	China PR	China PR	M/s Smargon Plastic Machinery Co. Ltd.	M/s Wenzhou Smargon Import & Export Co.	223%

							Ltd.	
11.	-Do-	-Do-	-Do-	China PR	China PR	Any combination of producer and exporter other than at Sr. No. 1 to 10 above.		223%
12.	-Do-	-Do-	-Do-	China PR	Any country other than China PR	Any	Any	223%
13.	-Do-	-Do-	-Do-	Any country other than China PR	China PR	Any	Any	223%