

MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING &
ALLIED DUTIES)

NOTIFICATION

NEW DELHI, THE 14th NOVEMBER, 2000

PRELIMINARY FINDINGS

Sub: Anti-Dumping investigation concerning imports of Strontium Carbonate from People's Republic of China

18/1/2000-DGAD - Having regard to the Customs Tariff Act 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, thereof:

A. PROCEDURE

1. The procedure described below has been followed with regard to the investigation:
 - i. The Designated Authority (hereinafter also referred to as Authority), under the above Rules, received a written application from the Petitioner M/s TCM Ltd. on behalf of domestic industry, alleging dumping of Strontium Carbonate (hereinafter also referred to as subject goods) originating in or exported from People's Republic of China and Germany. The petitioner, however, withdrew their complaint regarding alleged dumping of subject goods from Germany vide their letter dt. 5.5.2000.
 - ii. Preliminary scrutiny of the application filed by the petitioner revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was, therefore, considered as properly documented.
 - iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate the investigation against imports of subject goods from People's Republic of China (hereinafter referred to as subject country). The authority notified the Embassy of People's Republic of China in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the Rule.

- iv. The Authority issued a public notice dated 28.7.2000 published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of the subject goods classified under custom Code 2836.92 and ITC code 28369200 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from People's Republic of China.
- v. The Authority forwarded a copy of the public notice to all the known exporters (whose details were made available by petitioner) and industry associations and gave them an opportunity to make their views known in writing in accordance with the Rule 6(2):
- vi. The Authority forwarded a copy of the public notice to all the known importers (whose details were made available by petitioner) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter.
- vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of subject goods made in India during the past three years, including the period of investigation.
- viii. The Authority provided a copy of the petition to the known exporters and the Embassy of the subject country in accordance with Rules 6(3) supra. A copy of the petition was also provided to other interested parties, wherever requested.
- ix. The Authority sent a questionnaire to elicit relevant information to the following known exporters/producers in the subject country in accordance with the Rule 6(4):
 1. M/s Hebei Xinji Chemical Plant
 2. M/s Qingdao Red Star Chemical Group
 3. M/s China National Chemical Corporation
- xii. The Embassy of the subject country in New Delhi was informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the exporters was also sent to the Embassy of the subject country alongwith a list of known exporters/producers.
- xiii. A questionnaire was sent to the following known importers/user associations of the subject goods for necessary information in accordance with Rule 6(4):
 1. M/s DHP Hinoday Industries Ltd., Pune
 2. M/s Morris Electronics, Pune
 3. M/s GP Electronics, Nasik
 4. M/s Videocon Narmada Electronics Ltd.
 5. M/s Videocon International Ltd.
 6. M/s Videocon Narmada Glass Ltd.

- xiv. Response/ information to the questionnaire/notification was filed by the following exporters/producers:
 - 1. M/s Sinochem Hebei, People's Republic of China
 - 2. M/s China National Chemical Construction Corporation, People's Republic of China
- xv. Response/information to the questionnaire/notification was filed by the following Importers/user Associations:
 - 1. M/s Videocon Narmada Glass Ltd., Bharuch, Gujarat
- xvi. Additional information regarding injury parameters, cost of production was sought from the petitioner, which was also furnished.
- xvii. The Authority verified the information provided by the petitioner to the extent considered necessary.
- xviii. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties;
- xix. Optimum cost of production and cost to make and sell the subject goods in India was worked out on the basis of Generally Accepted Accounting Principles (GAAP) and by analysing the cost information furnished by the petitioner.
- xx. ****in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xxi. Investigation was carried out for the period starting from 1.4.99 to 31.3.2000 i.e. the period of investigation (POI).
- xxii. Extension to file information upto 28.9.2000 was also granted by the Authority on request of certain interested parties.

B . VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

a. ON PRODUCT UNDER CONSIDERATION

- 1. Strontium Carbonate is an inorganic chemical in white powder form with chemical formula $Sr CO_3$ and is used in the production of hard ferrite and colour TV glass shells and is classified under Customs Sub-heading 2836.92 and under ITC as 28369200 of the Customs Tariff Act, 1975.

b) ON DOMESTIC INDUSTRY

1. M/s TCM Ltd. is the only producer of Strontium Carbonate in India.

c) ON LIKE ARTICLE

1. The subject goods fall under the custom head 2836.92 and have no viable substitute. Both domestic and imported goods are used by the same consumers and that there is no significant difference in the production process of domestically produced subject goods and those produced in the subject country.

d. ON DUMPING

1. Though we have made efforts for collecting information with regard to price of strontium Carbonate in China, we have not been able to gather the same. According to the Rules, normal value can be constructed on the basis of the cost of production of the Like Article in India. Normal value of subject goods in China based on our cost of production after adding ***% profit comes to Rs. ***/MT.
2. The CIF prices as provided by DGCI&S may be adjusted with the expenses on ocean freight, marine insurance, commission to Indian agent and trading house in China and port and other expenses to arrive at the ex-factory price. After adjustment of the above expenses, net export price comes to Rs. ***/MT.
3. The dumping margin based on the above calculations comes to 153.4%.

e) ON INJURY

1. The imports from the subject countries have increased sharply which is affecting the domestic industry. The changes in the market share are as under :-

Year Production in India(MT) Import (MT)

1995-96 173.000 Nil

1996-97 51.500 501.425

1997-98 586.900 236.000

1998-99 330.000 1186.20

1999-2000 130.000 1041.80(2500)*

(Apr-Aug) *Annualised

1. The Production of the domestic industry has declined by 51%. The production in the years 95-96, 96-97, 97-98 and 98-99 and 1999 (Apr-Sept.) has been 173MT, 51.500MT, 236.500MT, 330MT, 130.400MT respectively.
2. The domestic industry has been forced to reduce its sales realisation. It has not able to cover its variable cost even.
3. The petitioner is a multi-product company and does not maintain separate records for each products. However, the company is making huge losses on the sale of the subject goods.
4. The demand of the subject goods in the country is almost stagnant for the last two years but due to cheap imports, consumers demand similar rates from local manufacturers who have to match the price of imported goods.

2. EXPORTER'S VIEWS

a. ON DUMPING

1. M/s Sinochem Hebei has made the following submissions:--

i. M/s Sinochem Hebei is keen to file the information, therefore, desires extension of time to file the information.

2. M/s China National Chemical Construction Corporation has made the following submissions:--

i. M/s China National Chemical Construction Corporation do not have any records of having exported Strontium Carbonate to India.

3. IMPORTERS AND USER ASSOCIATIONS VIEWS

a. ON LIKE ARTICLE

1. M/s Videocon Narmada Glass (A division of Videocon International Ltd., Bharuch) has made the following submissions:-

i. The Strontium Carbonate of the local source, cannot be used by our company for manufacture of glass parts for colour picture tubes on account of the following reasons:-

- Inconsistent quality of locally manufactured strontium Carbonate seriously affects the colour TV glass properties.
- Batch recipe has to be changed very frequently for locally manufactured Strontium Carbonate

- The powder form local strontium Carbonate badly affects the blending with other raw materials.
- Such poor blending results into inhomogeneous mixing of material.
- Such inhomogeneous glass, therefore results into optical defects in the glass, gob weight variation and changes the viscosity and density of the glass.
- The powder form local Strontium Carbonate is highly susceptible to handling losses and thus wastage of costly material.
- The local manufacturer make only powder form Strontium Carbonate having very limited capacity and are invariably irregular for the supply for Strontium Carbonate.

i. In order to promote and encourage the local manufacturers, we have started procuring Strontium Carbonate from them. However, unfortunately the supply made by them were not meeting the stringent quality specifications required for manufacture of colour TV glass parts.

ii. World wide TV glass parts use prilled/small granular grade Strontium Carbonate for manufacture of high quality glass parts for colour TV. The Indian manufacturers do not manufacture prilled/small granular strontium Carbonate.

iii. Strontium Carbonate granules is one of the critical and high value raw material and essential input for technical, quality and safety reasons. Therefore, strontium Carbonate has been considered under reduced import duty by the Custom Notification NO. 25/99-Cus dt. 28.2.99.

a. ON INJURY

i. Details on country-wise imports made during the POI and last two years have been provided by the importer/user with sample evidence.

C. EXAMINATION BY AUTHORITY

The foregoing submissions made by the exporters, the importers, the petitioner and other interested parties have been examined, considered and dealt with at appropriate places in these findings to the extent these are relevant as per Rules and have a bearing upon the case.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present investigation is Strontium Carbonate originating in or exported from the subject country. Strontium Carbonate is a white inorganic chemical produced in both powder and granular form with chemical

formula Sr CO₃ and is used in the production of hard ferrite and colour TV glass shells. The product is freely importable under OGL and it is classified under Customs Sub-heading 2836.92 and 28369200 of ITC of the Customs Tariff Act, 1975. The classification is however, indicative only and is in no way binding on the scope of the present investigation.

2. LIKE ARTICLE

The petitioner has claimed that goods produced by them and as classified by the Custom Tariff under the Head 2836.92 and under ITC as 28369200 have no substitute and that there is no significant difference in Strontium Carbonate produced by the domestic industry and that exported from China. The consumers of the product are using both the products without making any changes in their production process. Also according to the petitioner's information there is no significant difference in the production process adopted by the petitioner and the producer in the subject country. The petitioner has, therefore, submitted that the domestic goods and imported goods from subject countries be treated as Like Article to the goods imported from the subject country within the meaning of the Rules.

The importer viz. M/s Videocon Narmada Glass Ltd. has submitted that the domestic producer does not supply goods of the quality as required by them and that it leads to certain quality problems as also illustrated in the foregoing para.

The authority notes that both the domestically produced and imported goods fall under the same custom and ITC Heading 2836.92 & 28369200 respectively. Both the products are having the same chemical composition and have the same end use. Though the importer has highlighted the issues of quality, no evidence has been provided substantiating such submissions. Further any wastages or any quality adjustments have also not been quantified by the importer. The authority notes that quality aspects do not imply technical or commercial non-substitutability. Also the authority notes that in the past the importer has been sourcing its requirements from the domestic producer. In view of the above, the authority holds that both the domestically produced subject goods and those imported from the subject country are Like Article within the meaning of the Rules 2(d).

3. DOMESTIC INDUSTRY

The petition has been filed by M/s TCM Ltd. having registered office at P.B.No. 19, Kalamassery-6831014, Kerala. The authority holds that the petitioner is the sole producer of Strontium Carbonate in India and therefore, satisfies the standing to file the petition on behalf of the domestic industry as per Rule 5(a) and (b) and Rule 2(b).

4. NORMAL VALUE & EXPORT PRICE

Under Section 9A(1)(c), normal value in relation to an article means:

- i. the comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
- ii. when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:-
 - a. comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
 - b. the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section(6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

Normal value

None of the exporters/producers in China have responded to the Questionnaire sent by the Authority. In accordance with the Anti-Dumping Rules as amended on 15.7.99, the Authority, therefore, considers it appropriate to reference the cost of production of the domestic producer with appropriate adjustments to the extent the information is available for constructing the normal value of the subject goods in the subject country. The constructed normal of the subject goods in the subject country value comes to ***\$/MT.

Export price

None of the exporters/producers have responded to the questionnaire. However, one of the importers viz. M/s Videocon Narmada Glass Ltd. have provided details of the imports made by them during the POI and in the past 2 years. The authority has referenced the weighted average CIF value during the POI based on the response of

the importer as also co-related with the data supplied by the petitioner and that obtained from DGCI&S. For evaluating the ex-factory export price of the subject goods, the authority has considered adjustments on ocean freight, ocean insurance, commission and port expenses to an extent of ***/MT, ***/MT ***% and ***/MT respectively. The authority also notes that as per the sample invoices evidenced by the importer, the producer/exporter from China have extended credit to the Indian importers to an extent of *** days. The authority, therefore, has considered an adjustment to an extent of ***/MT on the credit cost. The weighted average ex-factory export price of the subject goods comes to ***/MT.

5. DUMPING-Comparison of Normal Value & Export Price

The rules relating to comparison provides as follows:

"While arriving at margin of dumping, the Designated Authority shall make a fair comparison between the export price and the normal value. The comparison shall be made at the same level of trade, normally at ex-works level, and in respect of sales made at as nearly possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are demonstrated to affect price comparability."

The authority has carried out comparison of weighted average normal value with the weighted average ex-factory export price for evaluation of dumping margin.

Exporter	Normal value	Export price	Dumping margin (%)
All exporters/ producers	*****	*****	74.56

The dumping margin for exporters comes to 74.56%.

6. INJURY AND CAUSAL LINK

Under Rule 11 supra, Annexure-II, when a finding of injury is arrived at, such finding shall involve determination of the 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.

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 as production, capacity utilisation, sales quantum, stock, profitability, net sales realisation, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II(iv) of the rules supra.

The Authority observes the following

- i. Production of the domestic industry has declined to 159.25MT in the POI from 330.55 MT in 98-99 and 236.65 in 97-98.
- ii. The capacity utilization has declined from 33.05% in 98-99 to 15.92% in the POI.
- iii. The sales of the domestic industry have declined to 71.35MT in the POI from 210.9 MT in 98-99 and 219.4 MT in 97-98.
- iv. The domestic industry has lost market share from 16.1% in 97-98 to 3.84% in the POI, which the subject country has involved its market share from 54.23% to 71.28% during the same period.
- v. The Net Sales Realisation (NSR) has been at Rs. ***/MT in POI i.e. below the cost of production of the domestic industry. The NSR has also been consistently below the cost of production of the domestic industry for the years 97-98 and 98-99.
- vi. There has been price suppression and price under-cutting on account of dumped imports from the subject country thus leading to fall in NSR of the domestic industry and consequential financial losses to an extent of ***\$/MT.
- vii. The demand of the subject goods has been rising progressively since 96-97 till POI i.e. from 1042 MT in 96-97, it has risen to 1858 MT in POI.
- viii. For the purpose of determination of cost of production and non-injurious selling price, the authority has considered normated cost by benchmarking best practices of the domestic industry in utilisation of raw materials, utilities and consumables for manufacture of subject goods. With the demand increasing, and by considering normated cost of production, the above economic parameters collectively and cumulatively indicate that the domestic industry has suffered material injury on account of loss of market share and also erosion of profitability due to fall in NSR on account of low priced dumped imports.

7. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

It has been argued by certain interested parties that with the levy of anti-dumping duties, will affect the user industry as they will be at mercy of the domestic industry.

It is also argued that the quality of the goods supplied by the domestic industry is inconsistent in quality and does not meet the specifications at very competitive prices. The authority has considered the above arguments and holds that the purpose of anti-dumping duties, in general, is to eliminate dumping, which is causing injury to the domestic industry and to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

The authority recognises that though the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products, however, fair competition in the Indian market will not be reduced by the anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by the dumping practices and would prevent the decline of the domestic industry and help maintain availability of wider choice of the subject goods to the consumers. Imposition of anti-dumping measures would also not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the products to the consumers.

As regards, the quality of the subject goods, the authority notes that the user industry has not provided any substantive evidence to justify their claims on quality and further they have not even quantified the wastages which arise by usage of the subject goods produced by the domestic industry. The authority holds that the difference in quality does not make the goods non-substitutable or non-interchangeable and that does not exclude them from the scope of investigation.

8. LANDED VALUE

The landed value has been determined separately for powder and granular/prilled grade of Strontium Carbonate after adding applicable level of custom duties (except duties levied under Section 3, 3A, 8B, 9, 9A) and one percent towards landing charges for the purposes of preliminary determination pending final investigation.

D. CONCLUSIONS:

It is seen, after considering the foregoing, that:

- a. The subject goods in all forms originating in or exported from the subject country have been exported to India below its normal value.
- b. The domestic industry has suffered material injury by way of decline in its market share and financial losses due to depressed NSR on account of price depression caused by low landed prices of the dumped subject goods.

- c. The injury has been caused to the domestic industry by dumping of the subject goods originating in or exported from the subject country. The authority recommends anti-dumping duty on imports of all forms of subject goods falling under Chapter 28 originating in or exported from the subject country.
- d. It was considered to recommend the amount of anti-dumping duty equal to the margin of dumping so as to remove the injury to the domestic industry. Accordingly, it is proposed that provisional anti dumping duties as set out below be imposed, from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from China falling under Chapter 28 Customs sub-heading 2836.92 and ITC 28369200 of the Customs Tariff, pending final determination.

Sl.No.	Name of the exporter/producer	Amount of Duty (US\$/MT)
1.	All exporters/producers	291.76

E. FURTHER PROCEDURE

The following procedure would be followed subsequent to notifying the preliminary findings:

- a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
- 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 forty days from the date of the despatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings;
- c. The Authority would conduct verifications to the extent deemed necessary;
- d. The Authority would provide opportunity to all interested parties for oral submissions, for which the date and time shall be communicated to all known interested parties separately;
- e. The Authority would disclose essential facts before announcing final findings.

(L V SAPTHARISHI),
Designated Authority