

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

NOTIFICATION

NEW DELHI, the 8th January 2003

PRELIMINARY FINDINGS

Sub: Anti-Dumping Investigation concerning imports of Caustic Soda from Chinese Taipei, Indonesia and EU(excluding France).

No.14/39/2002-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 referred to as Authority), under the above Rules, received a written application from M/s Alkali Manufacturers Association of India (AMAI) (hereinafter referred to as petitioner) on behalf of the domestic industry, alleged dumping of Sodium Hydroxide commonly known as Caustic Soda (hereinafter referred to as subject goods) originating in or exported from Chinese Taipei, Indonesia and EU(excluding France) (hereinafter referred to as subject countries). The petition was supported by M/s DCW Limited, Mumbai, M/s Gujarat Alkalis & Chemicals Limited, Vadodara, Gujarat, M/s Search Chem Industries Limited, Mumbai, M/s Grasim Industries Ltd, Nagda, M.P., M/s SIEL Chemical Complex, Patiala, Punjab, M/s Bihar Caustic & Chemicals, Ltd., Jharkhand, M/s Jayshree Chemicals Limited, Orissa, M/s Andhra Sugars Limited, Tanaku, DCM Sriram, New Delhi ,M/S Indian Petrochemicals Corporation Ltd., Vadodara, M/S Standard Alkali ,Mumbai and M/S DCM Sriram Consolidated Ltd., New Delhi.
- 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 Chinese Taipei, Indonesia and EU(excluding France). The authority notified the Embassies of Chinese Taipei, Indonesia and EU(excluding France) in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with the sub-Rule 5(5) of the Rules.
- iv. The Authority issued a public notice dated 8th October 2002 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods classified under custom Code 281511 and 281512 of Schedule I of the Customs Tariff Act, 1975 (28151101, 28151102 and 28151200 of ITC) originating in or exported from Chinese Taipei, Indonesia and EU(excluding France)
- v. The Authority forwarded a copy of the public notice to the known exporters (whose details were made available by petitioner) and gave them an opportunity to make their views known in writing within forty days from the date of the letter 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 in accordance with the Rule 6(2).
- 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 countries in accordance with Rules 6(3) supra. A copy of the non-confidential 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 accordance with the Rule 6(4):
 1. M/s. BASF Antwerpen. NV, Antwerpen, Belgium,
 2. M/s. Bayer Shell Isocyanates. NV, Antwerpen, Belgium,
 3. M/s. Solvay. S.A, Antwerpen, Belgium
 4. M/s. Asahimas Subentra Chemicals, Anyer, Indonesia
 5. M/s. Klani Kertas, East Kalimantan, Indonesia
 6. M/s. Musi Pulps Mill, Praburnulin South, Indonesia
 7. M/s. Ausimont, Bussi, Italy
 8. M/s. Enichem Spa, Assemini, Italy
 9. M/s. Cathay Chemicals Co. Ltd., Taiwan
 10. M/s. Cheng Tai Chemical Works, Chinese Taipei,
 11. M/s. Cheng Tong Chemicals Co., Chinese Taipei

- x. 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 all concerned exporters/producers from their country to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the known exporters was also sent to the Embassy of the subject countries in accordance with Rule 6(3).
- xi. A questionnaire was sent to the following known importers/user associations of the subject goods in accordance with Rule 6(4):

1. M/s. Abhay Chemicals Ltd., Baroda
2. M/s. Albright Wilson Chemicals Ltd., Mumbai
3. M/s. Arvind Mills Ltd., Ahmedabad
4. M/s. Birla Cellulose Ltd., Bharuch
5. M/s. Central Pulp Mills Ltd., New Delhi
6. M/s. Deepak Nitrite Ltd., Nandesari
7. M/s. Godrej Soaps Ltd., Mumbai
8. M/s. Gujarat Electricity Board, Vadodara
9. M/s. Gujarat Narmade Fertilizers Co. Ltd., Bharuch
10. M/s. Gujarat State Fertilizers & Chemicals Ltd., Vadodara
11. M/s. Hindustan Lever Ltd., Mumbai
12. M/s. ICI India Ltd., Valsad
13. M/s. Indian Farmer Fertilizer Co.Op Ltd., Gandhinagar
14. M/s. Indian Oil Corporation Ltd., Vadodara
15. M/s. Indian Petrochemical Corporation Ltd., Vadodara
16. M/s. Jaysynth Dyechemical Ltd., Mumbai
17. M/s. Link Pharma Ltd., Baroda
18. M/s. Meghmani Organics Ltd., Ahmedabad
19. M/s. Narmada Chematur Petrochemical Ltd., Bharuch
20. M/s. Nirma Limited, Ahmedabad
21. M/s. Pab Chemicals (P) Ltd., Baroda
22. M/s. Rama News Prints & Papers Ltd., Surat
23. M/s. Rubamin Limited, Baroda
24. M/s. Sabero Organics Ltd., Mumbai
25. M/s. Torrent Gujarat Bio-Tech Ltd., Baroda
26. M/s. Transpek Industries Ltd., Vadodara
27. M/s. National Aluminium Company Ltd., Bhubaneswar
28. M/s. Cyanides & Chemicals Company, Mumbai
29. M/s. Demosha Chemicals Ltd., Mumbai
30. M/s. Transpek Silox Industry Ltd., Baoda
31. M/s. Deepak Nitrite Ltd., Pune
32. M/s. Hitsu Industries Ltd., Gujarat

- 33.M/s. Adani Exports Ltd., Ahmedabad
- 34.M/s. Adani Wilmar Ltd., Gujarat
- 35.M/s. Libra Foams, Gautam Buddha Nagar (UP)
- 36.M/s. Shri Ramchandra Straw Products Ltd., Moradabad (UP)
- 37.M/s. Bilag Industries Pvt. Ltd., Gujarat
- 38.M/s. Daurala Organics Ltd., New Delhi
- 39.M/s. C..J. Shah & Company, Mumbai
- 40.M/s. Haresh Kr. & Company, Mumbai
- 41.M/s. Lamproa Chem. & Ind. Limited, Gujarat
- 42.M/s. Hindustan Ink & Resins Ltd., Gujarat

Response/information to the questionnaire/notification was filed by the following exporters/producers:-

1. M/s. Solvay Brussels, Belgium

Response/information to the questionnaire/notification was filed by the following Importers/user Associations.

1. M/s. NALCO, Bhubaneswar
2. M/s. Hind Lever Chemicals Ltd., Mumbai
3. M/s. Hindustan Lever Ltd., Mumbai

xii. Information regarding injury was sought from the petitioner(s), which was also furnished by the petitioner. The injury parameters of the following domestic producers were furnished:-

1. M/s DCW Limited, Mumbai
2. M/s Gujarat Alkalies and Chemicals Ltd., Vadodara
3. M/s Search Chem. Industries Ltd., Mumbai
4. M/s Grasim Industries Ltd., Nagada (MP)
5. M/s.SIEL Chemicals Complex, Punjab
6. M/s Bihar Caustic & Chemicals Ltd.. Bihar
7. M/s Jayshree Chemicals Ltd, Orissa
8. M/s Andhra Sugars Ltd., Tanaku
9. M/s. Indian Petro Chemicals Corporation Ltd., Dahej

xiv. 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 as per Rule 6(7).

- xv. The cost of production of the domestic industry was also analysed to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) based on the information furnished by petitioner so as to ascertain if anti dumping duty lower than dumping margin would be sufficient to remove injury to domestic industry. The cost of production data of the following companies were considered and examined appropriately:--
1. M/s DCW Limited, Mumbai
 2. M/s Gujarat Alkalies and Chemicals Ltd., Vadodara
 3. M/s Search Chem. Industries Ltd., Mumbai
 4. M/s Grasim Industries Ltd., Nagada (MP)
 5. M/s.SIEL Chemicals Complex, Punjab
 6. M/s Bihar Caustic & Chemicals Ltd.. Bihar
 7. M/s Jayshree Chemicals Ltd, Orissa
 8. M/s Andhra Sugars Ltd., Tanaku
 9. M/s. Indian Petro Chemicals Corporation Ltd., Dahej
- xvi. ****in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xvii. The last date of submission was 28th November, 2002. On request of interested parties, extension of time was granted upto 10th December, 2002. Incomplete response of one of the importer M/s. NALCO was received on 18th December 2002, which has also been considered by the Designated Authority.
- xviii. Investigation was carried out for the period starting from 1st January to 30th September 2002 i.e. the period of investigation (POI).
- xix. Additional details regarding injury were sought from the petitioner, which were also furnished.
- xx. The Authority conducted on-the-spot verification of the domestic industry to the extent considered necessary.
- xxi. Copies of initiation notice was also sent to FICCI, CII, ASSOCHAM etc., for wider circulation.

B . VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

a. PRODUCT UNDER CONSIDERATION :

- i. The name of the product being dumped into the Indian market is Sodium Hydroxide generally known as Caustic Soda. Caustic Soda is chemically known as NaOH. It is an Inorganic Chemical classified under Chapter 28 of the Custom Tariff Act. Caustic Soda is a soapy, strongly alkaline odourless liquid widely used in diverse industrial sectors, either as a raw material or as an auxiliary chemical. It is mainly used in the manufacture of pulp and paper, newsprint, viscose yarn, staple fibre, aluminum, cotton, textiles, toilet and laundry soaps, detergents, dyestuffs, drugs and pharmaceuticals, vanaspati, petroleum refining etc. Caustic soda is produced in two forms- lye and solids. Solids can be in the form of flakes, prills, granules or any other form. All forms of caustic soda are the subject matter of the present petition.

Caustic Soda causes burn on contact with body tissues. Contact with eyes causes severe damages, swallowing results in severe injury. Caustic soda mist causes momentary stinging sensation in nose and throat. It reacts with strong acid very violently under boiling phenomena.

- ii. Caustic Soda is a basic product very widely used in diverse industrial sectors, either as a raw material or as an auxiliary chemical. It is mainly used in the manufacture of pulp and paper, newsprint, viscose yarn, staple fiber, aluminum, cotton, textiles, toilet and laundry soaps, detergents, dyestuffs, drugs and pharmaceuticals, vanaspati, petroleum refining.
- iii. Three technologies are available world over for production of Caustic Soda. The Indian industry is producing Caustic Soda using all the three processes. The three processes are:
 - Mercury Cell Process
 - Diaphragm Process
 - Membrane process

Mercury cells process: In mercury process cells Titanium Metal anodes are being used as anodes and mercury as cathode. Salt is added to saturators where depleted brine from the brine dechlorination tower is coming to get saturated. The concentration of depleted brine is around 260 gpl of NaCl. The depleted brine enters the saturators packed with salt and over flows from the other side after getting saturated to a concentration of 310gpl of NaCl. From the saturators the saturated brine travels to two purifiers. Where Lime (Calcium hydroxide) and Sodium Carbonate is added to precipitate the impurities then travels to the settler, where all the precipitates settle, and clarified brine over flows from the settler to the clarified brine tank. The precipitated impurities, which are collected at the bottom of the settler, are taken out from the bottom valve and thrown into the sludge pit where the same is allowed to settle further and the supernatant brine is recovered.

The clarified brine which is collected in Tank is then pumped to pure brine storage tank through filters. From this storage tank pure brine is pumped to overhead tank located at a height of above 11 meters. From this overhead tank pure brine is continuously fed to the cells in the Cell House where by electrolytic process sodium Chloride is decomposed and from caustic soda and chlorine gas and Hydrogen gas. Caustic soda from through heat exchanger the same is pumped to Caustic soda storage tank.

The decomposed brine which comes out of the cells is called depleted brine. The part of the Sodium Chloride gets decomposed to form Caustic Soda. When the brine is passing through the cells, its sodium chloride concentration goes down from 310 gpl to 260 gpl. The depleted brine which contains some traces of chlorine is then sent to brine dechlorination tower where by vacuum dechlorination, it is stripped off the chlorine gas and after that it is sent to saturators for restoration. The chlorine gas which is generated in the cells drove by a blower to chlorine cooling area. Here the gas is cooled and bulk of the moisture is removed. After cooling, the gas is sent to chlorine drying where the remaining moisture is removed by contacting the chlorine gas with sulphuric Acid in drying tower. The gas coming out of drying towers is free from moisture and the same in turn is sent to Chlorine compressor where it is compressed to a pressure of about 3kgs/cm². After compression the gas is sent to Liquefaction where it is liquefied at a temperature of about - 10-degree C. The liquefied gas is then sent to the Liquid Chlorine storage tank.

Hydrogen gas which is also generated in the Cell House is collected in the Hydrochloric Acid holder.

From the gas holder hydrogen is blown to the Hydrochloric Acid Plant where the gas is burnt with chlorine in Hydrochloric Acid furnaces to make Hydrochloric Acid. The 33% concentrate Hydrochloric Acid from the furnace flows to intermediate Hydrochloric Acid receiver tank from where it is sent to Hydrochloric Acid storage tank.

Membrane cell consists of cell elements. Each cell element is made up of anode and cathode assembly separated by means of Membrane cell.

Pure brine is fed to anode compartment through inlet nozzle under electrolytic condition salt (NaCl) get splitted in to Na⁺ and Cl⁻ ions. The Na⁺ ions travels through Membrane element into cathode compartment. Cl⁻ ion evolves Cl₂ gas from anode compartment.

Dilute Caustic is fed to the cathode compartment through inlet nozzle here, H₂O gets splitted into H⁻ and OH ions the on ions combines with Na⁺ ions (from anode compartment) thereby produces Caustic H⁺ ions evolves as H₂ gas from cathode compartment .Hydrogen from cell is cooled and sent to H₂ gas.

Chlorine from cells is cooled and dried in chlorine treatment section. The dry chlorine is then compressed and sent to the liquifier where it is liquefied. This chlorine is taken to liquid chlorine storage tank by gravity and packed in one tonne capacity container for sale. Further the excess chlorine gas which is not liquefied is sent to HCL section where CL₂ gas is burnt with Hydrogen and it is mixed with water to a make Liquid Hydrochloric Acid (HCL).

Membrane process:- In the process of manufacturing Caustic Soda with membrane Process, the main raw material required is salt and other important input is power.

Lean brine (salt solution) returning from the process plant is saturated in saturators by adding salt. This saturated brine is treated to remove impurities in primary and secondary brine is treatment sections. The desired ultra purity of the brine is achieved in secondary brine treatment by means of ion exchange columns. Ultra pure brine is fed to anode compartment of the membrane cell. The cell consists of two compartment separated by membrane. One compartment is called cathode and other compartment is called as anode. Dilute Caustic is fed to cathode compartment. Concentrated Caustic is collected from the cell as the main product. The lean brine from the cell is sent back to saturators after dechlorination.

Caustic Soda, Chlorine and Hydrogen is produced in Membrane Cell by ion exchange Membrane process using selective ion exchange properties of the Membrane, which is the main component of the Membrane Cell.

A Membrane Cell consists of cell elements. Each cell element is made upof anode and cathode assembly separated by means of Membrane Cell.

Pure brine is fed to anode compartment through inlet nozzles under electrolytic condition salt (NaCl) gets splitted into Na⁺ and CL ions. The Na⁺ ions travels through Membrane element into cathode compartment. Cl ions evolves as CL₂ gas from anode compartment.

Dilute Caustic is fed to the cathode compartment through inlet nozzles. Here, H₂O gets splitted into H⁺ and OH ions. The OH ions combines with Na⁺ ions(from anode compartment) thereby produces Caustic H⁺ ions evolves as H₂ gas cathode compartment. Hydrogen from cell is cooled and sent to H₂ has holder.

Chlorine from cells is cooled and dried in chlorine treatment sections. The dry chlorine is then compressed and sent to the liquifier where it is liquefied. This liquid chlorine is taken to liquid chlorine storage tank by gravity and packed in one tonne capacity container for sale. Further the excess chlorine gas which is not liquefied is sent to HCL section where CL₂ gas with Hydrogen and it is mixed with water to make liquid Hydrochloric Acid.

- iv. Even though all three technologies are being used in India for manufacturing Caustic Soda, Mercury Cells technology and Membrane Cells technology are being widely used in India.
- v. Indian Caustic Soda industry has been largely able to meet entire requirement of Caustic Soda in India. The Indian industry was self-sufficient in its requirement ever since 1975. As mentioned in previous para, Caustic Soda has been in the list of imports permitted under OGL particularly for actual users since 1980-81. The imports were, however, limited because of the pricing policy of the Indian industry. The capacities installed by the producers in Chinese Taipei, Indonesia, and EU(excluding France) are far higher than the requirement in their own country. Further, with the imposition of anti-dumping duties on a number of other countries, the producers in the subject countries are finding it lucrative to export to India. The excess capacities in these Countries have put tremendous pressure on the producers to look for markets outside their country. Resultantly, the exporters from Chinese Taipei, Indonesia and EU (excluding France) have quoted very low prices for exports to India. It would also be relevant to point out that the producers in these countries have at times not directly offered for supplies to India. Substantial volumes have been offered by traders in third countries for supply of Caustic Soda originating in these Countries. The offers being by traders, naturally, these traders have taken care of their margins also. The prices quoted by the producers in these Countries are, therefore, still lower. The petitioners believe that the prices offered are far below the associated cost of production. Thus, the exporter from Chinese Taipei, Indonesia and EU(excluding France) has resorted to dumping of Caustic Soda in the Indian market.
- vi. Producers in Indonesia, Taiwan, Belgium and Italy are involved in dumping the goods in India. The supplies are planned directly from these countries. Belgium and Italy are members of European Union. There are producers of Caustic Soda in other member countries of the European Union. There are no custom boundaries in the European Union between the various member countries. Prices in the whole of the European Union can be expected to be in the same region. Imposition of anti dumping duty cannot be effective without imposing duty against European Union as a whole as dumping may start from other sources after imposition of anti dumping duty against Italy and Belgium. In

fact, there is Anti Dumping Duty in force against one of the member countries of European Union, i.e. France. After imposition of anti dumping duty against France, exporters from Italy and Belgium have exported Caustic Soda in the Indian market at dumped prices. Petitioners therefore, request the Designated Authority to initiate investigations against European Union. However, since France is already covered under existing measures, investigations may be restricted to the European Union, excluding France.

b) DOMESTIC INDUSTRY

The petition filed by the M/s Alkali Manufacturers Association of India (AMAI) representing the domestic industry, has been supported by M/s DCW Limited, Mumbai, M/s Gujarat Alkalies & Chemicals Limited, Vadodara, Gujarat, M/s Search Chem Industries Limited, Mumbai, M/s Grasim Industries Ltd, Nagda, M.P., M/s SIEL Chemical Complex, Patiala, Punjab, M/s Bihar Caustic & Chemicals, Ltd., Jharkhand, M/s Jayshree Chemicals Limited, Orissa, M/s Andhra Sugars Limited, Tanaku, DCM Sriram, New Delhi, M/S Indian Petrochemicals Corporation Ltd., Vadodara, M/S Standard Alkali, Mumbai and M/S DCM Sriram Consolidated Ltd., New Delhi. The petitioner companies constitute 55.67% of the subject goods production and thus have the standing to file the petition on behalf of the Domestic Industry.

- i. DCW Limited a multi product company involved in production of various products such as Soda Ash, Caustic Soda (Lye, Solid and flakes), Calcium Chloride, Soda Bicarbonate, Aluminum Bicarbonate, Salt etc.
- ii. Gujarat Alkalies & Chemicals Limited is also a multi- product company involved in production of wide range of products which include Caustic Soda, Chlorine Gas, Hydrochloric Acid, Hydrogen gas, Sodium Cyanide, Sodium Hydrochloride, Sodium Ferrocyanide, Methyl Chloride, Chloroform, Carbon Tetrachloride, Potassium Hydroxide, Potassium carbonate, Phosphoric Acid, Hydrogen Peroxide etc.
- iii. Search Chem. is a subsidiary of United Phosphorus Limited. SCIL is a multi product company involved in production of various chemicals such as Yellow Phosphorus, Iso Propyl Bromide, Thio di Phenol, Methylene Gluotaronirite, Acetyl Bromide, Para Nitro Benzyl Alcohol and Triphenyl Phosphorus Thionate etc. The company is also involved in production for Power i.e. Electricity.
- iv. Grasim Industries Limited is a flagship company of Aditya Vikram Birla Group. Grasim Industries Limited is a multi product, multi location and well diversified company involved in production of various products such as Viscose Staple fibre, White Cement, Sulphuric Acid, Carbon Domestic industry Sulphate, Rayon grade pulp, Paper, Stable Bleaching Powder, Man Made Fibre

- Fabrics, Man Made Fibre Yarn, Gray Cement, Articles of Cement Concrete, Industrial Machinery, Poly Aluminum Chloride, Chloro Sulphonic Acid, and Sponge iron, etc.
- v. Andhra Sugars Limited is a multi product, multi location company involved in production of Sugar, Acetic Acid, Industrial Alcohol's, Sulphuric Acid, Superphosphate, Chlorosulphonic Acid, Oleum, Aspirin, Carbon Dioxide, Alum, Diffusers, Chemical Equipment, Sugar Factory Boiling House Equipment's, Unsymmetrical Dimethyl Hydrazine, Cotton Seeds etc, Richburn and oil cakes processing, Refinery, Hydrogenation of oils, cattle and poultry feed, wind power, electricity, etc.
 - vi. Bihar Caustic, Jayshree Chemicals, and SIEL (Chemical Complex) are involved in production of Caustic Soda and it's by-products only.
 - vii. M/s. IPCL is a multi product company, and its products are Ethylene, Propylene, Butadiene, Butene-I, Benzene, Cixon, Carbon Black feedstock, Acrylonitrilc, Indothene, Indothene LL/Indothene HD, Koylene, Koylene CP, Koylene ADL, Indovin, Cisamer, Ethylene Oxide, Ethylene Glycol, Indacrl, Supacryl, Acrylates, Petrez, Linear alkyl Benzene, Para Xylene, Ortho Xylene, Solvent CIX, Hepton, Dimethyl Terephthalate, Caustic Soda, Chlorine, Power(MWH).

c) LIKE ARTICLE

- i. There is no difference in the Caustic Soda produced by the Indian industry and imported from China and Korea. Caustic Soda produced by the Indian industry in general and the participating companies in particular is comparable in terms of characteristics such as physical & chemical characteristics, raw material composition, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used the two interchangeably. Caustic Soda produced by the domestic industry should be treated as like article to Caustic Soda imported from subject countries within the meaning of the anti-dumping Rules.
- ii. As discussed earlier in this petition, world-over, Caustic Soda is being produced by three processes. Indian industry is also producing Caustic Soda using all the three processes. However, difference in process does not mean difference in the product in terms of its physical & chemical properties, product specifications, marketing, pricing, consumer perceptions, tariff classification, etc.

d) DUMPING

- i. Producers from Chinese Taipei, Indonesia and EU(excluding France) are involved in dumping the goods in India. The dumping has been largely resorted through traders in third Countries. However, the supplies were planned directly from these Countries.
- ii. Caustic Soda is a basic inorganic chemical and is used by a number of industries as raw material. It is primarily traded in bulk quantity and, therefore, the shipments are normally directly from the countries of origin. However, in the instant case and particularly in the tender floated by NALCO for purchase of very significant volumes, traders in third Countries have participated wherein the supplies have to be made directly from the subject countries.
- iii. NALCO had recently floated a tender for 115000 MT of Caustic Soda. A number of exporters participated in the tender floated by NALCO. The quantity of the tender floated is very significant.
- iv. Exporters from subject countries as well as other country against which investigation is under progress or which are now attracting duties participated in the tender. Details of the tender floated, exporter's name, agent's name, quantity offered, price offered, revised price offered, negotiated price at which order has placed by NALCO, landed value of imported material etc. are given in the "tender detail".
- v. Recently, one of the major consumers M/s. NALCO has floated a global tender for 115000 MT Caustic Soda. One of the conditions of this tender is under,

"In the event of imposition of Anti Dumping Duty by Government of India after placement of order, the supplier will make all attempts to source supply from other non Anti Dumping origin at the same price and terms and conditions of the order. Time allowed by buyer for arranging material from non Anti Dumping origins from the date of imposition of Anti Dumping Duty by the Government of India will be 30 days. However, if the seller fails to make supply as per above, the buyer reserve right to terminate the order for the balance contract quantity without financial liability on either side. This will not cover for the shipment, which are in transit."

- vi. Exporters and producers from Indonesia, Taiwan and European Union are dumping Caustic Soda in the Indian market. It is the market information of the domestic industry that significant material is shortly landing at the various custom ports in India. It would be worthy to mention here than the domestic industry had earlier twice filed a petition for imposition of anti dumping duty inter-alia on Indonesia. However, the investigations were not initiated against Indonesia. Getting benefit of the situation i.e. imposition of Anti Dumping Duty against some other countries and no duty on imports from Indonesia, the producers and exporters from Indonesia have now found this a good

- opportunity to dump the material at times of serious decline in the export price from several countries and faced with surplus unutilized capacity.
- vii. It may be seen that NALCO has placed its orders for 115000 MT, which is more than combined imports of Caustic Soda in a year in India.
 - viii. Efforts were made to get information on prices at which Caustic Soda is being sold by the exporters in their domestic market. We have been able to get information about the prices in domestic market of Belgium in particular and European Union in general from a leading International Journal. Reliance is being placed on the information published in the Chlor Alkali in this regard. Chlor alkali regularly reports the prices of Caustic Soda in the domestic market in European Union. Thus, considering the prices given in the Chlor Alkali, calculation of normal value in exporting country have been done.
 - ix. Efforts were made to get information on prices at which Caustic Soda is being sold by the exporters from Indonesia and Taiwan in their domestic market. Petitioners have been able to get information about the prices in domestic market of Indonesia and Taiwan from a leading international Journal. Reliance is being placed on the information published in the Chlor Alkali in this regard. Chlor Alkali regularly reports the prices of Caustic Soda in the domestic market in Indonesia and Taiwan. Thus, considering the prices given in the Chlor Alkali, calculation of normal value in these countries have been done.
 - x. Massive dumping of Caustic Soda in the Indian market is causing material injury to the domestic industry. **Further, the order placed by NALCO would cause further material injury to the domestic industry, as may be seen from the para on "Evidence of Injury".**

e) **INJURY**

- i. The Rule on threat of injury states that " determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances, which would create a situation in which the dumping would cause injury, must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of injury, the Authority shall consider, inter-alia, such factors and:-
 - a. a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;
 - b. sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports;

- c. whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and
 - d. Inventories of the article being investigated."
- ii. It is understood that the capacity of producers in subject countries is far in excess of the domestic demand in their respective markets. The huge volume of material offered to NALCO is a clear evidence in this direction. The producers are under tremendous pressure to sell the material. Vast Indian market is naturally quite lucrative to the exporters at the cost of Indian Producers.
 - iii. The exporters are understood to have booked orders for significant quantity through their Indian agent/s. In fact, orders for 115000 MT is being placed by NALCO, (for which tender was placed earlier) which alone is more than average annual imports of Caustic Soda in India as also capacity of a number of individual producers in India.
 - iv. Our market intelligence suggests that a lot of dumped material is under transit and shipment is expected very shortly. Should the present trend of order booking continue, the domestic industry would loose significant sales.
 - v. The landed price of the imported material is significantly below the selling prices of the domestic industry. The volume of material for which order has booked is very significant in terms of demand of the subject product in India. Moreover, what should be appreciated is that should the producer in subject countries continue to sell the material at present prices in the Indian market, the domestic industry would not be able to hold even the present prices.
 - vi. The landed price of imports is significantly below the full cost of production and fair selling price of the domestic industry. The domestic industry would be forced to face cash losses in case it has to sell at matching prices. The order placed by NALCO has had severe depressing effect on the prices in the market, more so in the post proposed investigation period.
 - vii. The dumping margins are very significant. The price at which material is being exported does not permit recovery of even cost of production leave alone profits on huge investments.
 - viii. In the instant case:-
 - a. There is a history of dumping. Earlier the domestic industry has been injured from dumping of Caustic Soda in India by the exporters/ producers from Saudi Arabia, USA, Japan, Iran and France. The domestic industry requested the Designated Authority to impose Anti Dumping Duty. The Designated Authority, after a detailed investigation, recommended imposition of Anti Dumping Duty, which have since been imposed by the Central Government. After imposition of Anti Dumping Duty against these countries,

producer/exporter from Qatar started dumping Caustic Soda in India. The domestic industry requested the Designated Authority to impose Anti Dumping Duty against Qatar also. The Designated Authority after preliminary investigations, recommended imposition of provisional duty. After initiation of the investigation against Qatar, producers and exporters from subject countries started dumping the material. Thus, there is a clear history of dumping of Caustic Soda in India by now.

- b. The importers are well aware that the price at which the material is being exported from subject countries is a dumped price as the price is significantly below the reference price fixed by the Designated Authority in the earlier investigation. Evidently, the importers and consumers are well aware that the material is being imported at dumped prices;
- c. The injury is being caused by the producers/exporters from subject countries in a short period. Immediately after imposition of duty against Saudi Arabia, USA, Japan, Iran, France and Qatar the producer in subject countries started dumping. Our market intelligence suggests that the exporter have booked huge orders, which are under process of exportation.
- d. Sales to the tune of about 115,000 MT have been lost by the domestic industry in a single order as the prices quoted by the exporters from these sources is much lower than quotations by Indian producers in the recent tender floated by NALCO.
- e. The Sales volumes of the participating companies as provided to the Authority indicate that sales of the participating companies, which were more or less stagnant till 2001, declined in the period first two quarters of calendar year 2002. Further, the sales volumes of some of the participating companies are likely to decline further due to present tender of 115000 MT by NALCO.
- f. The imports of Caustic Soda from the subject countries have increased dramatically. From a situation of off-and-on imports, the imports made by NALCO alone would be more than the combined volume of imports from all the countries and capacities of many a producers in the Country. Further, dramatic increase in imports has resulted in significant increase in share of imports in (a) imports of Caustic Soda in India; and (b) demand of Caustic Soda in India.
- g. The production of the participating companies, which has been increasing till 2000-01 declined in the April-December 2001. Moreover, the petitioners submit that the change in the production level alone may not indicate injury to the domestic industry. More important parameter is the price at which offers for sale have been made by the exporters from the subject countries and the prices at which the domestic industry has been forced to sell or may be forced to sell in view of the dumped imports from the subject countries.

- h. Caustic Soda industry has provided very large-scale employment in the Country. Any sickness in the industry would have crippling effect on the employment.
- i. The petitioners have lost significant sales due to the dumped imports. The loss of the NALCO order is a significant loss of sales for the domestic industry.
- j. Profitability of the participating companies has endorsed and domestic industry is causing huge losses.
- k. Imports of Caustic Soda from Other Countries (excluding countries already attracting anti-dumping duties or countries against which investigation is under progress), are de-minimus or are at a price not causing any injury to Indian industry.
- l. Demand of the Caustic Soda is increasing continuously. In fact, the demand has registered significant growth over the past five years. The domestic industry has sufficient capacity to meet the requirement of the Country. The changes in the demand have, therefore, not contributed to any injury to the domestic industry.
- m. Material injury has been caused to domestic industry from dumped imports from the subject countries. As stated elsewhere in the petition also, the domestic industry is producing Caustic Soda for the several years. The technology adopted by the domestic industry is comparable to the technology adopted by the exporters. There is no significant difference in the manufacturing process. . It is submitted that the lowering of prices by the exporter from the subject countries alongwith the dumped imports from Other Countries (which are already attracting duties are against which the investigations are in progress) is the reason for the present injury to the domestic industry.
- n. The imports of Caustic Soda from countries other than subject country excluding those countries where anti dumping duties are already in place, are almost negligible or are de-minimus are not causing any injury to the Domestic Industry. The changes in demand have not contributed any injury to the Domestic Industry.

2. IMPORTER'S VIEWS

M/s. NALCO, Bhubaneswar has responded to the Initiation Notification in the importers questionnaire but without the details regarding dumping, injury and causal link etc.

M/s. Hindustan Lever Ltd., Mumbai has also responded to the Initiation Notification in the importers questionnaire but without the arguments against dumping, injury and causal link etc.

M/s. Hind Lever Ltd., Mumbai furnished the detailed information in the importers questionnaire but without the arguments against dumping, injury and causal link etc.

3. EXPORTER'S VIEWS

M/s. Solvay Brussels Belgium has responded to the initiation notification but without the information in the exporters questionnaire and supplied only four pages of the non confidential submission which is otherwise incomplete.

M/s. BASF Antwerpen N.V.(Belgium) has initially requested for extension for filing the exporters questionnaire and the Authority duly considering their request has accepted the request of extension to file exporters questionnaire by 10th December 2002 but, vide the letter dated 7th November 2002, informed that they have not exported the product under investigation directly or indirectly into India during the period of investigation and before.

M/s. BASF AG Ludwigshafen (Germany) has also informed that they have not exported the product under investigation directly or indirectly into India during the investigation and before.

M/s. Bayer Shell Isocyanates N.V. expressed that they have not exported the product under consideration directly or indirectly into India during the investigation and before.

C. EXAMINATION AND FINDINGS BY AUTHORITY

The submission made by the imports, exporters, users, domestic industry and other interested parties have been examined and considered while arriving at these findings and wherever appropriate have been dealt hereinafter.

The cases of new exporters of those stated to be willing to give price undertaking shall be considered, on request by the Authority in accordance with the Rules Supra.

Some of the Exporters/manufacturers have claimed that they have not exported to India during the period of investigation. It has been the practice to allow these exporters to apply for review as new exporters under Rule 22 of Anti Dumping Rules mentioned above as and when they export to India.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present investigation is Sodium Hydroxide (chemical nomenclature NaOH), commonly known as Caustic Soda originating in or

exported from Chinese Taipei, Indonesia and EU(excluding France). Caustic soda is an inorganic, soapy, strongly alkaline and odourless chemical and finds application in various fields like manufacture of pulp and paper, newsprint, viscose yarn, staple fibre, aluminium, cotton, textiles, toilet and laundry soaps, detergent, dyestuffs, drugs and pharmaceuticals, petroleum refining etc.

Caustic soda is classified under chapter 28 of the customs Tariff Act, 1975 under Customs Head 2815.11 and 2815.12. As per ITC Eight Digit classification, the product is classified under the Custom Heading 2815.1101, 2815.1102 and 2815.1200. The classification, is however, indicative only and is in no way binding on the scope of the present investigation.

Caustic soda is produced in two forms, i.e. lye and solids by three technology processes, i.e mercury cell process, diaphragm process and membrane process. Caustic Soda can be imported under OGL and attracts a basic customs duty of 30%. The present investigation covers all forms of caustic soda.

The Authority notes that the investigation covers all forms of caustic soda both Lye and flakes, and all different forms of the same subject goods are used substitutably depending on the requirement of the user. The two forms in various concentrations are therefore the subject matter of the investigation. The Authority further for the purposes of dumping margin has made appropriate comparisons on DMT basis only.

2. LIKE ARTICLE

The Authority notes that the petitioner has claimed that the goods produced by them are like article to the goods produced, and exported from the subject country. Also both are technically and commercially substitutable and the consumers are using the domestically produced and imported goods interchangeably. It has been indicated that the Caustic soda is processed by three processes viz. Mercury cells process, diaphragm process and membrane process world over. The difference in these processes does not mean difference in product in terms of various characteristics. Also there is no significant difference in the cost of production for the three processes. The petitioner has claimed that the goods produced by them and those exported from the subject countries are like article within the meaning of the Rules.

The Authority in view of submissions made by other interested parties and keeping in view the substitutability and interchangeability of the goods exported from subject countries and those produced by the Domestic Industry, considers the subject goods exported and the domestically produced subject goods as like article as per Rule 2(d) for the purpose of preliminary determination pending final determination.

3. DOMESTIC INDUSTRY

The petition has been filed by M/s. Alkali Manufacturers Association of India (AMAI), Delhi on behalf of the domestic industry. The Association represents most of all the domestic manufacturers of Caustic Soda in India. The petition has been expressly supported by the following domestic producers, i.e. M/s. DCW Ltd., Mumbai, M/s. Gujarat Alkalies & Chemicals Ltd., Baroda, M/s. Search Chem. Industries Ltd., Mumbai, M/s. Grasim Industries Ltd., Nagada (MP), M/s. SIEL Chemical Complex, Punjab, M/s. Bihar Caustic & Chemicals Ltd., Jharkhand, M/s. Jayshree Chemicals Ltd., Orissa and M/s. Andhra Sugars Ltd., Tanaku,. These petitioners companies represents 40.09% of the subject good under production and with support of M/s. Indian Petrochemicals Corporation Ltd., Vadodara, M/s. Standard Alkali, Mumbai, and M/s. DCM Shriram Consolidated Ltd., New Delhi they represent 55.67%.

The Authority also notes that the domestic producers who have supported the petition constitute more than 50% of the total domestic production and therefore have the standing to file the petition on behalf of the domestic industry as per Rule 5 (3) (a) and (b) of the Anti-Dumping Rules and also represent Domestic Industry in terms of 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.

The normal value and ex-factory export price determination is illustrated below.

EUROPEAN UNION (EXCLUDING FRANCE)

A. NORMAL VALUE

The Authority sent questionnaires to all known exporters for the purpose of determination of normal value in accordance with Section 9A (1)(C). M/s. BASF, Belgium, M/s. BASF, Germany, M/s. Bayer Shell Isoyanates, N.V., Belgium have stated that they have not exported to India during the period of investigation. M/s. Solvay Belgium have filed the incomplete four pages reply to initiation notification without giving the details in the prescribed exporters questionnaire.

In view of the inadequate and incomplete response filed by the exporters from European Union(excluding France) the Authority has relied on the information provided by the domestic industry for the purpose of preliminary finding. However, the information furnished by the exporter shall be taken into account after the complete and full information required as per the questionnaire, is furnished. In view of this the Authority has constructed normal value for all producers/exporters on the basis of data provided by the petitioner in the domestic market of EU(excluding France) through secondary sources from leading international journal i.e., Chlor Alkali with due adjustments for the subject goods in EU(excluding France).

The Authority has referenced the Normal Value for such producers/exporters as ****\$/DMT.

B. EXPORT PRICE

The Authority notes that the export price has been provided by the petitioners on the basis of the data collected by them from DGCI&S. The petitioners have also claimed adjustments on ocean freight, ocean insurance, commission, port expenses and inland freight to an extent of ****\$/DMT, ****\$/DMT, ****\$/DMT, ****\$/DMT and ****\$/DMT respectively.

The ex-factory export price is referenced as ****\$/DMT.

INDONESIA

A. NORMAL VALUE

The Authority notes that none of the exporters from Indonesia have responded by way of questionnaire response to the initiation notification. The Authority in view of non-cooperation has constructed normal value for all producers/exporters of Indonesia on the basis of best available information as furnished by the petitioner. In view of this the Authority has constructed normal value for all producers/exporters on the basis of data provided by the petitioner in the domestic market of Indonesia through secondary sources from leading international journal i.e., Chlor Alkali with due adjustments for the subject goods in Indonesia.

The normal value is therefore referenced as *****/DMT for Indonesia for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

The Authority notes that the export price has been provided by the petitioners on the basis of the data collected by them from DGCI&S. The petitioners have also claimed adjustments on ocean freight, ocean insurance, commission, port expenses and inland freight to an extent of *****/DMT, *****/DMT, *****/DMT, *****/DMT and *****/DMT respectively.

The ex-factory export price is referenced as *****/DMT.

CHINESE TAIPEI

A. NORMAL VALUE

The Authority notes that none of the exporters from Chinese Taipei have responded by way of questionnaire response to the initiation notification. The Authority in view of non-cooperation has constructed normal value for all producers/exporters of Chinese Taipei on the basis of best available information as furnished by the petitioner. In view of this the Authority has constructed normal value for all producers/exporters on the basis of data provided by the petitioner in the domestic market of Chinese Taipei through secondary sources from leading international journal i.e., Chlor Alkali with due adjustments for the subject goods in Chinese Taipei.

The normal value is therefore referenced as *****/DMT for Chinese Taipei for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

The Authority notes that the export price provided by the petitioner on the basis of data collected by them from secondary prices. The petitioner have also claimed adjustments on ocean freight, ocean insurance, commission, inland freight, port expenses to an extent of *****/DMT, *****/DMT, *****/DMT, *****/DMT and *****/DMT respectively. The Authority further notes that the transaction wise data received from DGC&S for the period (January-July) 2002, is not showing any imports from Taiwan whereas M/s. NALCO one of the cooperating importers, has shown the import from Chinese Taipei to the extent of 26189 MT upto April 2002. The Authority in this regard notes, the evidence provided by the petitioner which indicates the offer was also made by the importer in India in the POI. The petitioner has claimed that M/s. NALCO had floated the tender on 8th July 2002 and the price bid was opened on 13th August 2002 and order was placed to two foreign parties to supply of Caustic Soda originating in Taiwan. The orders for 30000 MT was placed to M/s. Nissho Hawaii @ US\$ *****/PMT and 56000 MT @ US\$ *****/PMT was placed to M/s. Angulf Polymers and Chemicals The Authority in this regard notes that the date of selling could be date of contract, purchase order, order confirmation, or invoice whichever establishes the material terms of sales. The Authority in view of the available evidence and information provided by the petitioner notes that the exporter has indicated an export price pertaining to the shipment made to India as *****/DMT. The petitioners have also claimed adjustments on ocean freight, ocean insurance, commission, port expenses and inland freight to an extent of *****/DMT, *****/DMT, *****/DMT, *****/DMT and *****/DMT respectively.

The ex-factory export price is referenced as *****/DMT.

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 normal value comparison with the weighted average ex-factory export price in Period of Investigation, for evaluation of the dumping margin for all the exporter/producers of the subject country.

The dumping margin for exporter/producers comes as under:

Sl. No.	Country/Exporter/Producer	Normal Value (\$/MT)	Ex-Factory Export price (\$/MT)	Dumping Margin as % of EP
1	EU(excluding France) All exporters/producers	****	****	489.36%
2	Indonesia All exporters/producers	****	****	299.87%
3	Chinese Taipei All exporters/producers	****	****	58.79%

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.

CUMULATIVE ASSESSMENT OF INJURY

It is observed from the facts available on record that the margins of dumping from each of the subject countries are more than the 2% limit expressed as % of export price. Also the volumes of imports from each of the country are more than de minimus. Cumulative assessment of the effects of imports would be appropriate since the exports from the subject countries directly compete with each other and with the goods offered by the domestic industry in the Indian market. The Authority, therefore, proposes to assess injury to the domestic industry from the subject countries cumulatively.

For the examination of the impact of the dumped imports on the domestic industry in India, the Authority has considered such 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. in accordance with Annexure II(iv) of the rules supra.

As regards the threat of injury, the Authority notes that the Anti-Dumping Rules states as follows:

"A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances, which would create a situation in which the dumping would cause injury, must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the DA shall consider, inter-alia, such factors and;

- a. a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;
- b. sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports;
- c. whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and,
- d. inventories of the article being investigated.

Regarding the threat of material injury the Authority has noted that there is a significant increase of dumped imports during the POI i.e. 151614 MT compared to 5472 MT during 2001-2002. The Authority further notes that these imports from subject countries significantly undercut the prices of the domestic product forcing the domestic industry to sell at unremunerative prices. Further the material is coming at a price much below the selling price of domestic industry and if the domestic industry starts selling at this price, the same would result in huge financial loss to the domestic industry. The order placed by M/s. NALCO in favour of supplies from the subject countries would also result in a loss of significant volume to the domestic industry. The inventory has increased from 3371 MT in 2000-2001 to 9133 MT in 2001-2002 whereas showing a marginal decline during the POI. Therefore the domestic industry is facing a threat of material injury due to dumped imports from subject countries.

The Authority after noting the above submissions holds that the non-injurious price has been evaluated for the various domestic producers by appropriately considering the sales realisation from the related products. Also in order to eliminate inefficiencies, the Authority has normated and benchmarked the best practices on utilisation of raw materials, utilities etc..

As regards the injury which could happen on account of higher cost of production in India, the Authority notes that under the Indian Anti Dumping Rules it is the lesser duty rule which is applied. Further in any event the anti dumping duties cannot exceed the dumping margin. Therefore in any event if injury to Domestic Industry which could exceed the dumping margin it is certainly not addressed under the Rules of the Anti Dumping.

While examining the economic parameters relating to the domestic industry, the injury caused to the domestic industry by the earlier dumping from countries attracting Anti Dumping Duty and countries against which investigation is in progress is also required to be considered. Anti Dumping cases History of caustic soda is as under:

Case	Countries
Case 1	USA, Iran, Japan, France and Saudi Arabia
Case 2	Qatar
Case 3	Korea RP and China

The Authority notes and observes the following economic parameters in the case of domestic producers who have supported the petition:-

	1999-2000 (MT)	2000-2001 (MT)	2001-2002 (MT)	POI (MT)	Annualized (MT)
Imports					
Indonesia	14860	0	4972	50546	67395
Taiwan	0	19033	327	85000	113333
EU (excluding France)	298	19964	173	20216	26955
Subject Countries	15157	38996	5472	155762	207683
Market share in Imports					
Subject Countries(%)	17.47	52.97	13.97	70.50	70.50
Economic Parameters of Domestic Industry (MT)					
Capacity	809800	809800	822300	822300	822300
Production	728526	741555	740192	578000	770667
Capacity Utilization(%)	89.96	92	90.01	93.72	93.72
Domestic Sales	519307	516048	522312	392248	522997
Closing stock	4347	3371	9133.3	8875.88	8876
Unit Cost of Production (Rs./MT)	****	****	****	****	****
Unit selling price(Rs./MT)	****	****	****	****	****
Unit Profit/Loss (Rs./MT)	****	****	****	****	****
Demand	1391534	1409949	1406129	1193596	1591461.5
Market Share in Demand(%)					
Imports	6.23	5.22	2.79	18.51	18.51
Subject countries	1.09	2.77	0.39	13.05	13.05
Other countries	5.14	2.46	2.40	5.46	5.46
Domestic Industry	37.32	36.60	37.15	32.86	32.86
Indian Industry	56.45	58.18	60.07	51.16	51.16
Imports in relation to Production of domestic industry (%)					
Imports	11.91	9.93	5.29	38.22	38.22
Subject countries	2.08	5.26	0.74	26.95	26.95
Other countries	9.83	4.67	4.55	11.27	11.27

- a. The imports have increased in absolute terms.

- b. Production of the domestic industry increased by just 5% in the investigation period over 1999-00. The increase in production of the domestic industry is a result of imposition of Anti Dumping Duties on a number of sources. However, rate of increase of imports was far higher than the rate of increase of production of the domestic industry.
- c. Even though the domestic industry was able to increase the capacity utilization, the same did not help the industry in improving its profitability. The profitability rather deteriorated.
- d. The orders placed by NALCO in favour of supplies from the subject countries would result in a loss of significant volumes for the domestic industry.
- e. The imports have increased significantly in relation to production; and consumption in India.
- f. The export price of subject goods from subject countries has declined significantly from 12914 Rs. per MT to as low as 3800 Rs. per MT.
- g. Even after imposition of Anti Dumping Duties against a number of countries, domestic industry is not able to make profits due to dumping from one after another countries. In fact, the profitability of the domestic industry has deteriorated in the investigation period after improving over previous years.
- h. Dumped imports are causing price undercutting, price suppression and price depression in the Indian market resulting in erosion in profitability.
- i. As a result of severe price undercutting, the domestic industry has been forced to reduce the prices very significantly.
- j. Landed price of imported material was significantly below cost of production of the domestic industry.
- k. There has been significant increase in inventory during 2000-2001 but showing a marginal decline during the POI.
- l. Apart from the injury being suffered by the domestic industry, there is a threat of further injury being caused to them on account of dumped imports.
- m. Domestic industry is concerned about the price at which the product is being imported. The price at which the material is being exported is a dumped price. Further, the material is entering the market at prices much below the selling prices of the domestic industry. Should the domestic industry start selling at matching prices, the same would result in very significant financial losses to the domestic industry.
- n. The domestic industry has no option but to increase wages as per prevailing regulations in the country. However, the wage increases are further adversely affecting the profitability, as the domestic industry is not able to proportionately increase the prices.
- o. Cash Profit of the domestic industry declined significantly in the period of investigation, thus adversely affecting the cash flow situation of the domestic industry.

- p. Productivity, even though increased, did not help the domestic industry in improving the profitability. The profitability rather deteriorated further.

The Authority is led to conclusion that all relevant factors, cumulatively and collectively establish that the domestic industry has suffered the material injury during the period of investigation. The imports are further causing threat of material injury.

7. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

The Authority also holds 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.

The Authority also 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 these 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 country in any way, and, therefore, would not affect the availability of the products to the consumers.

8. LANDED VALUE

The landed value of imports for the purpose shall be the assessable value as determined by the customs under Customs Tariff Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

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 also suffered material injury.
- c. The imports significantly undercut the price of domestic product forcing the domestic industry to sell at unremunerative prices.

- d. The injury has been caused to the domestic industry by dumping of the subject goods originating in or exported from the subject countries.
- e. The Authority recommends anti-dumping duty on imports of subject goods falling under Chapter 28 originating in or exported from the subject countries.
- f. 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 accrued on account of dumping. Accordingly, it is proposed that provisional anti dumping duties equal to the difference between the amount of Column 3 of the Table below and landed value of subject goods in \$/MT 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 subject countries under Chapter 28 Customs sub-heading 2815.11 and 2815.12 of the Customs Tariff, pending final determination.

Sl.No.	Country/Exporter/Producer	Amount (US\$/MT)
1.	EU(excluding France) All producers/exporters	271.93
2.	Indonesia All producers/exporters	233.58
3	Chinese Taipei All producers/exporters	271.93

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