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Ministry of Commerce and Industry
Department of Commerce

NOTIFICATION

PRELIMINARY FINDINGS

New Delhi, Dated : 2nd November, 2001

Subject:- Anti-Dumping Investigation concerning imports of Compact Fluorescent Lamps (CFL) originating in or exported from China PR and Hong Kong - Preliminary Findings.

No.34/1/2001-DGAD – Government of India 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 given below has been followed with regard to the investigations:
 - i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from M/s. Indo Asian Fusegear Ltd. and M/s Osram India Ltd., alleging dumping of Compact Fluorescent Lamps (CFL) originating in or exported from China PR and Hong Kong.
 - ii. The preliminary scrutiny of the application 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 investigations against alleged dumped imports of Compact Fluorescent Lamps originating in or exported from China PR and Hong Kong. The Authority notified the Embassies of the subject countries in New Delhi about the receipt of dumping allegation before proceeding to initiate investigations in accordance with sub rule 5 (5) of the Rules;
 - iv. The Authority issued a Public Notice dated 16th August, 2001 published in the Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of CFL lamps falling under Chapter-85 customs sub-

- heading no. 8539.31 of the Customs Tariff Act, 1975, originating in or exported from the said countries.
- v. The Authority forwarded a copy of the Public Notice to the known producers / exporters of CFL (whose details were made available by the Petitioner) and industry associations and gave them an opportunity to make their views known in writing within forty days from the date of the letter;
 - vi. The Authority forwarded a copy of the Public Notice to the known importers (whose details were made available by the petitioner) of Compact Fluorescent Lamps and advised them to make their views known in writing within forty days from the date of the letter;
 - vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of Compact Fluorescent Lamps.
 - viii. The Authority provided copies of the Petition to the Known exporters in the subject countries and importers in India in accordance with Rule 6(3) supra;
 - ix. The Authority sent a questionnaire, to elicit relevant information to the following known exporters, in accordance with Rule 6(4);

Name of the Exporters:

1. Philips & Yaming Lighting Co. Ltd.66, Liao Yang Road, Shanghai, China, Post Code- 200 082. China
2. Changchun Electric Wire & Bulb Factor 40, Kaiyun Street,, Changchun, Jilin, China,Post Code-130012
3. Fujian Fuzhou Light Bulb Factory Gongye Road, Fuzhou, Fujian Province, China, Post Code – 350004.
4. Guanghou Flash Light Industrial Corporation
5. Gunngzhou Panyu Seagull Flash Light Industry Co No. 13, Yushan Da Road, Qiaotown, Panyu ,Guangdong, China,Post Code-511400.
6. Henan Anyang Bulb Factory ,No. 10, Dengta Road, Anyang, Henan, China,Post Code-455000.
7. Jiangsu Xuzhou Everlasting Lighting Electrical Equipment Holding Co. Ltd. ,No. 30, Kuangshan Road, Xuzhou, Jiangsu Province, China, Post Code – 221006.
8. Leging Electric Bulb Factory ,No. 50, Honghe West Road, Hongqiao Leqing, Zhejiang,
9. China, Post Code-325100.
10. Shanghai Yaming Electric Lamp Works Co. Ltd.No. 66, Liaoyang Road, Shanghai, China,Post Code-200082.
11. Chanzhou Redsun Electricals Appliance Manufacturing Co Ltd Haanghe Road, Changzhou Jingsu, China,Post Code 213 023

12. Zhejing Sunlight Group Company Ltd No.129, Fenghan Road, Shangyu City, Zhejiang, China
13. Sino-Luxxx Development Ltd ,Nine-Queens Road, Suite No.605-6 , Central HongKong
14. Wai Yat (HongKong) Co Ltd , HongKong

Responses were received from the following exporters:

1. M/s. Philips & Yaming Lighting Co. Ltd, China.
 2. M/s Zhejiang Yankon Lighting Co., China ;
- x. The Embassies were informed about the initiation of the investigation in accordance with Rule 5 (5) with a request to advise the 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 exporters was also sent to them, alongwith a list of known exporters/producers
- xi. A questionnaire was sent to the following known importers of CFL in India calling for necessary information in accordance with Rule 6(4);

List of Importers:---

1. Philips India Ltd. P-65, Taratolla Road, Calcutta - 700 088.
2. GE Lighting (India) Ltd. H.R. Complex, 310/6, Industrial Main Road, Koramangla V Block, Bangalore - 560 095.
3. Wipro Lighting Tulsi Chambers, Jalna Road, Aurangabad – 431 001 Maharashtra.
4. Samson Lighting Pvt Ltd 33, 6 M.M. Street, Chennai – 600 079 Tamil Nadu
5. Bits and Blaster Computers Pvt. Ltd. 19/1, MC Nichlos Road, ChetPet, Chennai, Tamil Nadu
6. Hameem Trading Company 9, Thambu Chetty Street, Chennai, Tamil Nadu
7. Maa Sherawali Exports, 36, East Avenue, Punjabi Bagh, New Delhi
8. Shalimar Electronic Industries, Leader House, 9B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai – 93
9. M/s. Kumar Electrical, 1311/8, Fasil Road, Asaf Ali Road, Behind City Clinic, Ajmeri Gate, Delhi – 6.
10. M/s. Padam Electricals Ltd., P.S. Bhawan, A-25, G.T. Karnal Road, Industrial Area, Delhi – 33.
11. M/s. Surya Roshini Limited, Padma Tower – I, Rajendra Place, New Delhi – 110 008.
12. M/s. Crompton Greaves Ltd., Lighting Business Group, 405, Concorde, R. C. Dutt Road, Baroda – 390 005

Responses were received from the following:

1. M/s. GE Lighting India Pvt Ltd, Bangalore.
 2. M/s WIPRO Consumer Care & Lighting , Bangalore.
 3. M/s Leader Electricals Pvt Ltd, Mumbai
 4. M/s Gaurav International , New Delhi,
 5. M/s Madras Electric Trades Association, Channai;
 6. M/s Philips India,Calcutta.
- xii. The Authority made available the non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties.
- xiii. Cost information were called to workout optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP).
- xiv. *** in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules;
- xv. Investigations were carried out for the period starting from 1st April, 2000 to 31st March, 2001.

B. VIEWS OF THE PETITIONERS,EXPORTERS, IMPORTERS & OTHER INTERESTED PARTIES

PETITIONERS VIEWS

2.1 As regards imported product information the petitioners have stated that the production is Compact Fluorescent Discharge Lamps (CFL) with one or more glass tubes and which have all lighting elements, all electronic components and the cap integrated in the lamp foot. CFL with choke/ballast and without choke/ballast are also included. The categories of CFL can be classified according to Watt , life time, number of bendings and position on the base, form of cover etc.

2.2 CFLs are new generation lamps having excellent features such as low power consumption, long life and compact shape.

As regards normal value the petitioners while stating that it has been based on domestic retail sale prices prevalent in China have pointed out that China is a non-market economy.

Hence, the Normal value should be based on constructed value in India, which is treated as a surrogate country, as the domestic sale prices prevalent in China do not

reflect fair value of merchandise as China is a non-market economy country which does not operate on market principles of cost and pricing structures.

2.3 As regards to normal value for Hong Kong, Petitioners have stated that there is no manufacturing facility in Hong Kong and exports are only of CFL originating in China. The petitioners have also stated that imports of CFL into India from China and Hongkong have increased quite significantly both in absolute terms.

2.4 During 2000-01 the sales of domestic industry have come down by 7% compared to previous year, when the market size in India has grown by 34%. The domestic sale price is suffering from both price suppression and price due to dumped imports from China and Hongkong. The profits earned by domestic industry have steeply come down.

Normal Value

2.5 The petitioners have claimed that China is to be treated as a non market economy (MNE) and has adopted India as a Surrogate country for calculating the normal value. Though normal value based on domestic sales prices prevalent in China have been calculated they have pleaded that the prices do not reflect the fair value of the goods as China is non-market economy.

Export Price:

2.6 The petitioners have furnished DGCI&S' data for all types of all lamps falling under Heading 8539.31. The DGCI&S data does not provide the break-up of imports of CFL and other lamps. The import data published by secondary sources by M/s. IMPEX statistics service have been furnished for the period of investigation. The IMPEX data give item description. Based on this import of CFL alone has been segregated and furnished

VIEWS OF EXPORTERS

3.1 M/s. Phillips & Yaming Lighting Co./Ltd. China

The exporters have stated that petitioners have wrongly selected India as a surrogate country in their petition. Exporters have stated that domestic sales in China are done through M/s. PITSCO who are indirectly owned by M/s. Royal Phillips Electronic NV. Also Phillips (India) is the sole importer of M/s. Phillip & Yaming Co. in India.

3.2 Also they have stated that some products sold by M/s. Phillips & Yaming Co. are sourced from unrelated companies. Phillips group should be treated as market economy company. The product under consideration may be divided into two separate

categories, namely, CFL without ballast and choke and CFL with ballast and choke. The Phillips group has been operating in India for several decades and intends to cooperate fully with the anti dumping investigation.

3.3 M/s. Zhejiang Yankon Lighting Co.Ltd., China

The exporters have stated that they have not exported CFL during the POI. However, they intend to export to India in the near future and would like to seek a new shipper review in accordance with rule 22 of the Anti-dumping Rules.

VIEWS OF IMPORTERS AND OTHER INTERESTED PARTIES:

3.4 M/s. WIPRO Ltd., Bangalore

The importers have furnished information in the prescribed questionnaire.

3.5 M/s. GE Ltd., Bangalore

The importers have furnished information in the prescribed questionnaire.

3.6 M/s. Leader Electricals Pvt.Ltd., Mumbai

The importers have provided information in the prescribed proforma.

3.7 Madras Electricals Trades Association, Chennai:

1. The standing of the petitioners is in question and has to be verified.
2. Petitioners Osram India Ltd. and Indo Asian Fusegear Ltd. both imports CFL from China. This is to be verified.
3. The basic difference of cost of CFL in India and in China is because the petitioners have not kept up with the reforms.
4. The capacity of fulfilling demands of market by the petitioners is to be verified.
5. Duty on CFL is already in higher slab. The duty collected from importers of CFL during the period of investigation is to be examined.
6. Imposition of anti-dumping duties on CFL will definitely affect the common user who is benefited from lower prices.

M/s. Gaurav International, New Delhi.

The representative of the company was requested to furnish written submission based on their oral submission. However, the submission has not been received within the stipulated time limit.

C. EXAMINATION OF ISSUES RAISED

4.0 The submissions made by the petitioner, exporters and importers to the extent they are relevant under the Rules and have a bearing upon the case, have been examined and dealt with at appropriate places hereunder.

D PRODUCT UNDER INVESTIGATION:

5. The product involved in the petition is Compact Fluorescent Lamp (CLF) originating in or exported from China PR & Hong Kong. The product is classified under Customs Tariff Heading 85.39.31 under HS Classification and 85.39.31.00 under Indian Customs Tariff Classification. The classification is, however, indicative only and in no way binding on the present investigation. The product covered in this investigation is Compact Fluorescent Discharge Lamps (CFL) with one or more glass tubes and which have all lighting elements, all electronic components and cap integrated in the lamp foot. Compact Fluorescent lamps without choke or ballast are also included.

F LIKE ARTICLE

6.1 Definition of Like Article states as under:

"Like Article means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation."

6.2 The petitioner has claimed that goods produced by it are like articles to the goods produced, originating in or exported from the subject countries. In light of the foregoing, Authority concludes that CFL produced by the petitioner is a Like Article to the CFL imported from China PR & Hongkong.

F DOMESTIC INDUSTRY

7.0 The petition has been filed by M/s. Indo Asian Fusegear Ltd, New Delhi and M/s. Osram India Ltd, Gurgaon on behalf of the domestic industry. The petitioners have claimed that they account for about 59% of the production during the period of investigation and therefore, have the standing to file the petition on behalf of the domestic industry. It has been reported that there are three more producers of subject goods, namely, M/s.Phoenix Lamps India Ltd., Export Processing Zone, Phaze-II, Noida-201 305, and M/s.Starlite Lighting Limited, Satpur, Nasik which are mainly export oriented units and M/s. Punjab Anand Lamp Industries Ltd, Mohali has negligible production of CFL.

7.1 In light of the foregoing, the Authority concludes that the petitioner has the standing to file the petition on behalf of the domestic industry under the rules.

G DUMPING:

8.1 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

8.2 The petitioners have claimed that China be treated as a Non Market Economy (MNE). Though normal value based on domestic sales prices prevalent in China have been calculated/ furnished, they have pleaded that the prices do not reflect the fair value of the goods as China is non-market economy.

8.2.1 Except for one exporter, none of the exporters from China PR and Hongkong has responded to this anti-dumping investigation.

8.2.2 The Authority notes that M/s Philips & Yaming has furnished information in the questionnaire prescribed for exporters. The Exporter has stated that domestic sales in China are done through M/s. PITSCO who are indirectly owned by M/s. Royal

Phillips Electronic NV. In other words, the domestic sales are through a related company. Hence, the domestic sale price cannot be accepted straightaway unless it is demonstrated that the price is not influenced by the relationship. Further, they have stated that some products sold by M/s. Phillips Yaming Co. are sourced from unrelated companies and Phillips group should be treated as market economy company. They have also pleaded that the product under consideration may be divided into two separate categories, namely, CFL without ballast/ choke and CFL with ballast /choke.

8.2.3 The Authority notes that the information furnished for some of the types in Appendix 8 indicating Factory Cost & Profit of Exports to India / Domestic Sales show losses. Further, the exporters have not claimed any adjustments in Appendix 4 for Sales Price Structure for Exports to India /

Domestic Sales. The relevant information in the Appendix 8 has not been furnished in respect of CFL – PLEU/SLM and SLE(with choke /ballast). In the circumstances, Authority relies on the information furnished by the Petitioner and the best information available on record and determines normal value for CFL without/with choke.

8.2.4 The Authority had drawn attention of all interested parties to the following provisions with regard to non-market economies:-

"The term "non market economy country" subject to the Note to this paragraph means every country listed in that note and includes any country which the Designated Authority determines and which does not operate on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise. While making such determination, the Designated Authority shall consider as to whether,-

- i. the decision of concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- ii. the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- iii. such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and
- iv. the exchange rate conversions are carried out at the market rate;

Provided that in view of the changing economic conditions in Russia and in the People's Republic of China, where it is shown on the basis of sufficient evidence in writing on the factors specified in this paragraph that market conditions prevail for one or more such firms are subject to anti-dumping investigations, the Designated Authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in this paragraph.

8.3 The above provisions has been referred to in the initiation notification also. It would be incumbent upon the exporters from China PR to provide sufficient evidence to the Authority in case they claim their exports to be from market economy country. It is, however, noted that M/s. Philips has provided no information in this regard.

8.4 In the circumstances, Authority is prevented from using the information filed by the exporter and, therefore, relies on the information furnished by the Petitioner and the best information available on record to determine normal value for CFL .

8.5 As regards, to Hong Kong, the authority relies on the data furnished for China PR as there is no manufacturing facility at Hong Kong and it is reported that the goods imported from Hong Kong are of Chinese origin. Accordingly, the normal value has been determined for Hong Kong in respect of CFL (without choke) only as claimed.

Export Price:

8.6 M/s Phillips (India) is reportedly the sole importer of Phillip & Yaming Co. in India. Hence, the export price would also appear to be affected by relationship and hence is required to be constructed, based on the resale price of Philips (India) to unrelated buyers in India.

8.7 The Authority notes that M/s Philips & Yaming has furnished information in the prescribed questionnaire for exports to India, sales effected through M/s Phillips (India) who is the sole importer and a related company. The invoice price is not to an independent buyer in India, and hence the information is not relevant.

8.8 Authority also notes that the information provided by the M/s Philips India is well after the stipulated time limit and has not been considered for the preliminary findings.

8.8 M/s Philips and Yaming co., have submitted that the product under consideration may be divided into two separate categories, namely, CFL without choke and CFL with choke. This has been accepted.

8.8 The petitioners have submitted import information based on secondary source viz. M/s IMPEX Statistic Service giving segregated information on import of CFL (without choke and with choke) in to India for the subject countries. This information for period investigation has been relied upon for determining the export price. The Authority has determined export price for China PR after adjusting with respect to freight, insurance, handling charges, discounts, commission. However, the Export price has been determined for Hong Kong in respect of CFL (without choke) only as claimed.

Dumping Margin:

8.10 There is sufficient prima-facie evidence that export price to India from subject country were lower than the normal value in the said country thus, there is sufficient evidence that the product under consideration is being dumped in India from the subject country.

8.11 The Rules relating to comparison provides comparison of normal value and export price provides as follows:

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

For the purpose of fair comparison between normal value and export price the Authority took into account the information furnished by the petitioners, other interested parties and other published information available with the Authority.

The dumping margins are as under : ---

In US \$

Name of the Country/ Exporter	Normal Value		Export Price		Dumping Margin		Dumping Margin %	
	Without choke	With choke	Without choke	With choke	Without choke	With choke	Without choke	With choke
Type of CFL CHINA PR M/s Philip & Yaming Lighting Co.Ltd.	***	***	***	***	***	***	214%	168%

All Other Exporters	***	***	***	***	***	***	214%	168%
HONG KONG								
All Exporters	***	-	***	-	***	-	214%	-

H. INJURY:

9.0 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;

Rule (iii) of the Annexure II to the Rules requires that in case imports of a product from more than one country are being simultaneously subjected to anti-dumping investigation, The Authority will cumulatively assess the effect of such imports. Such assessment can be, however, made only if it is determined that:

- a. the margin of dumping in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the import of the like article in India, and
- b. the cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic article.

9.1 The Authority notes that the margin of dumping and quantum of imports from subject countries are more than the limits prescribed above. Cumulative assessment of the effects of imports is appropriate since the export prices from the subject country were directly competing with the prices offered by the domestic industry in the Indian market.

9.2 For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry such as quantum of Imports production, capacity utilisation, sales quantum,

stock market share, profitability, net sales realisation, the magnitude and margin of dumping etc. in accordance with Annexure II (iv) of the rules supra.

9.3 Imports from subject countries and Market share:

(Lakh Units)

Particulars	1998-99	1999-2000	2000-2001
Imports from subject countries	18.25	46.74	153.99
Imports from other countries	26.95	65.12	9.57
Total imports	45.20	111.86	163.56
Market share of subject countries In total imports	40%	42%	94%
Domestic Sales	24.26	32.21	29.95
Demand	69.46	144.07	193.51
Market Share of DI in the demand	35%	22%	15%

As seen from the above, the market share of subject countries in total imports have increased from 40 % in 1998-99 to 94% in 2000-2001. However, the market share of domestic industry in the demand has declined from 35% in 1998-99 to 15% in 2000-01.

9.4 Production and Capacity Utilisation:

(Lakh Units)

Lakh pieces	1998-99	1999-2000	2000-2001
Installed Capacity	90	92	184
Production	27.38	36.65	36.43
Capacity Utilisation	30%	40%	20%

In spite of the increase in installed capacity by one of the Petitioner, actual production came down by 0.22 lakh units in the year 2000-2001 compared to 1999-2000. The capacity utilisation declined in 2000-2001 compared to each of the two pervious years. The increased capacity could not be utilised by the domestic industry due to significant increase in the quantam of dumped imports from China PR and Hongkong.

9.5 Sales Volume:

The sales of the domestic industry were 29.95 lakh pieces in the year 2000-2001 as compared to 32.21 lakh pieces in the year 1999-2000. Sales have registered a negative growth of around 7%.

9.6 Price suppression and Price depression:

The landed prices of the subject goods are well below the domestic price of the petitioners due to dumped imports from subject countries. This is coupled with the high inventories and low capacity utilisation of the petitioners.

9.7 Stock:

The closing stock was 1.32 lakh pieces, 4.21 lakh pieces and 10.31 lakh pieces at the close of the three years 1998-99, 99-00 and 2000-01 respectively. In the percentage terms, the closing stock during the year 2000-01 has gone up by 145% over the closing stock level of 1999-00.

9.8 Profits: The increased costs and falling prices have adversely affected the profitability of the domestic industry. The industry has suffered a loss of Rs. 41.90 lakhs in the year 2000-01 compared to the profit of Rs. 308.81 lakh during the previous year 1999-00. The profits have come down quite significantly by over 144% in just one year.

I CAUSAL LINK:

10.1 Volume and value of imports from other countries not alleged to be dumping:

During the period of investigation, imports from China PR and Hongkong constituted 94.15% of total imports of Compact Fluorescent Lamps in to the country. Imports from all other countries are less than the de minimus level of 3% except for Germany, which is 4.17%. The average per unit price for Germany is much higher than unit price for China PR and HK. Therefore, imports from other countries are not causing injury to the domestic industry.

10.2 Demand for the product under consideration:

The expansion was completed by one of the petitioner during the first half of 2000-01 and the increased production capacity has come into commercial operation in August 2000. The domestic industry has no other bottlenecks or difficulties in increasing its production. Petitioners are unable to produce more as they are not finding a market to sell their product. The domestic industry is not in a position to compete with the very low prices of the dumped imports from the subject countries and hence, they are forced to produce less and sell less in spite of huge installed capacity.

10.3 The production technology of the petitioners is globally comparable and is the same as the one followed by the producers in China PR. Therefore, there are no other

factors rendering cost disadvantages to the domestic industry, which may contribute to the higher costs.

11.0 CONCLUSIONS:

From the above, it is clearly established that:

- The imports of CFL into India from subject countries have increased quite significantly both in absolute terms and relative to consumption in India;
- The sale of domestic industry has declined significantly;
- The domestic sale prices are suffering from both price suppression and price depression due to dumped imports from subject countries;
- The production has remained more or less static during period of investigation;
- Closing stocks has gone up by around 145% during period of investigation over previous year;
- The capacity utilisation during the period of investigation was as low as 20% (after taking into account the increased capacity)
- The domestic industry has suffered losses during the period of investigation;

J INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

12.1 The purpose of anti-dumping duties, in general, is to eliminate dumping which is causing injury to the domestic industry and to reestablish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

12.2 It is recognized that 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, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of CFL. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers.

13.0 To ascertain the extent of anti-dumping duty necessary to remove the injury to the domestic industry, the Authority relied upon reasonable selling price of CFL in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilization for the domestic industry.

14.0 It was decided to recommend provisional anti-dumping duty equal to the margin of dumping or less, which if levied, would remove the injury to the domestic industry. Accordingly, the anti-dumping duty shall be the difference between amount mentioned in Col. 3 and the landed price of imports per unit in US \$, from the date of notification to be issued in this regard by the Central Government, on all imports of CFL originating and exported from China PR and Hongkong under Chapter 85 of the Custom Tariff, pending final determination.

Countries	Name of the Producer / Exporter	Reference price /Amount of Anti dumping duty per unit in US \$	
		With out Choke	With choke
CHINA PR	M/s Philip & Yaming Lighting Co. Ltd.	1.426	3.115
	All other exporters	1.426	3.115
HONGKONG	All other exporters	1.426	-

15.0 Landed value of imports for the purpose shall be the assessable value as determined by the customs under the Customs Act, 1962 and all duties of customs except duties levied under Section 3, 3A,8B and 9, 9A of the Customs Tariff Act, 1975.

16.0 Exporters, importers, petitioners 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 dispatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings.

K. FURTHER PROCEDURE

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

18.0 The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;

19.0 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 of the dispatch of this notification. Any other interested party may also make known its views within forty days from the date of publication of these findings.

20.0 The Authority would conduct the verification to the extent deemed necessary for the purpose of this anti-dumping investigation.

21.0 The Authority would provide opportunity to all interested parties for oral submission;

22.0 The Authority would disclose essential facts before announcing the final findings.

L V SAPTHARISHI,
DESIGNATED AUTHORITY