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

NOTIFICATION

New Delhi, the 25th June 2003

PRELIMINARY FINDINGS

Subject: Anti-dumping investigation concerning imports of Copper Clad Laminates originating in or exported from the China PR, Hong Kong, Taiwan, South Korea, Singapore, Philippines & Thailand - Preliminary Findings.

No. 14/44/2002-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:

2. The procedure described below has been followed:-

i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from M/s. Gujarat Perstorp Electronics Limited, Gandhinagar, on behalf of the domestic industry, alleging dumping of copper clad laminates originating in or exported from China PR, Hong Kong, Taiwan, South Korea, Singapore, Philippines & Thailand (hereinafter referred to as subject countries);

ii. The Authority notified the Embassies/High Commissions of China PR, Hong Kong, Taiwan, South Korea RP, Singapore, and Philippines & Thailand in India about the receipt of dumping application made by the petitioner before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra;

iii. The Authority issued a Public Notice dated 24th December, 2002 published in the Gazette of India, Extraordinary, initiating anti dumping proceedings concerning imports of copper clad laminates of Schedule I of the Customs Tariff Act.

iv. The Authority forwarded copy of the said public notice to the known exporters, importers, industry associations and to the complainant and gave them an opportunity to make their views known in writing.

v. According to sub-rule (3) of Rule 6 supra, the Authority provided a copy of the petition to all the known exporters and Embassies/High Commissions of subject country in India.

vi. The Authority sent questionnaires, to elicit relevant information, to the following known exporters from China PR, Hong Kong, Taiwan, South Korea, Singapore, Philippines & Thailand.

CHINA PR

- M/s. INTERNATIONAL LAMINATE MATERIAL LTD.
- M/s. HUALIDA COPPER CLAD LAMINATE CO. LTD.
- M/s. TONGLING HUARUI ELECTRONIC MATERIAL CO. LTD
- M/s. SHANGHAI NANYA COPPER CLAD LAMINATE CO. LTD.
- M/s. ISOLA LAMINATE SYSTEM (SUGHOU) CO. LTD

HONG KONG

- M/s. KINGBOARD CHEMICAL HOLDING LTD
- M/s. NAM HING INDUSTRIAL LAMINATE LTD
- M/s. ISOLA ASIA PACIFIC (HONG KONG) LTD

TAIWAN

- M/s. CHANG CHUN PLASTICS CO. LTD
- M/s. CHING KUANG CHEMICALS CO. LTD.
- M/s. NAN YA PLASTICS CORPORATION
- M/s. ISOLA ASIA PACIFIC (TAIWAN) INC.

SOUTH KOREA

- M/s. DOOSAN ELECTRO MATERIAL CO. LTD

SINGAPORE

- M/S. NELCO PRODUCTS PTE. LTD.
- M/s. ISOLA ASIA PACIFIC (SINGAPORE) INC.

THAILAND

- M/s. BANGKOK INDUSTRIAL LAMINATE CO. LTD

PHILIPPINES

M/s. ISOLA Pacific Inc.

M/s ISOLA Pacific Inc Philippines., M/s Doosan Corporation, Korea (RP), M/s King Board laminates, Hong Kong, Nam Hing Industrial Laminate Ltd, China PR, and M/s. Nan Ya Plastic Corporation, Taiwan have responded to the exporters questionnaire. Some of the exporters as well as Importers asked for an extension of time to respond to the questionnaire and the Authority after considering the request from the exporters and importers extended the time period to reply to the questionnaire by two weeks.

vii. The Embassies/High Commissions of subject countries in New Delhi were also informed about the initiation of investigation and requested to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time;

viii. The Ministry of Foreign Trade, (MOFTU) Beijing, Govt. of China PR, Hong Kong, Taiwan, South Korea, Singapore, Philippines & Thailand were also informed about the initiation of investigation and requested to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time.

ix. The questionnaire was sent to the following known users/importers of subject goods:-

- M/S. PCS INDUSTRIES LIMITED, PUNE 411 006
- M/S. SANDUR LAMINATES LIMITED, BANGALORE – 560 022
- M/S. BAKELITE HYLAM LIMITED, SECUNDERABAD – 500 003
- M/S. AKASAKA ELECTRONICS LTD., NAVI MUMBAI – 400 705
- M/S. ANAND ELECTRONICS & INDUSTRIES , TAMIL NADU
- M/S. AT & S INDIA LIMITED , NANJANGUD – 571 301
- M/S. BCC FUBA INDIA LTD. NEW DELHI-110066
- M/S. BHARAT ELECTRONICS LTD. BANGALORE 560 013
- M/S. BLG ELECTRONICS LTD GUJARAT
- M/S. BPL LIMITED, DODDABALLAPUR – 561 203
- M/S. CAPRONICS PRIVATE LIMITED, BANGALORE – 560 029
- M/S. CIRCUIT SYSTEMS (I) LTD. GANDHINAGAR – 382 044
- M/S. CIRCUIT TECHNOLOGY, BANGALORE – 560 058
- M/S. COSMIC ENGINEERING ENTERPRISES, HYDERABAD – 500 762
- M/S. DECCAN CIRCUITS PVT. LTD, PUNE 411 004
- M/S. ELECTRONIC CORPORATION OF INDIA LTD, HYDERABAD – 500 062

- M/S. ELECTRONIC PHOTO FABRICATORS, PUNE 411 012
- M/S. EPITOME COMPONENTS LTD, AHMED NAGAR – 414 111
- M/S. EXCEL CIRCUITS PVT. LTD, BANGALORE – 562 106
- M/S. ELECTROTECH CIRCUITS (I) LTD, PUNE 411 037
- M/S. EMCO ELECTRONICS, MUMBAI 400 022
- M/S. FINELINE CIRCUITS, MUMBAI 400 096
- M/S. GARG ELECTRONICS, PANCHKULA – 134 109
- M/S. GUJARAT NARMADA VALLEY FERTILIZERS CO. LTD, BHARUCH – 392 015
- M/S. HBC FLEXTECH LTD., HYDERABAD – 500 037
- M/S. HIREL CIRCUITS PVT. LTD, GANDHINAGAR – 382 044
- M/S. HIREL COMPONENTS (INDIA) LTD. PUNE
- M/S. INFOCENTRE PVT. LTD, HYDERABAD – 500 062
- M/S. INTEGRATED TECHNOLOGIES LTD, NEW DELHI-110024
- M/S. ITI LTD., KERALA – 678 623
- M/S. ITI LTD. GONDA – 271 308, UTTAR PRADESH
- KERALA STATE ELECTRONICS DEV. CORPORATION LTD. TRIVENDRUM
- M/S. KIRLOSKAR ELECTRIC CO. LTD. MYSORE – 571 186
- M/S. LEO CIRCUIT BOARDS PVT. LTD, NAVI MUMBAI
- M/S. LINKAS MICROELECTRONICS LTD. LUCKNOW – 226 016
- M/S. MULTILINE CIRCUITS MUMBAI – 400 060
- M/S. MULTILINE ELECTRONICS PVT. LTD PUNE – 411 026
- M/S. OBEROI ELECTRONICS PVT. LTD FARIDABAD – HARYANA
- M/S. OMEGA CORPORATION , MUMBAI 400 098
- M/S. NSP ELECTRONICS BANGALORE 560 049
- M/S. NUTEK CIRCUITS, BANGALORE 560 068
- M/s Indian Printed Circuit Association (IPCA), BANGALORE – 560 016

x. 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;

xi. **** in this notification represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules;

xii. The investigation covered the period from 1st January 2002 to 30th September 2002;

xiii. The Authority conducted on the spot investigation of the domestic industry to the extent considered necessary.

xiv. The cost of the production of the domestic industry was also analysed to work out the optimum cost of the production and the cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles based on the information furnished by the petitioner so as to ascertain if anti Dumping duty lower than dumping margin would be sufficient to remove injury to the domestic Industry.

xv. Copies of initiation notice were also sent to FICCI, CII, ASSOCHAM etc., for wider circulation.

B. PETITIONER'S VIEWS:

3. The petitioner, M/s. Gujarat Perstorp Electronics Limited, Kolkata has made the following points in their submissions: -

i. The product under consideration in the present petition is Copper Clad Laminates (CCL). Copper clad laminates are laminates of paper or glass fabric of a kind used to make printed circuit boards. A laminate is a multiple layer of paper or glass fabric which has been joined/fixed together using a resin. A foil of copper is laminated on the top of the sheet (either on one side or both sides) to provide current carrying capability to the laminate. There are various kinds of Copper Clad Laminates made out of Glass Epoxy, Paper Phenolic or Composite. These are further laminated with together with the copper foil which can be single sided or double sided depending upon the requirement which again could be of varying thickness. While thickness of the foil is largely uniform (18/35/70 micron), a number of prepregs can be laminated together depending upon the specific end requirement, resulting in varying thickness of the end product. Thus, while different laminates vary in terms of the associated costs and price (due to, primarily, difference in the raw material costs), different types of laminates result from the same production process.

ii. Laminates are classified under Customs Chapter 74. There is no dedicated customs classification of this product. Furthermore, there are various types of laminates with differing cost and prices. Imports of other products are also reported in this classification. At the same time, the subject laminates have been reported under various other Customs Sub-Classifications also. The scope of present investigation and proposed duty may kindly be extended to the subject goods falling under Chapter 74 regardless of Customs Sub-Classification.

iii. Copper clad laminates are being imported in India for the past more than 3-4 years. Dumping intensified from 1999-2000. Dumping has already eliminated the two other Indian producers. Such is the extent of dumping of the subject goods that petitioner has remained the sole operating company. Petitioner is the sole manufacturer of the subject goods in India at present. Bakelite Hylam Limited, PCS and Sandur Laminates were the other producers of Copper Clad

Laminates. Sandur Laminates is an 100% Export Oriented Unit (EOU). Unfortunately, the severe dumping of the product from the subject countries has wiped out other producers, one by one.

iv. There is no major difference in the subject goods produced by the domestic industry and the subject goods imported from subject countries. The two are technically and commercially substitutable. The consumers have used the two interchangeably. Goods produced by the petitioner is a like article to the goods imported from the subject countries within the meaning of anti-dumping Rules.

v. The Designated Authority has treated China as non-market economy in practically all the investigations initiated against China after the amendment dated 31st May 2002. Even after the amendment dated 4th Jan., 02, the Designated Authority have treated China as a non-market economy The petitioner has constructed cost of production of the subject goods for the determination of normal value in China PR.

vi. With regard to other countries, the petitioner has adopted cost of production constructed for these countries. For the purpose, petitioner has considered international prices for the critical raw materials and has applied conversion costs on the basis of its own experience.

vii. The Petitioner has scrutinized transaction wise imports in terms of following categories: XPC,FR-1 and 2,FR- S,FR- D,CEM-1 .It would be seen from the enclosed information that a large number of import transaction for the year 2001-02 have been identified in terms of above categories.

viii. Normal values and export prices have been compared to determine dumping margin. It may be seen that the dumping margins are not only more than de-minimus, but also significantly high.

ix. It may be seen that the quantum of imports from each of the subject country is more than de-minimus limits. Cumulative assessment of the effects of imports is appropriate since the exports from subject countries directly compete with the like goods offered by the domestic industry in the Indian market. The Authority is, therefore, requested to assess injury to the domestic industry cumulatively from the subject countries.

x. There are various types of subject laminates, which differ in terms of raw material content and thickness. Different laminates have different costs and prices. Not only that the dumping margins are required to be established for comparable types, the injury margin is also required to be established using comparable types. However, since different laminates are one like product, injury to the domestic industry is required to be seen cumulatively for different types.

xi. Imports have increased substantially during the POI from subject countries and their market share has also increased in relation to the total imports and also in relation to the total demand in India and in relation to the production of domestic industry. The production and capacity utilisation of the of the domestic industry has declined during 01-02 as compared to previous years. Though the selling price has not declined, landed price of the subject goods from subject countries are significantly lower than selling price of domestic industry and also below the cost of production of domestic industry leading to price undercutting and price suppression/depression. The petitioner has also submitted other injury parameters like inventories, profitability, cash flow, productivity, growth, ability to raise investments, employment including the evidence for causal link indicating that the petitioner has suffered material injury from dumped imports from subject countries.

C. IMPORTERS AND USERS:

4. Views of IPCA, Bangalore, AT&S, Mysore, ECIL, Hyderabad, M/s Sulakshna Curcuits Ltd, Hyderabad, Sanmar Micropack Ltd, Bangalore, M/s Akasaka Electronics Ltd, Navi Mumbai, , M/s NSP Electronics Ltd, Bangalore, Multiline Electronics Private Limited, Pune, Gujarat Narmada Valley Fertilizers Co. Ltd., Gujrat, Deccan Circuits Pvt. Ltd, Pune, Multiline Circuits, Mumbai, M/s. U.V Circuits Pvt. Ltd. Bangalore, M/s. Shiltron Electronics & Engineering Pvt. Ltd. , Bangalore, Linaks Microelectronics Ltd, Lucknow, M/s. Circuit Systems India (Private) Ltd, M/s GNVFC Ltd., ITI Ltd. Bangalore, Cosmic Engineering Enterprise , M/s. Epitome Components Ltd., Ahmednagar, M/s. HI-REL Components (India) Ltd. M/s. Ascent Circuits Pvt. Ltd. Tamil Nadu, Shogini Technocrafts Pvt. Ltd. , M/s. Garg Electronics, Haryana, Emco, Electronics Ltd, Mumbai.

i. IPCA has taken note of the categorisation of the product under consideration in three broad categories which are paper phenolics, glass fabric and composite copper clad laminates with the various thicknesses and copper cladding. IPCA submits that actual cost of production would substantially vary in terms of the thickness and other properties. Hence, the claim of the domestic industry in the petition that the laminates of different thickness and other properties of one type are one and are the like products and are therefore, technically and commercially substitutable is factually wrong and erroneous. They have highlighted the attention of the Authority to the Rule 6(1) of the Annexure of Anti Dumping Rules, where due allowances have been sought to be granted for difference which affect price comparability. They have further stated that the laminates of specific thickness and other properties which cannot be manufactured by the domestic industry should be exempted from the scope of the present investigation.

ii. It has been claimed by the petitioner that they are the sole producer of the subject goods in India and we have no specific comments in this regard.

However, as regard the other manufacturers of the subject goods in India, M/s. Sandur Laminates had only export-oriented operation and it would be factually incorrect to claim their closure on account of dumping. Similarly, M/s. Bakelite has closed operations since 1999 as they are not obviously affected because of dumping.

iii. It is submitted that the normal value of the subject goods has been worked out based on the constructed cost of production as provided by the petitioner. However, since the economic parameters in all subject countries are different, these factors should be considered separately by the Authority. Further the constructed cost has been arrived at based on the raw material prices at which the petitioner company has purchased the raw material, considering these as good indicator of the prices at which the producer of the subject goods in the subject country should have procured these vital raw material. Since the petitioner has purchased these raw materials through a related party, therefore, these may not reveal international prices based on which the findings of the authority should be based.

iv. As regards the conversion cost based on which the normal value has been claimed by the domestic industry, it is stated that the petitioner company has been declared as sick industry by BIFR and has been incurring losses for the last number of years. Under these circumstances, the claims of the domestic industry for adopting conversion cost shall lead to arriving of a normal value loaded with inefficiencies, which the company had been operating. The analysis of the export price should be made based on thickness of various laminates to facilitate a realistic comparison of domestic sales and imports like to like basis. They have requested the authority to investigate the financial operations of the petitioner company thoroughly to arrive at fair assessment of the losses suffered by the petitioner company on account of purchases made by them through their sister concern Apollo International Limited. They have further requested the Authority to adopt a fair and realistic price of the import raw material and not based on the claims furnished by the petitioner company. They have requested the Authority to investigate the claim of injury made by the domestic industry with regard to the fact that the petitioner has been making continues losses of past some time and their cash flow continues to be negative. Further the company has been registered with BIFR for rehabilitation and continued losses suffered by the petitioner company in over last number of years cannot be attributed to the alleged dumped imports. They have further requested the Authority to examine the causal link issue and also with regard to inability of domestic industry to meet the requirement of user industry on account of quality and technological constraints.

v. Importers have submitted that the domestic industry has failed to fulfil the requirements of rule 5(1) and 5(2) and has misled the Designated Authority to initiate the investigations without passing the test of sufficiency, adequacy and accuracy of evidence as obligated by the Rules. The import information ought to have been examined as received and supplied by secondary source i.e. IBIS. As per the information given in the Annexure 1.2, at least two countries are below de minimus level.

vi. For manufacture of multi-layered PCBs, it is imperative to use laminates with thickness ranging from .075 mm to .80 mm. The final thickness of PCBs for which these thin cores or such laminates are used, are in the range from .6 mm to 3.2 mm based on the end requirement of the customer. They submit that the domestic industry does not produce such laminates and therefore, the same must be excluded from the purview of investigation. They have pointed out incorrect and unreliable import data submitted by the petitioner to advance their arguments before the Designated Authority. They further add that the data provided by the IBIS contains many other products which are outside the purview of product under consideration. They have further requested the Authority not to take into account the imports made under advance licences for the purpose of assessing volume effect. They have given an account of various injury parameters allegedly suffered by the domestic industry as per the petition and has submitted that the petitioner has merely made hollow and incoherent statements with regard to injury whereas the according to analysis, there has been no injury to the petitioner.

vii. Initially, there were 3 Indian suppliers of copper clad laminates. One by one, they closed ultimately only one supplier is left now and this is located in Gujarat; Gujarat is disturbed by communal riots and disturbances. We have a threat; if this is also closed there would not be any supplier of laminates. Hence, we are forced to buy from abroad.

viii. The laminates supplied GPEL has quality problems viz. warping, foreign particles in the laminate, starvation of resin etc. Their price is 15-20% more than the imported laminates of landed cost. Because of the reasons viz. single party to supply, quality problems, price and disturbed location where the plant is situated, we have started buying from abroad since January 2003, after patiently buying the Indian laminates since more than 5 years. "

ix. The copper clad laminate is the basic raw material to produce a Printed Circuit Board (PCB) (commonly known as the Mother Board). The PCB is the main building block for any electronic instrument and as such is the backbone for the hardware industry. The Telecommunication, computer production, Industrial automation, defence and aerospace industries, medical electronics even modern energy meters depend on this product. At present, the requirement of copper clad laminates for the India PCB industry is about 2.5 million square feet per annum. This consists of various combinations of core and copper foil thickness. The Installed capacity of production of GPEL is only about half a million square feet per annum (less than 42,000 feet per month). However, according to the published reports of GPEL, they have never attained even 20% of the installed capacity. Therefore, GPEL can no way meet the demand of Indian PCB Industry, even if they reach the full capacity utilization. Therefore, the levy of anti-dumping duty does not arise without solving the supply-demand situation.

x. Copper Clad Laminates are used by PCB Industry with an Annual turnover of Rs.600 crores and the PCB's are used by various industries like Telecommunications, Industrial Computers, Computers, Defence and Aerospace Electronic Hardware. Indian PCB Industry is subject to stiff international competition and is required to meet international standards in its production in order to compete with the International and Indian market situations. Based on our estimate, the annual demand of copper clad laminates for PCB industry is 24,00,000 lakhs square meters (i.e. 2 lakhs square meters per month all grades put together). The total installed capacity of GPEL is only approximately 4,86,000 square meters p.a. (40,500 sq. meters per month).

xi. As per the industry norms laminates manufacturers are approved by the manufacturers of electronic goods for their PCB requirements. The customers specify what type of laminates is to be used for manufacturing their PCB. This approval of laminate manufacturer is primarily done based on the technology, installed capacity of the specific laminate manufacturer and other factors. Therefore, PCB industry cannot make use of the laminates manufactured by the company, which is not being approved by the customers because of standards laid down by them with regard to quality, quantity and ability to meet the supply schedule.

xii. M/s Gujarat Perstorp does not manufacture sophisticated laminates of quality with high CTI, High TG with special characteristics needed for intricate electronic equipment, defence and space application etc and as demanded by the international customers for their Printed Circuit Boards. These are specially manufactured by International manufacturers and cannot be met by M/s. Gujarat Perstorp.

xiii. Importers of Single sided PCB use paper phenolic laminate, mainly of the FR-1 grade. This grade of copper clad laminate is used commonly for the PCB requirement of the consumer electronic sector such as TVs, audios, etc. The PCB manufacturers have no right to decide the copper clad laminate to be used for PCBs to be supplied to any of them. We can say with 100% confidence that most of the above MNCs and Indian companies with MNC backup have not approved Gujarat Perstorp as a laminate supplier for their PCB requirement.

xiv. M/s PTC Global, Kolkata. on behalf of their principal M/s. Hualida Copper Clad Laminate Co. Ltd., China and other importers, have registered their protest against implementation of anti dumping duty which is against the interests of PCB industry in India.

xv. Some importers have argued that they are buying the subject goods from China PR as it is always healthy to have alternative vendors for the material. It would be unwise to have only one supplier, in case the exporter of the subject goods withdrew from the market then there would be monopoly of the petitioner, as there would no Indian manufacturers remaining.

xvi. The importers have observed various problems in the laminates while processing and these problems were thickness variation in laminates, blistering, copper peel off, twist, dents on surface, improper surface finish and so on. They add that they received instructions from their customers not to use the petitioner's laminates for the PCB. Lot of batches have been rejected and we are not satisfied with the quality they supplied. They have mentioned inconsistency in quality and supply and inability of the petitioner to supply the material at the right time as the major factor for not buying the material from the petitioner.

D. VIEWS OF EXPORTERS

5. **Trade & Industry Department, Govt. of Hong Kong Special Administrative Region.**

i. The Trade & Industry Department SAR, is surprised by the Authority's decision to initiate another AD investigations against Hong Kong. They state that the petitioner has abandoned the internationally accepted HS Tariff Classification and has obtained data from unknown source of IBIS to justify its claim. Worst still, the petitioner did not mention its status as sick company since 1997 and is currently under a forced rehabilitation scheme by Govt. They have requested that because of nature of products and its uses, HS Heading 7410 or more precisely the sub heading 7410.21 has sufficiently referred to the product in question and the scope of the investigations should not be extended to the total products in chapter 74. They do not any doubt on the substitutability between domestic products in India and imports from subject countries/territories. However, the scale of production definitely varies a lot among the seven countries.

ii. They have requested the Authority to disregard the constructed cost approach for the determination of the Normal Value. Instead they have given a factual account of the normal values for Hong Kong exports of copper clad laminates. As regards the exports price, They have requested the Authority to adopt the DGCI&S figures for calculation of the dumping margin and thus they maintain that there was no dumping margin for all the range of copper clad laminates.

iii. As per the extracts of annexure 1.1, the Hong Kong imports are below the de minimum limits specified under articles 5.8 of WTO Agreement. As regards volume injury the imports from other countries have increased much more than the subject countries during the POI and the market share of the imports of subject countries has also not shown any increase during the POI as compared to the previous years. The market share of the domestic industry in total demand has increased during POI as against previous year. The production and capital utilization of the domestic industry are close to the base period of 2000-01 and the productivity of the domestic industry has increased in the POI as compared to previous year. They further maintain that there is no causal link between the injury of the domestic industry and the import product and its suffering are due to the other factors not attributable to the imported goods.

6. **M/s. DOOSAN CORPORATION, KOREA RP**

M/s. Doosan Corporation has responded to the Exporter's Questionnaire and has given the information pertaining to the various appendices listed in the Questionnaire. They have not submitted any comments to the petition filed by the domestic industry.

7. M/s. ISOLA ASIA PACIFIC (SINGAPORE) INC. SINGAPORE, M/s. ISOLA LAMINATES SYSTEMS COMPANY, CHINA PR , M/s. ISOLA ASIA PACIFIC (HONG KONG) LTD. HONG KONG ,M/S. ASIA ISOLA PACIFIC (TAIWAN), INC., TAIWAN

These exporters confirmed that they have not exported the subject goods during the POI.

8 **Department of Foreign Trade, Thailand**

They have commented that the evidence supporting dumping, injury and causal links are insufficient. They have clarified that Thailand did not export the subject goods to India during the POI. They heave requested the Authority to examine the accuracy and adequacy of the evidence provided in the application to determine whether there is sufficient evidence to justify initiation of an investigation.

9. **M/s. ISOLA PACIFIC (PHILIPPINES), INC. PHIILIPPINES**

The exporter has responded to various appendices listed in the exporter's questionnaire, which have been appropriately dealt under the relevant sections. They have submitted arguments with regard to Product Under Consideration, Indian Industry, Normal Value, Export Price and Injury to Domestic Industry which are similar to the arguments advanced by M/s. IPCA, Bangalore. They further state that the price range for these laminates in the export market range from US **** to US $ **** per sq. m. within the broad category of FR 4 DS. The claims by the domestic industry that the subject goods with the price of 100 per sq. m. (Index Price) is commercially and technically substituted with other copper laminates of price range of 368 per sq. m. (Index Price) is factually erroneous. This substantiates the apprehension that the domestic industry has alleged dumping and injury based on the incomplete description of subject goods and accordingly the Authority must insist on complete and comprehensive details on various grades and types of copper laminates and end users in order to have a realistic assessment of dumping based on representation of domestic industry for levy of anti-dumping duty.

10. **M/S. NAN YA PLASTIC CORPORATION, TAIWAN**

They have responded to some of the appendices mentioned in the exporter's questionnaire, which are being dealt in the relevant sections.

11. **M/S. KINGBOARD LAMINATES LIMITED, HONG KONG.**

They have responded to some of the appendices mentioned in the exporters' questionnaire, which have been dealt in the relevant sections.

12. **M/s. Hualida Copper Clad Laminate Co. Ltd., China, PR**

The exporter has registered their protest against implementation of anti dumping duty. They state that they exporting and marketing laminates in India, through their agent M/s. PTC Global Pvt. Limited.

13. **M/s. Bangkok Industrial Company Limited, Thailand**

They state that their product is copper foil and not copper clad laminates. They have also stated that they sell nothing to India and they are not exporter/producer of the subject goods.

14. **M/s. Nam Hing Industrial Laminate Limited, Hong Kong.**

The exporter has not advanced any argument in his submission. They have submitted replies to the exporters questionnaire.

E. EXAMINATION AND FINDING BY AUTHORITY:

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

Product under consideration

16. The product under consideration as mentioned in the Initiation Notification in the present petition is Copper Clad Laminates (CCL) which are laminates of paper or glass fabric or composite of a kind used to make printed circuit boards and depending on the number of prepregs used and thickness of copper foil and its coating on the prepreg (i.e., both side or single side), a number of different types of copper clad laminates can be made to meet specific end requirement. The Authority notes that different subtypes of laminates differ significantly in terms of their associated costs and prices.

17. Manufacturing process of laminates involves impregnation of glass fabric or paper fibres with appropriate resin, drying of resin and hardening of Prepregs, forming of a laminate using Prepregs and copper foils, pressing of Prepregs in a Hydraulic Press and trimming and cutting to size. Depending upon the basic reinforcement used (paper or glass), type of binder used and copper cladding done, the product have been categorized as paper phenolic Copper Clad Laminates, glass epoxy copper clad laminates and composite copper clad Laminates. Some importers of the subject goods have pointed out that the Petitioner does not manufacture three prepegs of type 2116 and 1080 which are required for copper clad laminates bearing thickness less than 0.7 mm. It is also claimed that for the manufacture of multilayered laminates, it is imperative to use laminates with thickness ranging from .075 mm to .080 mm. They have further added that it is imperative to use prepegs and inner core of the same manufacturer because of the problems of delamination which results into weak spots, ranging starvation resulting into rejection and registration failures. In response to the contention of the importers the petitioner ha also confirmed that mix of laminates and prepegs of different suppliers is not advisable with regard to laminates below 0.8 mm thickness. Keeping in view the claims of the domestic industry, the response of the other interested parties and the available material on record, the Authority, therefore, provisionally restricts the scope of product under consideration of Copper clad laminates to thickness 0.8mm to 3.2 mm. For the Preliminary determination, the Authority also finds that the standards set by NEMA (National Electrical Manufacturers Association) are largely used by the producers and consumers alike and the same sufficiently describes technical parameters of the product. The Authority, therefore, confirms that product under consideration in the present investigation is copper clad laminates belonging to thickness 0.8 mm to 3.2 mm (both 0.8mm and 3.2mm inclusive) and which may be phenolic based on paper (NEMA grade FR 1&2 and XPC), glass based (NEMA Grade FR4 Single sided or double

sided) and composite (NEMA grade CEM-1) (**hereinafter referred to as subject goods).** Thickness less than 0.8mm and more than 3.2mm and NEMA grades other than mentioned above are not under the scope of investigation.

18. Copper Clad Laminates are produced, sold and measured in terms of Square Meter, Numbers, Kilograms, Sheets, and Pieces etc. The product falls under customs classification 7410.21 under the Customs Tariff Act. The product attracted 5% basic customs duty in the present investigation period.

Like article

19. The Petitioner claimed that there is no major difference in the subject goods produced by the domestic industry and the subject goods imported from subject countries. The petitioner further claimed that the technology employed is also the same, even though the scale of operation may differ. Subject goods imported from subject countries and goods produced by the domestic industry were claimed comparable by the petitioner in terms of their characteristics such as physical/ mechanical and electrical properties, manufacturing process & technology, functions & uses, product specifications, distribution & marketing, pricing and tariff classification of the goods. The two are technically and commercially substitutable. Petitioner further claimed that the consumers have used the two interchangeably. Goods produced by the petitioner were claimed to be a like article to the goods imported from the subject countries within the meaning of anti-dumping Rules.

20. Importers, consumers and exporters have claimed that the goods produced by the petitioner are not comparable to the goods imported from the subject countries. They have pointed out various physical and chemical defects in the product sold by the petitioner and have also added that their products are not certified by the major international testing organizations, and major companies in the user industries who are mostly transnational. They have represented that these user industries specify their own standards and sources from where subject goods need to be sourced. They have also represented that the subject goods manufactured by the domestic industry do not get past the standards set by the major hardware manufacturers and thus they cannot source the material from the domestic industry. There are also arguments that the Copper Clad laminates have different thickness and costs of different subtypes are different based on the base material, thickness of Copper foil and number of prepregs used and thus they cannot be taken as like article and any comparison with the domestic manufactured goods need to take into account of these factors.

21. The Authority has examined the submissions made by the interested parties and has also examined the submissions of the domestic industry.

The Authority notes that Rule 2(d) defines like article as follows: -

"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.

The Authority notes that technical specifications of the subject goods produced and supplied by the petitioner are comparable to the goods imported from the subject countries and the two are comparable in terms of physical, chemical properties and substitutability in terms of its usage. The goods are closely resembling in terms of various parameters. Further, no quantifiable differences between the domestic and imported product have been brought out by these interested parties. As regards the claims of various interested parties regarding the poor quality of the subject goods produced by the domestic industry, the Authority holds that differences arising in the use of these two products have not been brought out quantifiably by any interested parties. The goods produced by the producer and used by the importers use subject goods of NEMA specifications only. Further, with regard to quality issues the Authority has examined this aspect with the domestic industry and has determined that the total quality claims as a proportion of their total sales have declined from ******% to ******% and comprises less than 0.7% of the total value of sales made by them. . As a mark of acceptance of the subject goods into the world market and international acceptance, they have also submitted the following certification

a. Electronic Components Standardization Organization (LCS) of Ministry of Defence, Govt. of India.
b. ISO 9001-2000 – Quality Management Systems from American Quality Assessors (AQA).
c. Underwriters Laboratories (UL) USA.

For the determination of the Like Article, the Authority is required to see whether various types are comparable in terms of parameters such as product specifications, physical and technical characteristics, manufacturing process and technology, plant and equipment, functions and uses, their substitutability, tariff classification and consumer perception. The Authority agrees that different types of laminates vary significantly in terms of associated costs and prices. These differences result due to use of different raw material and layers which different laminate has. However plant and equipment-manufacturing process employed to different types of laminates with different thickness and types along with their tariff classification, functions and uses are still the same.

Keeping in view the arguments made by various interested parties, and the available material on record, the Authority provisionally holds that the subject goods (CCL belonging to Glass epoxy (FR4 D/S), paper phenolics (FR 1&2 and XPC and composite (CEM-1) pertaining to different thickness (between 0.8mm and 3.2mm) produced by the domestic industry are like article to the goods imported from and sold in the subject countries.

F. Domestic industry

22. The petitioner had represented that they were the sole producer of the subject goods during the investigation period and other producers had suspended production due to dumping from other countries. They have also claimed that other producers of the subject goods i.e M/s Bakelite Hylam, secunderabad and PCS, Pune have extended support to them. The Authority on the basis of the information placed on record notes that other two producers , who have extended their support to the petitioner, have since suspended their production (M/s PCS, Pune since November 2001 and M/s Bakelite Hylam since August 2002). It is further noted that the petitioner along with the said exporters's output of the subject goods constitute a major proportion of the total domestic production of that article and hence they constitute domestic industry under Rule 2(b) of the Anti Dumping Rules. Accordingly, the petitioners satisfy the criteria of standing to file the petition on behalf of the Domestic Industry in terms of Rule 5(3) (a) of the Rules supra.

G. De Minimus

23. As regards ascertaining that the imports from the subject countries during the period of investigation (POI) are above de-minimus levels, the Authority has referred to the transaction wise data from the subject countries as made available by IBIS.

Import from subject countries Source IBIS		
Countries	**Imports SQM**	**% of Imports from Subject countries**
China PR	355556	29.38
Hong Kong	91724	7.58
Taiwan	135281	11.18
Singapore	22073	1.82
Thailand	21713	1.79
Philippines	261616	21.62
Korea RP	302919	25.03

The Authority, provisionally, holds that imports from Thailand and Singapore are de-minimus within the meaning of the Rule 14 of the Anti Dumping Rules for the purpose of preliminary Findings pending further investigations.

H. NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN:

24. Under Section 9A(1) I of the Customs Tariff Act 1975, 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:-
iii. 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
iv. 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 transhipped 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.

25. **CHINA PR, HONG KONG, TAIWAN, SOUTH KOREA, PHILIPPINES**

The Authority sent questionnaires to all the known exporters for the purpose of determination of normal value in accordance with Section 9A(1)(c). Few exporters have responded to the questionnaire in the form and manner required as per letter to the exporters and exporters questionnaire.

1. <u>M/s Doosan Corporation, Korea RP:</u>

M/s. Doosan Corporation, has responded to the exporters' questionnaire by giving information with regard to various appendices mentioned in the exporters' questionnaire. As per Appendix I, they have submitted an account of domestic sales made by them by giving invoice numbers, dates, customer name, quantity and various discounts and adjustments. In the appendix II, they have given similar information with respect to exports to India. In the appendix IIA, they have mentioned sales of goods of the company in terms of exports made to India, domestic market sales and export to other countries for the period of investigation and two years prior to POI. However, they have not submitted customer-wise export sales to India as per appendix IIB though they have mentioned operating statistics as per appendix III. They have submitted appendix IIIA giving an account of sales price structure for export to India during the POI for the various grades giving the break up in terms of before FOB and after FOB. Similar appendices have also been provided by them with regard to sales price structure for domestic sales. As per appendix IV, they have given a statement showing install/rated capacity, production and sales. As per appendix V they have submitted a statement of raw materials and packing material consumption and reconciliation. However, they have not submitted statement of raw material consumption as per appendix VI and have also not submitted allocation and apportionment of expenditure as per appendix VII. They have furnished a statement of cost of production as per appendix VIII, and have further submitted an account of factory cost and profit of exports to India and of domestic sales under appendix VIII A & B.

The response of the exporter has been examined by the Authority. After examining appendix VIII and I of the exporters' questionnaire it is provisionally determined that domestic sales are under the ordinary course of trade. The authority for the purpose of preliminary findings, provisionally accepts the data submitted by the exporter for normal value and export price determination by taking ex-factory price for domestic sales as normal value and ex factory price for sales to India as export price subject to further verification and investigation though they have not submitted all the required information as per the exporters' questionnaire as mentioned in the preceding paragraph. The Authority has assessed the normal value for the cooperating exporter after making all the adjustments required to be made at the ex-factory level as claimed by the exporter. Similarly, the authority has assessed ex factory export price of the cooperating exporter after allowing various adjustments as claimed by the exporter while arriving at net export price at the ex factory level. The Authority has worked out a Dumping margin for each of the different grades (NEMA) and thickness of copper foil of the subject goods by making a comparison between the normal values at the Ex. Works level and export price at ex factory level. This comparison was based on the weighted average selling price of each type/grade/thickness of the subject goods manufactured by the producers/exporters and exported to India during the POI for which a comparable type/grade of the subject goods could be found. Thus, weighted average overall dumping margin was determined by computing the dumping found on each type without zeroing negative dumping found on individual types. The comparison showed the existence of dumping of the subject goods by the exporter during the POI. The weighted average dumping margin, expressed, as a percentage to the export price has been determined.

1. **Other Exporters from Korea RP**

The Authority notes that none of the other exporters has responded from Korea RP to the exporters' questionnaire. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party/arties. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods. The ex-factory export price has been arrived at taking the weighted average export price during the POI after making applicable adjustments towards commission, ocean freight, etc and thereafter the dumping margin for the Non cooperating exporters has been established.

2. **M/s ISOLA Philippines, Philippines.**

The exporter has submitted transaction wise information on account of domestic sales as per Appendix I of the Exporters Questionnaire. They have submitted the customer wise information with regard to sales to India of the subject goods during the period of investigation. They have also mentioned the various grades in these sales. As per appendix 2A they have submitted the sales of the goods of the company pertaining to various grades though the thickness wise information has not been separately enclosed. As per appendix 3A and 3B, they have submitted sales price structure for export to India and for domestic sales for the various grades and thickness of the subject goods. They have submitted financial statements for the year 1999-2000 and period of investigation. They have submitted the statement as per appendix 4; showing installed and rated capacity, production and sales. As per appendix 5 and 6, they have submitted statement of raw material consumption and reconciliation. They have also submitted allocation and apportionment of expenditure as per appendix 7 of the exporters questionnaire. They have statement of cost of production as per appendix 8 and have further given factory cost and profit of exports to India, domestic sales and to countries other than India. As per appendix 9, they have given a statement of allocation of selling general and administrative overheads.

The authority notes that exporter has not given grade wise information with respect to factory cost and profit of domestic sales as per appendix 8B. The authority for the purpose of preliminary findings, provisionally accepts the data submitted by the exporter for normal value and export price determination by taking ex-factory price for domestic sales as normal value and ex factory price for sales to India as export price subject to further verification and investigation though they have not submitted all the required information as per the exporters' questionnaire as mentioned in the preceding paragraph. The Authority has assessed the normal value for the cooperating exporter after making all the adjustments required to be made at the ex-factory level as claimed by the exporter. Similarly, the authority has assessed ex factory export price of the cooperating exporter after allowing various adjustments as claimed by the exporter while arriving at net export price at the ex factory level. The Authority has worked out a Dumping margin for each of the different grades (NEMA) and thickness of copper foil of the subject goods by making a comparison between the normal values at the Ex. Works level and export price at ex factory level. This comparison was based on the weighted average selling price of each type/grade/thickness of the subject goods manufactured by the producers/exporters and exported to India during the POI for which a comparable type/grade of the subject goods could be found. Thus, weighted average overall dumping margin was determined by computing the dumping found on each type without zeroing negative dumping found on individual types. The comparison showed the existence of dumping of the subject goods by the exporter during the POI. The weighted average dumping margin, expressed, as a percentage to the export price has been determined.

3. **Other Exporters from Philippines**

The Authority notes that none of the other exporters has responded from Philippines has responded to the exporters' questionnaire. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party/parties. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods. The ex-factory export price has been arrived at taking the weighted average export price during the POI after making applicable adjustments towards commission, ocean freight and thereafter the dumping margin for the Non cooperating exporters has been established.

4. **M/s KINGBOARD Laminates, Hong Kong**

The Exporter has not submitted the transaction wise information pertaining to domestic sales as per Appendix 1 of the questionnaire. Instead they have submitted information on month wise basis, which does not describe invoice numbers, customer names, payment terms and other information listed in the Appendix-1 of the exporters questionnaire. They have not submitted any information for Appendix –ii relating to exports made to India. In Appendix –2A, they have not submitted month wise information pertaining to sales made during POI and two years preceding POI for domestic sales, sales made to India and sales to third country. Further they have not submitted any information for Appendix iii onwards as per exporters questionnaire. Thus they have not specified their sales price structure as well as factory costs and sales made to India and domestic sales. They have also not submitted any costing information relating to apportionment of expenditure, raw material consumption and other relevant information as per the exporters questionnaire.

The Authority notes that the exporter has not submitted information in the form and manner required under the exporters questionnaire. As no information has been submitted under Appendix 8 and no transaction wise information has been furnished by the exporter, the Authority can not determine whether the sales have made in the ordinary course of trade. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the exporter. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods. Export price at the ex-factory level has been determined by taking weighted average export price to India from Hong Kong with applicable adjustments and thereafter the dumping margin has been established.

5. **Other Exporters from Hong Kong**

The Authority notes that none of the other exporters has responded from Hong Kong to the exporters' questionnaire. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party/parties. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods . The ex-factory export price has been arrived at after taking into account weighted average export price for the type/grade during the POI and making applicable adjustments towards commission, ocean freight, etc and thereafter the dumping margin for the Non cooperating exporters has been established.

6. **M/s NAN YA Plastics, Taiwan:**

The Authority notes that the exporter has not submitted information in the form and manner required under the exporters questionnaire. As no relevant information has been submitted under various Appendix, the Authority can not determine whether the domestic sales have made in the ordinary course of trade. The exporter has submitted a few invoices pertaining to sales made to India and has given an account of price comparison of India price and Taiwan price of the subject goods. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party/parties. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods. Export price at the ex-factory level has been determined by taking their weighted average export price to India with applicable adjustments and thereafter the dumping margin has been established.

8. **Other Exporters from Taiwan**

The Authority notes that none of the other exporters has responded from Taiwan to the exporters' questionnaire. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party (ies). Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods The Authority, therefore, has determined the normal value for other exporters from Taiwan as per the best information available in terms of 6(8) of the anti dumping rules. The ex-factory export price has been arrived at after making applicable adjustments towards commission, ocean freight and thereafter the dumping margin for the Non-cooperating exporters has been established.

9. **M/s Nam Hing Industrial Laminate Ltd, China PR**

The Authority notes that the exporter has not submitted information in the form and manner required under the exporters questionnaire. As no relevant information has been submitted under various Appendixes, the Authority cannot determine whether the domestic sales have made in the ordinary course of trade. The exporter has submitted some information as per the old exporters questionnaire. However they have not submitted information elating to the various grades of the subject goods as asked specifically in the exporters questionnaire. It is also noted that they have also not supplied any information rebutting the presumptions as mentioned in the 8(3) of the Annexure I of the Anti Dumping Rules pertaining to Non market economy. In the absence of relevant information from the exporter, the Authority has determined the normal value as per the best information available i.e. by constructing the cost of production with a suitable margin for profit as per the best information available. Export price at the ex. Factory level has been determined by taking weighted average export price to India after taking account total volume of imports from China PR with applicable adjustments and thereafter the dumping margin has been established.

10. **Other Exporters from China PR**

The Authority notes that none of the other exporters has responded from China PR to the exporters' questionnaire. The claim made by the petitioner with regard to the determination of normal value has also not been disputed by the other interested party/parties. Under the circumstances Normal value under the rules is determined on the basis of facts available as per rules 6 (8). Therefore the information available on the estimated costs of the production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the normal value of the subject goods The Authority, therefore, has determined the normal value for other exporters from China PR as per the best information available in terms of 6(8) of the anti dumping rules. The ex-factory export price has been arrived at after making applicable adjustments towards commission, ocean freight and thereafter the dumping margin for the Non-cooperating exporters has been established.

Country	Name of the Exporter / Producer	D.M. %
Korea RP	M/s DOOSAN Corp,	29.49
	Other Exporters	56.46
Hong Kong	M/s Kingboard Laminates,	40
	Other Exporters ,	40
Taiwan	M/s NANYA Plastics,	40.67
	Other Exporters,	40.67
Philippines	M/s ISOLA	14.47
	Other Exporters,	39.47
China PR	M/s Nam Hing Industrial Laminate	57.17
	Other Exporters,	57.17

I. INJURY:

26. 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 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.

1. For the examination of the impact of the imports on the domestic industry in India, the Authority 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
2. The effect of the dumped imports shall be assessed, in accordance with para 6 of the Annexure II to the Rules, in relation to the domestic production of the Like Article when available data permits separate identification of that production on the basis of such criteria as the production process, producers' sales and profits. If such separate identification of that production is not possible, the effect of the dumped imports shall be assessed by the examination of the production of the narrowest group or the range of products, which includes the like product for which the necessary information can be provided.
3. It is observed that though the different types of copper clad laminates have different characteristics, usage, etc. there are a number of processes, which use common equipment and facilities. In view of the fact that the production processes as well as the production capacities overlap each other in varying proportions, it would not be appropriate nor feasible to assess the injury to the domestic industry for each individual types of laminates. The Authority, therefore, in accordance with para 6 of the Annexure II to the Anti-Dumping Rules, considers it appropriate to assess the injury for all different types of copper clad laminates cumulatively.

EXAMINATION BY THE AUTHORITY

27. Analysis of Injury to the domestic industry has been done on the basis of the information available on record and the verification done by the officials of Directorate of Anti-Dumping & Allied Duties. The injury determination and injury analysis have been done on the basis of imports of subject goods from the subject countries during the POI and preceding years. For determining total volume of imports during the POI and previous years, the Authority has taken the import data of the subject goods from for subject countries and countries other than subject countries as no transaction wise data has been made available with the units as square meter from DGCI&S. Moreover, Exporters have mentioned units as SQM as unit of exports

in all their transactions. For the purpose of determining price undercutting, price underselling and price suppression and price depression, the Authority has compared the different CCL (Glass based, fibre based and composite), which is imported from the subject countries and those, which are manufactured and sold by the domestic industry. Further, for comparison, the Authority has taken the appropriate thickness of different CCL which has been modal during the POI and which have been sold in the largest number within various bases (glass, fibre and composite) by the domestic industry as well as largest in terms of imports from subject countries.

Volume Injury

<u>Absolute rise in Imports from Subject Countries and their market share in Total Imports</u>

1. It is noted that the imports of subject goods from subject countries have increased significantly in absolute terms. Further, it is also noted that share of imports of the subject goods from the subject countries increased significantly in relation to total imports of the products into India. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of increased imports of subject goods from the subject countries.

Imports of Subject goods from the subject countries Units SQM				
	99-00	2000-01	Ap-De Ann	POI Ann
Subject countries	984241	992044	1279763	1587843
Other Countries	65912	33467	15458	25630
Total Imports	1050153	1025511	1295221	1613473

<u>Share of imports from subject countries as a proportion to demand.</u>

2. The Authority has calculated the total demand in the country by adding the total imports to the sales of the domestic industry of the product under consideration. The Authority notes that the share of China PR, Hong Kong, Taiwan, South Korea, and Philippines in total demand of the subject goods has increased during the POI while the share of other imports has increased marginally. The share of the domestic industry in the total demand has decreased POI as compared to previous year. Thus, the Authority concludes that there has been a significant rise in the market share of imports of the subject countries as a share of total demand and it has increased significantly during the POI as compared to previous years while the share of the domestic Industry has declined.

Imports of Subject goods from the subject countries Units SQM				
	99-00	2000-01	Ap-De Ann	POI An

Subject countries	100	100.7	130.03	161.3
Other Countries	100	50.78	23.45	38.89
Total Imports	100	97.65	123.34	153.64

Share of subject countries in total Imports (%)				
	99-00	2000-01	A-D 01 An	POI Ann
Subject countries	93.72	96.74	98.81	98.41
Other Countries	6.28	3.26	1.19	1.59
Total Imports	100	100	100	100

Increase in Share of Imports in relation to production of domestic industry.

3. The share of imports of the subject goods form the subject countries have increased in relation to the production of the domestic industry. The Authority, thus, provisionally concludes that the firm is facing volume on account of increased imports from the subject countries.

Share of Domestic Industry in total demand				
	99-00	2000-01	A-D 01 An	POI Ann
Subject countries	55.8	56.64	67.2	86.11
Other Countries	3.74	1.91	0.81	1.39
Domestic Industry	13.35	17.29	9.77	11.96
Other Producers	27.12	24.16	22.22	.54
Total	100	100	100	100

Production and Capacity Utilisation

4. The production and the capacity utilization of the domestic industry has increased during the POI as compared to the preceding nine months. However, it has declined considerably from 2001-02. The domestic sales of the domestic industry has declined significantly during the POI as compared to 2000-01 though it has increased as compared to the preceding period. It is noted that the domestic industry continues to suffer low capacity utilization since 2000-01.

PRICE EFFECT

5. As regards the impact of the dumped imports on the domestic industry the principle (iv) of Annexure-II of the Anti-Dumping Rules states:

"The examination of the impact of the dumped imports on the domestic Industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilisation of capacity; factors affecting domestic prices, the magnitude of margin of dumping; actual and potential negative effects on cash flow inventories, employment, wages, growth, ability to raise capital investments."

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 product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree. The Authority has compared the landed value of imports of subject goods from subject countries during the POI with the net sales realization and has found that there has been a significant price under-cutting by the dumped imports. The landed value of imports has been found to be significantly lower than the domestic industry’s net sales realization.

The Authority has also examined the claim of the petitioner that the domestic industry is suffering on account of the losses from the sale of Copper Clad Laminates .The Authority notes that price underselling is an important indicator to make an assessment of the injury. The Authority has worked out the Non-injurious price for the product under consideration and compared the same with the landed value to arrive at the extent of price underselling. The analysis shows a significant level of incidence of price underselling causing injury to the domestic industry. Additionally, the imports were having significant suppressing/ depressing effect on the prices in the domestic market, as the domestic industry had not been able to raise its selling price in view of the dumped imports of the subject goods. Thus examination of the available evidence shows that the domestic industry as a whole has suffered injury on its sales of subject goods during POI. The Authority has determined the extent of price undercutting during the POI and concludes that the domestic industry has suffered significant price undercutting and price underselling during the POI because of import from the subject country.

Selling price

6. The selling prices of the domestic industry have declined during the POI as compared to 2000-01. It is also noted that the domestic industry has been making continuous losses since past several years. Though their loss has come down during 2000-01, it has increased significantly during the Period of investigation. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of declining selling price of the subject goods.

Inventories

7. It is noted that in spite of reduction in production, the domestic industry is facing higher inventory in terms of opening stocks and average stocks. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of higher inventory of the subject goods.

Productivity & Growth:

8. The productivity of the domestic industry (production per employee) has declined considerably since 2000-01 though it has improved marginally as compared to preceding nine months. It is also noted that the growth of the company has been negative during the POI as compared to 2000-01. In fact, the domestic industry has been experiencing a negative growth since 2000-01. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of decline in productivity and growth.

Closure of No. of Producers:

9. It is noted that the other producers of the subject goods in India has closed down their production and the Petitioner is the sole company left as the domestic industry. After examining the contention of the interested parties, the Authority provisionally concludes pending further examinations that the other firms might have been closed on account of imports from subject countries.

Ability to raise fresh investments.

10. It is noted that the petitioner has got some loans from the financial institutions earlier. The petitioner claims that the funds drawn could not be utilized due to existing adverse performance and higher interest burden. It is also claimed that so severe has been the impact of dumping that even the repayment of existing liabilities has become difficult, leave aside fresh investments. The Authority has examined the contention of various interested parties and notes that in view of the situations prevailing, the firm has little ability to raise the investments.

Employment:

11.It is noted that the employment with a company has marginally declined during the POI as compared to 2000-01 though it has increased from 99-000. However, based on the evidence made available, the Authority could not provisionally conclude any injury on account of loss of employment.

Cash Flow and Profitability:

12. The cash flow of the company, which had become positive during 2000-01 has been declining continuously thereafter and has been negative since that time. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of declining cash flow.

Price Suppression/Depression and Price Underselling.

13. It is noted that the landed price of the imports are lower than the cost of production of the domestic industry. Additionally, the

Economic Parameters Relating to the Injury					
	Units	**99-00**	**2000-01**	**Ap-De An**	**POI Ann**
Installed capacity	Index	100	100	100	100
Production	Index	100	140	91	100
Capacity Utilisation	% Index	100	140	91	100
Sales Domestic	Index	100	129	79	94
Sales Other producers	Index	100	88	24	8
Opening Stock	Index	100	58	148	160
Closing Stock	Index	100	253	273	213
Cost of Production	Index	100	105.4	104.99	87.71
Avg Selling price	Index	100	117	108	92
Profit/Loss	Index	-100	-32	-87	-58
Working Capital	Index	100	110	102	90
Capital Employed	Index	100	103	101	98.9
Return on capital	Index	-100	-22	-78	-50
Salary &Wages	Index	100	152	161	158
Productivity	Index	100	113	77	85
Growth	%	100	15	-20	-31

selling price of the domestic industry is below the cost of production of the domestic industry, which has resulted in price underselling by the domestic Industry. The Authority after examining the evidence provisionally concludes that the firm is facing injury on account of price suppression, price depression and price underselling.

Price Undercutting in Copper Clad Laminates (in Rupees) PSQM

Price Undercutting during POI				
Country	**Net selling Price petitioner**	**Landed Price from subject country**	**Price Undercutting**	**Wt Avg Price Undercutting %**
China PR	****	****	****	22%
Hong Kong	****	****	****	
Taiwan	****	****	****	
DOOSAN, Korea	****	****	****	
Others Korea	****	****	****	

ISOLA, Phillipines	****	****	****	
Others, Phillipines	****	****	****	

Conclusions on Injury

28. From the foregoing, the following conclusions are made by the Authority regarding injury suffered by the domestic industry

1. Imports from the subject countries of subject goods have increased significantly in absolute terms.
2. Imports from subject countries have increased in relation to total imports of Copper Clad Laminates in India.
3. Imports from the subject country have increased in relation to the demand of Copper Clad Laminates in India.
4. Imports are significantly undercutting the selling prices of the domestic industry.
5. The petitioner is suffering from price underselling also as landed price of subject goods are below the Non Injurious price or fair selling price of the domestic industry.
6. The petitioner is suffering from price suppression/ depression as landed price of the subject goods from subject country are less than cost of production of the domestic industry.
7. The domestic industry has suffered losses on account of sales on subject goods. In fact, they have incurred losses during the POI along with their loss of sales volume during the same period.
8. On the basis of the foregoing, the Authority observed that the domestic industry has suffered volume as well as price injury. On the whole, the domestic industry has suffered material injury.

J. CAUSAL LINK:

a. In determining whether injury to the domestic industry was caused by the dumped imports, the Authority examined the impact of all known factors and their consequences on the situation in the Industry. Known factors other than dumped imports which could at the same time, have injured the domestic industry, were also examined to ensure that the possible injury caused by these other factors was not attributed to the dumped imports.
b. Effects of the Dumped Imports:

   Between 1999-2000 and the POI, dumped imports from the subject countries in market share from 55.8% in 1999-00 to 82.67%) in the POI. During the POI, it was 98.5% of the total imports. As regards the export prices, they decreased substantially during the whole period under consideration and undercut the domestic industry prices during the POI on an average by 22%.

Prices of the dumped imports were below those of domestic industry throughout the period under consideration and exerted a pressured on them which force the domestic industry to maintain depressed prices. It is, therefore, considered that the dumped imports caused material injury to the domestic industry .

c. Effects of Other Factors:

Few importers have suggested that other domestic producers namely M/s Sandur laminates, which was a 100% EOU and M/s Bakelite Hylam who had closed down in 1999, has nothing to do with the injury due to dumped imports from subject countries. M/s Bakelite Hylam and M/s PCS Industries have submitted their production details upto 2001-02 and have confirmed that they had closed down their operations due to the dumping from a number of countries. After examining the contentions made by various interested parties with regard to the closure of the other two manufacturing units namely M/s PCS industries, Pune and M/s Bakelite Hylam Ltd, Secundarabad, the Authority provisionally concludes that the units have been closed due to the dumped imports from the subject countries.

d. Self –Inflicted Injury:

It has been submitted by various interested parties that the petitioner company has significantly eroded its networth over the past number of years due to inefficient performance and not due to alleged dumped imports. It has also been submitted that the company has already registered with a competent Authority (BIFR) for a rehabilitation package and continued losses being suffered by the petitioner company in over the last number of years cannot be attributed to the alleged dumped imports.

The Authority finds truth in the statement that the company has been found to have eroded its net worth due to reasons set out in the report as claimed by the various interested parties. It is also noted that competent Authority has found certain reasons for the sickness of the company and has further found that in case the company takes certain steps in overcoming these shortcomings, the company would become viable again. The Authority notes that the company has been suffering injury for a very long period and there could be several causes for this prolonged injury. Reasons for the injury has been well brought out in the report by the competent authority and action has already been taken by the petitioner as per the copies of the return filed before the competent Authority as submitted by the petitioner. The Authority provisionally agrees with the contention of the domestic industry that it has taken sufficient steps with regard to the those factors set out in the BIFR Report which has earlier caused injury. However, the injuries earlier suffered by the domestic industry as set out in the report as mentioned earlier and now being suffered by the domestic industry is due to the different causes and time periods.. The domestic industry has claimed that the company has taken all such steps it was required to undertake as per BIFR report. The Authority agrees with the contention of the domestic industry that it would not be proper to refer to the past problems for the present injury to the domestic industry when the causes and time periods of the injury suffered are different. After examining the contentions from the various interested parties, the Authority notes that the company cannot be prevented from seeking other redressal measures to overcome injury due to the dumped imports after it has taken certain steps in overcoming problems/shortcomings mentioned by a competent Authority.

e. Contraction of Demand:

   The Authority could not find any evidence of contraction of demand, change in the pattern of consumption, trade restrictive practices and competition between the foreign and domestic producers. It is also noted that developments in technology has not been a cause for injury to the domestic injury.

f. Imports from Third Countries:

   According to the information placed before the Authority, the total import volume of the subject goods originating in third countries remained a small proportion of the total imports made by subject countries and their market share fluctuated around 2% . Therefore, they are provisionally considered not to have had a significant impact on the domestic Industry.

g. Conclusion on Causation:

   Given the above analysis, which has properly distinguished and separated the effects of all known factors on the situation of the domestic industry from the injurious effects of dumped imports, it is provisionally concluded that these other factors as such did not reverse the fact that material injury found may be attributed to the dumped imports.

   It is, therefore, provisionally concluded that dumped imports from the subject countries have caused material injury to the domestic industry within the meaning of Rule 11 of the Anti Dumping Rules.

K. INDIAN INDUSTRY'S INTEREST:

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

The Authority recognizes that the imposition of anti dumping duties might affect the price levels of the products manufactured using subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition on the Indian market will not be reduced by the anti dumping measures. On the contrary, imposition of anti dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods.

30. The Authority notes that the imposition of anti dumping measures would not restrict imports from subject countries in any way, and therefore, would not affect the availability of the product to the consumers. The consumers could still maintain two or even more sources of supply.

L. CONCLUSIONS:

31. The Authority has, after considering the foregoing, come to the conclusion that:

A. The subject goods have been exported to India from the subject countries below its normal value.
B. The Domestic Industry has suffered material injury;
C. The injury has been caused cumulatively by the dumped imports from Subject Countries.

32. The Authority considers it necessary to impose an anti dumping duty provisionally, pending final determination, on all imports of Copper Clad Laminates in order to remove the injury to the domestic industry. The margin of dumping determined by the Authority is indicated in the paragraphs above. The Authority proposes to recommend the amount of anti dumping duty equal to the margin of dumping or less, which if levied, would remove the injury to the domestic industry. For the purpose of determining injury, the landed value of imports is proposed to be compared with the non-injurious price of the petitioner company determined for the period of investigation.

Accordingly, the Authority recommends that the provisional anti dumping duties be imposed from the date of notification to be issued in this regard by the Central Government on all imports of subject goods i.e. Copper clad laminates belonging to thickness 0.8 mm to 3.2 mm (both 0.8mm and 3.2mm inclusive) conforming to NEMA grades FR1&2, XPC, FR4 and CEM-1 falling under Custom Heading 7410.21 originating in or exported from subject countries pending final determination. In view of the significant variations in the associated costs and prices of various types of laminates and a number of countries involved in the present case, it is considered appropriate to recommend anti dumping duty on ad valorem basis. Accordingly, Anti dumping duty is recommended at a percentage of CIF export prices to India at the rate set out below in column 3 of the following table:

Country (1)	Name of the Exporter / Producer (2)	Duty % (3)
Korea RP	M/s DOOSAN Corporation	26.67
	Other Producers/Exporters	46.41
Philippines	M/s ISOLA Asia Pacific (Phls.) Inc	14.06
	Other Producers/ Exporters,	22.83
Taiwan	All Exporters/Producers	18.07
Hong Kong	All Producers/Exporters	23.89
China PR	All Producers/Exporters	43.92

33. CIF value of imports for the purpose shall be the value except all duties under the Customs Tariff Act, 1975.

M. FURTHER PROCEDURE:

34. 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 preliminary findings. 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 provide opportunity to all the interested parties for making oral submissions, which have to be rendered thereafter in writing;
d. The Authority would conduct further verification to the extent deemed necessary.
e. The Authority would disclose essential facts before announcing final findings.

L.V. SAPTHARISHI
DESIGNATED AUTHORITY