MINISTRY OF COMMERCE AND INDUSTRY
(Department of Commerce)

NOTIFICATION

New-Delhi, the 16th November, 2000

PRELIMINARY FINDINGS

Subject: Anti-Dumping investigations concerning imports of Ferro Silicon from Russia, China and Iran … Preliminary Findings.

28/1/2000-DGAD – Having regard to the Customs Tariff Act 1975 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. Indian Metals and Ferro Alloys Ltd., Bhubaneshwar, M/S Nava Bharat Ferro Alloys Ltd., Hyderbad and M/S VBC Ferro Alloys Ltd., Hyderabad alleging dumping of Ferro Silicon originating in or exported from Russia,China and Iran.

ii. The preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was thereafter considered as properly documented.

iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate investigations against alleged dumping of imports of Ferro Silicon originating in or exported from Russia, China and Iran. The Authority notified the Embassies of the subject countries 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 5th June, 2000, published in the Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of Ferro Silicon classified under customs sub-heading no. 7202.21 and 7202.2100 of Chapter 72 of the Customs Tariff Act, 1975, originating in or exported from Russia, China and Iran.

v. The Authority forwarded a copy of the Public Notice to the known exporters (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 Ferro Silicon 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 Russia, China and Iran.

viii. The Authority provided copies of the non-confidential Petition to the known exporters and the Embassies of the subject countries in accordance with Rule 6(3) supra.

ix. The Authority sent a questionnaire, to elicit relevant information to the following known exporters in Russia, China and Iran in accordance with Rule 6(4);

RUSSIA

- Chelyabinsk Electro Metallurgical Integrated Plant
  Chelyabinsk 454081
- Klutchersk Ferro Plant
  Devurechensk Settlement,
  Sysertsle District
  SVERD: OVSK OBLAST 624013
  Russia

CHINA

- China Hanton Ind. Ltd
  2401 110 King Comm. Centre
  Hong Kong,
- Nanjing No. 3 Ferro-Alloy Plant,
  HO 13 Jiangning Road
  Nanjing City, Jiangsu
- Tianjing Non-Ferrous Metals
  International Trade Co. Ltd.,
  Tianjin, China
- Hunau Ferro Alloy Plant,
  Ijunan, China
- Jinchuan Nono Ferrous Metal Co.
  Gansu Province,
  China

- Jinzhou Ferro Alloys Plant,
  Liaoning, China
- Nanjing Ferro Alloys Plant,
  Jiangsu, China
- Shanghai Ferro Alloy Plant,
  West Shanghai, China
- Xiber Ferro Alloys Works,
  Gansce, China
- Xinyu Iron & Steel Works,
  Jiangzxi Province, China
- Xishui Country Ferro Silicon Plant,
  Hubei, China
- Zunyi Ferro Alloy Plant,
  Guizhou Province,
  China

TRADERS

- Scand Metal International S.A.
  Brussels
- Ferromet AB
  Stockholm
- Ferco Intertrade (U.K.) Ltd.
  London
- Ferco Celik Vc Dis Ticaret Ltd.,
  Turkey
- Korca Non-Ferrous Metal
  Calcutta
- First Industrial S.A.
  Luxembourg
- Benet Luxembourg S.A.
  Luxembourg
- DDK Trading Ltd.
  Sliema Malta
- London Metals Ltd.
  London 2 YT
- Elkem A.S.
  Norway
- Trans Commodities A.G.?
  Switzerland

- L & M Group
  Germany
- CMIEC India Liaison Office,
  New Delhi-110 021
- AIMCOR Metals Group
  Coraoplls, P.A. 15108

IRAN

- Iran Ferro Alloys Industries Company,
  P.O.Box 15815/3169,
  No. 621 St. Gandhi Avenue,
  Tehran 1517

The exporters did not respond to the questionnaire. However, Iran Ferro Alloys Industries Company in a letter dated August 20th, 2000, addressed to the Designated Authority stated that Ferro Silicon has got various grades and the standard one is Si:73-78%. They have supplied only 300 /MT tons of this product at USD 540/ MT C+F Mumbai of which USD 20/ MT is freight. This material has got an international price with slight fluctations and as a small producer compared to world turnover, they cannot but obey international prices. Their total production capacity is actually 20,000 MT and Iran's actual production is about 40,000 MT which is mainly used in Iran. The Authority notes that the information as furnished in the letter is not substantiated with documentary evidence.

The Embassies of Russia, China and Iran were informed about the initiation of the investigation in accordance with Rule 6(2) with a request to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letter, non-confidential petition and questionnaire sent to the exporters was also sent to them, alongwith the name and addresses of the exporters.

x. A questionnaire was sent to the following known importers of Ferro Silicon in India calling for necessary information in accordance with Rule 6(4);

IMPORTERS – FERRO SILICON

- OPRK Ferro Alloys Ltd.
  Wazirpur, Delhi-110 052
- Metalic Alloys
  Delhi-110 052

- Durga Chemical Agencies,
  Ludhiana
- Himani Ferro Alloys Ltd.,
  Karol Bagh, New Delhi
- British Metal Corp.India Pvt. Ltd.
  New Delhi- 110 001
- Metco Marketing
  New Delhi
- Oswal Minerals,
  Bangalore-560021
- Jain Ferro Alloys
  Bangalore-560021
- Manhar Manak Alloys Pvt. Ltd.,
  Mumbai – 400 004
- Shriram Enterprises,
  Chennai – 4
- Sterling Ferro Alloys Pvt. Ltd.,
  Baroda – 390 005
- Kothari Metals Ltd.,
  Calcutta – 71
- Gargi Industries,
  Mumbai – 400 074
- Kalinga Alloys Ltd.,
  New Delhi – 110 005
- Essel Mining & Industries Ltd.,
  Gujarat
- Visa International,
  Calcutta – 700 017
- Rashtriya Ispat Nigam Ltd. (VSP),
  Andhra Pradesh
- Sunglag Iron & Steel Co. Ltd.,
  Nagpur – 400 001
- Essar Steels Ltd.
  Gujarat
- Mukand Ltd.,
  Mumbai – 400 080
- Minex Metalurgical Co. Ltd.,
  Mumbai – 400 069
- Vrindhavan Enterprises,
  New Delhi –110 029

- Snam Alloys Pvt. Ltd.,
  Pondicherry
- Panchmahal Steel Ltd.,
  Mumbai – 400 021
- Shrilakshmi Traders,
  Bangalore – 560 021
- Electro Ferro Alloys Pvt. Ltd.
  Ahmedabad – 380008
- DCM Engineering Products
  Ropar – 140 01
- Rathi Ispat Ltd.,
  Ghaziabad
- Starwire India Ltd.,
  Faridabad
- Haryana Steel & Alloys Ltd.,
  Haryana

FERRO SILICON MAJOR CONSUMERS

- Jindal Strips Ltd.
  Hisar
- Sunflag Iron & Steel Co. Ltd.
  Nagpur – 440001
- Haryana Steel & Alloys Ltd.
  Sonipat, Haryana
- Essar Steels Ltd.,
  Gujarat
- Rathi Ispat Ltd,
  Ghaziabad (U.P.)
- Mukand Ltd.,
  Mumbai – 400 080
- Ambica Steels Ltd.,
  Sahibabad (U.P.)
- Minex Metallurgical Co. Ltd.,
  Mumbai – 400069
- DCM Engineering Works
  Ropar - 140001
- The Tata Iron & Steel Co. Ltd.,
  Jamshedpur – 831 001
- Upper Inda Steel Mfg. & Engg. Co. Ltd.,
  Ludhiana – 141 010

- Steel Authority of India Ltd.,
  Calcutta – 700 071
- Aartee Steels Ltd.,
  Ludhiana , Punjab
- Rashtriya Ispat Nigam Ltd. (VSP),
  Visakhapatnam
  Andhra Pradesh
- Punjab Concast Ltd.
  Ludhiana – 141 010
- Office of the Directorate General of
  Supplies & Disposals (DGC&D)
  New Delhi – 110 001
- Usha Martin Ltd.
  Calcutta – 700 071
- TELCO Ltd.,
  Jamshedpur – 831 001
- Starwire India Ltd.
  Faridabad
- Ennore Foundries Ltd.,
  Chennai – 600 057
- Pioneer Alloy Casting Ltd.
  Chennai – 600 028
- Electro Steel Castings Ltd.
  Calcutta – 700 0001
- Gontiernan Piepers Ltd.,
  West Bengal
- GKW Ltd.
  Howrah – 711103
- Keshoram Spun Pipes & Foundries Ltd.
  Calcutta – 700 070

Response was filed by the following:

- Ferro Alloys Ltd, Raipur
- Shree Guru Kripa Alloys Pvt Ltd. Jammu
- Puja Ferro Alloys Ltd., Goa
- SNAM Alloys Pvt. Ltd., Pondicherry
- Mukand Ltd., MUKANDE, Thane
- Sterling Ferro Alloys Pvt. Ltd., Baroda
- Sunflag Iron & Steel Co, Ltd., Bhandar
- Tata Engineering, Mumbai

- Electro Ferro Alloys Pvt. Ltd., Ahmedabad
- The Sandur Manganese & Iron Ores Ltd., Metal & Ferro Alloys Plant, Hospet

xi. 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.

xii. Cost investigations were conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) on the information furnished by the petitioners so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.

xiii. Some of the interested parties requested for extension in time to file their responses to the importers questionnaire which was granted upon due cause shown.

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 1st April 1999 to 31st December 1999 (9 months).

B. PETITIONERS VIEWS

2. The petitioner has raised the following major issues in their petition and in their subsequent submissions:

i. Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. Ferro Silicon is manufactured in submerged arc furnace where heat is generated by resistance of raw materials when electrical energy is passed through carbon electrodes. The main raw material for the production of Ferro Silicon is Quartzite which contains more than 98% SiO2. Carbon paste and electricity are other raw materials required for the production of the subject goods. Since the process of manufacture is almost slagless, only alloy is tapped out from the furnace at intervals. The product is then casted and cooled for sizing as per the customers' requirements.

ii. Ferro Silicon is being imported from the subject countries for quite some time. Ferro Silicon is primarily imported by users for their own end use. There are a number of producers of Ferro Silicon in Russia, China and Iran. The Chinese producers do not undertake exports directly. Exports are made by authorised trading houses in China. However, the exporters from these countries have reduced their prices in 1998-99 which is causing injury to the domestic industry. The volume and value of imports of Ferro Silicon as per DGCI&S for

1996-97, 1997-98, 1998-99 and the POI i.e April, 1999 to December, 1999 are as follows:

As per DGCIS Quantity (MT)

Country	1996-97	1997-98	1998-99	POI
Russia	1074.7	2949.8	2514.8	4003.78
China	220.7	2209	80.29	2675
Iran	---	142.8	---	280
Sub.countries	1295.5	5301.8	2595.18	6958.78
Other Sources	9931	6429.96	1779.58	5858.5
Total imports	11226.5	11731.8	4374.7	12817.3

(Imports of the the subject goods have been considered under custom classification no. 7202.2100).

Value in Rs./ kg.(cif)

Country	1996-97	1997-98	1998-99	POI
Russia	24.06	22.96	23.19	23.19
China	34.41	24.27	47.15	25.16
Iran	---	25.34	---	20.54
All other Sources	38.30	31.5	44.12	44.60

Landed value of exports

Country	1996-97	1997-98	1998-99	POI
Russia	29.64	28.97	29.27	29.86
China	42.39	30.63	59.52	32.39
Iran	---	31.98	---	26.44
Other sources	47.18	39.76	55.7	57.37

a. As per the information of the Administrative Ministry, there are fifteen producers of Ferro Silicon in India, three of whom have filed this petition. A fourth producer namely M/s Indsil Electrosmelts Ltd., Coimbatore has supported this petition.
b. From the user industry response, it is learnt that M/s Shree Guru Kripa Alloys Pvt. Ltd. commenced production in November, 1996 and since then they have been manufacturing Ferro Silicon. Their production in the year 1998-99 was 115 MT on an average per month. In the year 1999-2000 it was 113 MT (approx).

Production in MT

Producers	1996-97	1997-98	1998-99	POI
Petitioners				
IMFA	28273	22679	22043	13379
VBC	10406	11476	6162	7748
Nava Bharat	2982	8038	1373	---
Total	41661	42193	29578	
Other than Petitioners				
Alok Ferro Alloys Ltd.	-	-	686	---
Nav Chrome Ltd.	162	324	324	---
Ispat Alloys Ltd.	8880	-	-	---
GMR Vasavi Industries Ltd.	146	33	-	5
Indsil Electrosmelts Ltd.	2864	1532	3149	18
The Silcal Metallurgic Ltd.	4449	3462	5040	5005
The Travancore Electro Chem	-	57	506	---
Sandur Maganese & Iron Ores	8102	10993	5227	---
Visvesvarya Iron & Steel Co. Ltd.	7557	7986	2319	---
Universal Ferro Alloys Chem	-	4008	4008	---
M/s Anjaney Ferro Alloys Ltd.				50
M/s Shyam Ferro alloys Ltd.				86
Shree Guru Kripa	Not known	Not known	115	113
Total Indian Production	73821	70582	50837	26291

As can be seen from the table above, the Petitioners, excluding the supporters represent 80.35% of the total Indian production. If the production of Indsil is also included, the petitioners would represent 80.42% of Indian production of Ferro Silicon. Therefore, the petitioners with or without support satisfy the standing to file the present petition and constitute the domestic industry under the Rules.

As per information furnished by The Indian Ferro Alloys Producers Association, the production of Ferro Silicon (MT) during 1996-97 to 1999-2000 was as given in the Table below:-

Year	1996-97	97-98	98-99	99-2000
Members				
IMFA	28,036	23,722	21,619	26,731
VBC	10,557	12,202	10,410	10,809
NBFA	2,984	8,414	1,379	---
Others	19,999	22,404	13,854	5746
Non-Members	17,000	13,000	12,000	13,000
Total	78,576	79,742	59,262	56,286

From the above table, the Petitioners, excluding the supporters represent 66.69% of the total Indian production.

iii. There are no differences in the Ferro Silicon produced in India and that imported from the subject countries. The various range or models of Ferro Silicon can be described in terms of percentages content of silicon . There is no difference in the Ferro Silicon produced by Indian Industry and that exported from the subject countries which can have an impact on price. Petitioners have been certified ISO 9002. The Ferro Silicon produced by the Indian industry and imported from the subject countries is comparable in terms of characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the goods. The two are technically and commercially substitutable. Consumers of Ferro Silicon have used the two interchangeably.

iv. There is no known significant difference in the technology adopted by the Indian Industry and the manufacturers in the exporting countries. The technology employed throughout the world is the smelting process. The process adopted by the Indian industry is comparable with the technology adopted by the manufacturers of Ferro Silicon in the subject countries.

v. Nava Bharat Ferro Alloys Ltd., has stated that the production of Ferro Silicon is not remunerative at the prevailing power price, given the prices at which the imported material is available. The company therefore considered it more appropriate to suspend the production of Ferro Silicon and concentrate on other products where contribution is relatively better.

vi. The petitioners have requested for imposition of anti-dumping duty on variable basis in view of the significant variation in import prices.

C. VIEWS OF IMPORTERS, EXPORTERS AND OTHER INTERESTED PARTIES

3. **Importers views**

(A) Alok Ferro Alloys Ltd.

1. This company is not a manufacturer of Ferro Silicon but are manufacturers of Ferro Manganese, Silico Manganese and Ferro Chrome.
2. Their plant is closed since December, 1998. No material has been produced since December, 1998, till date.

(B) Shree Guru Kripa Alloys Pvt. Ltd.

1. Their unit commenced production in November, 1996 and since then they have been manufacturing Ferro Silicon. Their production in the year 1998-99 was

115 MT on an average per month. In the year 1999-2000 it was 113 MT (approx).

2. For the past six months, they have been facing unhealthy competition with M/S Bhutan Ferro Alloys. They have opened up their depots almost everywhere in Punjab and are selling Ferro Silicon at a rate which is lower than the cost price of this responded.

(C) Puja Ferro Alloys Ltd.

1. This company is a producer of Ferro Alloys (including Ferro Silicon) in India. They have had to suspend the manufacture of Ferro Silicon because the same is unviable in India because of dumping of this material by other countries at ridiculously low prices.
2. Imports of Ferro Silicon have increased significantly in the past few years. Moreover, the imports are coming at increasingly lower prices. This has resulted in significant injury to the Indian Industry and few companies have been forced to suspend their production.
3. The Indian Ferro Alloys market is being completely ruined by cheap imports from Russia, China and Iran. These countries are responsible for running the scope of manufacturing of Alloys in India.

(D) Electro Ferro Alloys Pvt. Ltd.

1. Ferro Silicon is a basic raw material needed for steel industry, foundries and electrodes, etc. It is requested that anti-dumping duty should not be levied specially on Ferro Silicon Chips and Powder. The reasons are as given below:-

a. The quality available in India of 70-75% for chips and powder is not consistent and not available in required quantities.
b. Prices are very high due to limited production by Indian companies.
c. Indian companies are protected because of high duty as well as depreciation of Rupee from Rs. 43.50 to Rs. 45 which is likely to go down during the course of this year to Rs. 46. This will automatically mean 6% more protection to indigenous industry.
d. Anti-dumping duty of not more than 5% may be levied on all grades of Ferro Silicon but in the forms of lumps i.e. 10 mm and above but not on chips and powder.
e. Anti-dumping duty would mean higher cost of steel and foundry material which is the backbone of Indian infrastructure and core industry.

(E) The Sandur Manganese and Iron Ore Ltd.

1. The Metal and Ferro Alloys Plant of this company is under closure since Ist August, 1998 due to steep hike in power tariff and unfavourable market condition, both in international and domestic markets.

(F) Sunflag Iron & Steel Company Ltd.

1. This company has imported Ferro Silicon duty free (DEPB) during the POI from the subject countries details of which are as follows:-

Country	Ex.Rate	Qty.(MT)	Cif Rate (USD)	Value (USD)	Landed Value as stated Rs./MT
Iran	43.70	***	***	***	***
Russia	43.75	***	***	***	***
China	43.60	***	***	***	***
Russia	43.55	***	***	***	***

2. The details of the product, quantity, value and rate of largest purchase by the company from indigenous manufactures during the POI is as follows:-

Period	Name of Co.	Qty.(MT)	Rate per unit(Rs.)
Apr.-June	IMFA	***	***
Apr.-June	VBC	***	***
July-Sept.	VBC	***	***
July-Sept.	IMFA	***	***
Oct.-Dec.	VBC	***	***

*Weighted average ***/ MT*

(G) Sterling Ferro Alloys Pvt. Ltd.

1. The following companies have not produced Ferro Silicon during the investigation period and have discontinued the production of Ferro Silicon as the same has been found to be uneconomical due to high power costs in the country. The following companies have found the production of other manganese and chrome based ferro alloys more economical.

a. Nava Bharat Ferro Alloys Ltd.
b. Alok Ferro Alloys Ltd.
c. Nav Chrome Ltd.
d. Ispat Alloys Ltd.
e. GMR Vasavi Industries Ltd.
f. Indsil Electrosmelts Ltd.
g. Travancore Electro Chem Ltd.
h. Sandur Manganese and Iron Ores Ltd.

i. Visvesvaraya Iron & Steel Co. Ltd.
j. Universal Ferro Alloys and Chem Ltd.

2. The annual requirement of Ferro Silicon is in excess of 100,000MT including Steel Authority, TISCO, other main plant and the private sector. In the past there has always been a short fall in the availability of this product. The demand is cyclical and there are periods of slackness and shortfall every year.
3. The main producers of Ferro Silicon have withdrawn the production of this alloy since the last five years, including Nava Bharat Ferro Alloys, Ferro Alloys Corporation, etc. due to more profitable avenues in production of other alloys.
4. What is produced in India is a standard 70-75% grade and it can be said without any default that a minimum of 80% of what is imported is a 65% grade from Russia. Imports from China and Iran are negligible which are generally of the 75-80% grade.
5. The material coming from Russia being 65% grade obviously will work out cheaper by at least 10% compared to the domestic 70-75% production. This material also has other drawbacks. It is highly friable in nature i.e. there is a large contents of fines in the material by the time it arrives at destination leading to lower realisation at sales points.
6. Imports are only to fulfil the shortfall in the Indian market . These imports drive market prices in India. Prices could vary within one financial year from Rs. 26,000/MT to 36,000/MT on an ex-works basis for the 70-75% grade in India.
7. It is difficult to imagine that countries like Russia and China would sell Ferro Silicon to India at a price cheaper than what they can sell within their own country or even to a third country. Most of the sales are made to India through Europe based traders who would obviously sell their product for maximum profit. It is true, however, that the cost of production is lower in these countries.
8. The demand for Ferro Silicon is diminishing with the increase in use of Silico Manganese by all the main producers and large steel plants. The consumption of Ferro Silicon has further reduced in foundries due to the high contacts of Silicon in the pig iron available these days, leaving only the alloy and special steel producers to consume this material, which are few in number.
9. The production of this alloy has steadily decreased in most nations of Europe as it is very power intensive in nature.
10. A levy of anti-dumping duty cannot assist the Ferro Silicon Industry in India. There are other producing nations which can supply material at similar prices. If the industry really needs protection, a compensation for high power costs and a general duty increase is what could help.

11. Details of this respondent's imports of the product under consideration from the subject countries during the investigation period are as given below:-

Country	Qty (MT)	Rs. /MT	USD/MT	Exc.Rate
Russia	***	***	***	43.70
Russia	***	***	***	43.76(Ave.)

Details of purchase of the quantity and value of the product under investigations from indigenous manufacturers during the POI are as given below:-

Period	Name of Co.	Qty(MT)	Rs. Rate per unit
Apr.-June	Sri Lakshmi Electrosmelters Pvt. Ltd.	***	***
Apr.-June	The Silcal Metallurgic Ltd.	***	***
July-Sept.	Sri Lakshmi Electrosmelters Pvt. Ltd.	***	***
July-Sept.	The Silcal Metallurgic Ltd.	***	***
Oct.-Dec.	The Silcal Metallurgic Ltd.	***	***

(H) Hindustan Produce Company

1. The landing cost of Ferro Silicon of the subject countries is comparatively much higher than the price at which the same is sold by Indian manufacturers.

2. The aluminium content in imported Ferro Silicon is higher than the Ferro Silicn produced in India and as such the import cannot affect the Indian manufacturers.

3. The sales of Indian manufacturers during the investigation period i.e., April – December 1999, were affected not because of cheaper imports but because of general slump in market conditions, particularly steel.

4. **Exporters Views**

The known exporters in Russia, China and Iran did not respond to the Authority's request for information as per the prescribed questionnaire.

D. EXAMINATION OF THE ISSUES RAISED

1. The submissions made by the petitioner 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.

E. PRODUCT UNDER INVESTIGATION

6. Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. Silicon constitutes the major proportion in Ferro Silicon. The size of Ferro Silicon is generally described in terms of millimeter of the outer dia of the product.

Ferro Silicon is primarily used as a deoxidiser in the production of steel and alloy steels. Ferro Silicon is also used in the manufacturing of power rectifiers and welding electrodes. The various users of Ferro Silicon can be described as under:

- Deoxidiser in the production of steel,
- As an alloying element for steel,
- In the making of electrical grade steel,
- In the production of anti-corrosive and acid resistant steel,
- In the manufacturing of power rectifiers,
- In the manufacturing of welding electrodes,
- It is added to cast iron as graphitising agent,

Ferro Silicon is classified under Customs sub-heading Nos. 7202.21 and 7202.2100 of Chapter 72 of the Customs Tariff Act, 1975.

F. LIKE ARTICLES

6.Ferro Silicon is an alloy of iron and silicon containing calcium, aluminum, carbon, sulphur and phosphorous as impurities. There is however no significant difference in terms of process, equipment or technology for the production of Ferro Silicon. Ferro Silicon is primarily used as a deoxidiser in the production of steel and alloy steels. Ferro Silicon is also used in the manufacturing of power rectifiers and welding electrodes. In order to establish that Ferro Silicon produced by the domestic industry is a Like Article to that exported from Russia and China, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

iii. Some interested parties have stressed on the quality differences between the imported Ferro Silicon and that manufactured by the petitioner. However, the basic manufacturing process, applications and overall use of the product are similar. There is a high degree of interchangeability and consequently of competition between the imported product and investigation that manufactured by the petitioner being the subject matter of this investigation. Interested parties have stated that anti-dumping duty may be levied on all grades of Ferro Silicon but in the forms of lumps i.e. 10 mm and above but not on chips and powder. The petitioners have clarified that the process of manufacture is almost slagless and only alloy is tapped out from the furnace at

intervals. The product is then casted and cooled for sizing as per the customers' requirements. Physical differences in the product are therefore dependent on buyers requirements.

The Authority also finds that there is no argument disputing that Ferro Silicon produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Ferro Silicon imported from the subject country both commercially and technically. Ferro Silicon produced by the domestic industry has been treated as Like Article to the product exported from Russia and China, within the meaning of Rule 2(d).

G. DOMESTIC INDUSTRY

7. The petition has been filed by M/s. Indian Metals and Ferro Alloys Ltd., Bhubaneshwar, M/s Nava Bharat Ferro Alloys Ltd., Hyderbad and M/S VBC Ferro Alloys Ltd., Hyderabad alleging dumping of Ferro Silicon originating in or exported from Russia, China and Iran. As per the information furnished by the O/o Development Commissioner Iron & Steel, the petitioners excluding the supporters represent 80.35% of the total Indian production.

The Authority notes therefore that the petitioners constitute "domestic industry" and have the required standing to file the present petition under the Rules.

H. DUMPING

8. The Authority sent questionnaires to the known exporters from the subject countries in terms of section 9 A (1). However, the exporters did not respond with the information called for. Therefore there are no claims made by the exporters with regard to Normal Value and Export Price. The Authority has therefore been constrained to rely upon constructed price and best available information with regard to Normal Value and Export Price respectively.

I. EXAMINATION OF NORMAL VALUE AND EXPORT PRICE BASED ON CONSTRUCTED VALUE AND ON AVAILABLE INFORMATION WITH THE AUTHORITY

(i) **NORMAL VALUE**

9. The Authority observes that the exporters from the subject countries have not responded to the questionnaire in the prescribed format and have not furnished

information relating to normal value, export price, and dumping margin. The Authority therefore considers all exporters to be non-cooperative and has proceeded on best available information.

In the absence of information from the concerned exporters from the subject countries, the Authority has been constrained to determine the constructed cost of the subject goods in Russia and China and has determined export price from the named countries as available in official data.

The normal value in Russia is therefore considered to be USD ***MT or Rs ***/MT at an average exchange rate during POI of 1USD=Rs 43.35.

The normal value in China is considered to be USD ***/MT or Rs ***/MT at an average exchange rate during POI of 1USD=Rs 43.35.

(ii) **Export Price**

(A) Russia

10. The cif price as per the information available with the Authority is determined at Rs ***/MT. The ex-factory export price has been determined after taking USD ***/MT, ***% as marine insurance charges, commission @***% for the agent in Russia, ***% of fob value for port handling and port charges as per the Indian experience and transportation costs @ ***% likely to be incurred by the producers in Russia to their sea ports. However, commission @***% for the Indian indenting agent as claimed by the petitioners is not allowed by the Authority for want of documentary evidence. After adjustments on these accounts the ex- factory fob export price is estimated to be Rs ***/MT or USD ***/MT at an average exchange rate of Rs 43.35=1USD.

(B) China

11. The cif price as per the information available with the Authority is determined at Rs ***/MT. The ex-factory export price has been determined after taking USD ***/MT, ***% as marine insurance charges, commission @***% for the agent in China, ***% of fob value for port handling and port charges as per the Indian experience and transportation costs @ ***% likely to be incurred by the producers in China to their sea ports. However, commission @***% for the Indian indenting agent as claimed by the petitioners is not allowed by the Authority for want of documentary evidence. After adjustments on these accounts the ex- factory fob export price is estimated to be Rs ***/MT or USD ***/MT at an average exchange rate of Rs 43.35=1USD.

(i) **Dumping margin**

(A) Russia

12. Considering the constructed normal value at USD ***/MT and the ex-works export price at USD ***/MT, the dumping margin determined by the Authority comes to USD ***/MT (which is 56.9% of export price).

(B) China

13. Considering the constructed normal value at USD ***/MT and the ex-works export price at USD ***/MT, the dumping margin determined by the Authority comes to USD ***/MT (which is 43.3% of export price).

J. INJURY

14. The Authority notes that the margin of dumping and quantum of imports from the subject country are more than the limits prescribed in Rule 11 Supra.

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

(a) **Quantum of Imports**

As per DGCIS Quantity (MT)

Country	1996-97	1997-98	1998-99	POI
Russia	1074.7	2949.8	2514.8	4003.78
China	220.7	2209	80.29	2675
Iran	---	142.8	---	280
Sub.countries	1295.5	5301.8	2595.18	6958.78
Other Sources	9931	6429.96	1779.58	5858.5
Total imports	11226.5	11731.8	4374.7	12817.3

(Imports of the the subject goods have been considered under custom classification no. 7202.2100).

The total imports of Ferro Silicon increased by 4.5% in 97-98 over that of 96-97 and by 168% in 98-99 over 97-98. The increase in the total imports of Ferro Silicon was

192.9% in the POI over the level of 1998-99. Thus the quantum of imports have gone up significantly during the period of investigation.

While the quantum of imports from Russia have gone up by 59.20% in the POI (Apr-Dec'2000) over 1998-99, the quantum of imports from China have gone up by 3231% in the POI over that of 1998-99. The quantum of imports from Iran have gone up by 96% in the POI (Apr-Dec'2000) over 1997-98.

The share of Russia in total imports was 9.5%, 25.14%, 57.48% and 31.23% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of China in total imports was 1.96%, 18.83%, 1.83% and 20.8% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of Iran in total imports was nil in 1996-97, 1.2% in 1997-98, nil in 1998-99 and 2.18% in the POI, respectively. The Authority notes that the imports of the subject goods from Iran constitute only 2.18% of the total quantum of imports of Ferro Silicon during the period of investigation and are hence de-minimis. Imports from Iran are therefore excluded from the scope of these investigations pending final findings.

(b) **Production and Capacity Utilisation**

The production capacity, actual production and capacity utilisation of the petitioners was as follows: -

Petitioners	Year	Installed Capacity (MT)	Production (MT)	Capacity Utilisation %
	1997-98			
IMFA		45000	25130	55.8
VBC		12000	12254 (Own- 11209 Job work-*** exp-*** net prod-11209	93.4
Nava Bharat		No information	8414	---
Total		57000	36486	64
	1998-99			
IMFA		45000	22319	49.59
VBC		10000	10473 (Own – 8214 Job work- ***)	82.14
Nava Bharat		No information	1374	---
Total		55000	30533	55.5
	POI (Apr-Dec'99)			
IMFA		45000	19031	42
VBC		10000	Total prod. 8373 (Own- ***; deemed export - ***; job work- *** net.prod excl. job work 7735)	77.35

Nava Bharat		---	---	---
Total		55000	26766	48.66

It is seen that production and capacity utilisation of domestic industry has declined in the period of investigation.

(c) **Sales and Market Share**

As reported by the Indian Ferro Alloy Producers' Association (IFAPA), the estimated sales (MT) of Ferro Silicon in the domestic market based on information available with them is as follows:-

Domestic Sales	**1996-97**	**97-98**	**98-99**	**99-2000**
Members	54,987	57,918	42,891	41,605
Non-members (Estimated)	17,000	13,000	12,000	13,000
Total Sales of Indian Producers (Estimated)	71,987	70,918	54,891	54,605

The quantum of sales made by the petitioners were as follows:-

Petitioners	**1996-97**	**97-98**	**98-99**	**99-2000**
IMFA	29964	22445	24984	21095
VBC	10990	9623	10193	6141
Nava Bharat	Not available	Not available	Not available	Not produced
Total	40954	32068	35177	27236

It is observed from the above that the demand of Ferro Silicon was approximately 83213 MT, 82649 MT, 59265 Mt and 67422 Mt in 96-97, 97-98, 98-99 and 99-2000 (upto Dec.'99) respectively. The annualized demand for the POI is 89896 MT. The share of imports in total demand was 13.49%, 16.54%, 7.38% and 19% in 96-97, 97-98, 98-99 and 99-2000 (upto Dec. 99) respectively. The share of the domestic industry was 49.2%, 38.8%, 59.35% and 40.39% in 96,97, 97-98, 98-99 and 99-2000 (upto Dec.99) respectively.

(d) **Closing Stocks**

The closing stocks of the petitioners were as given in the table below:-

Closing Stocks (MT)	**97-98**	**98-99**	**99-2000 (POI)**
IMFA	6323	3658	1594
Nava Bharat	1408	561	207 (for 99-00)
VBC	2370	223	1817
Total	10101	4442	3618 (annualised 4824MT).

(e) **Price undercutting and price depression**

The landed prices of the imported material are below the non-injurious price of the domestic industry . The DGCIS month-wise import data for the period of investigation shows a variation from Rs 9.25/kg to Rs 60.8/kg in the per unit rate of import prices (cif) from China. After ignoring the abnormal transactions the landed value from China is around Rs 32170/MT. The landed value from Russia (after excluding an abnormal transaction in May'99) is Rs 29,251/MT.

Rs/MT

Year	Sales Realisation of Dom. Industry (Wt.ave)	Landed Price of Imports	
		Russia	China
1997-98	***	28970	30630
1998-99	***	29270	59520
1999-2000	***	29251	32170

(f) **Profitability:-**

The domestic industry has been forced to reduce its selling prices below its cost of production, resulting in substantial financial losses. The injury to the domestic industry is evident from the per unit profit/loss made by the industry from sales in the domestic markets, as shown below:-

Rs/kg	97-98	98-99	99-2000 (POI)
IMFA			
COP	***	***	***
Selling Price	***	***	***
P/L	***	(***)	(***)
VBC			
COP	***	***	***
Selling Price	***	***	***
P/L	***	***	(***)
Nava Bharat			
COP	***	***	No production
Selling Price	Not made available	Not made available	No production
P/L	Not made available	Not made available	No production

K. CONCLUSION ON INJURY

15. In view of the foregoing it is observed that:-

a. the quantum of imports from the subject countries have increased in absolute terms;
b. the market share of the petitioners have gone down while that of imports has increased;
c. the petitioners have been forced to match import prices that are below their non-injurious price resulting in losses;
d. the domestic industry is left with substantial closing stocks.

L. CAUSAL LINK

16. The Authority notes that the Ferro Silicon industry is power intensive. Many units producing Ferro Silicon including M/s Nava Bharat were forced to either suspend production or shut down as in the presence of increased imports of Ferro Silicon at dumped prices, the high cost of production incurred in manufacture could not be passed down to the consumers. Although there has been no significant change in demand which has increased marginally, total Indian domestic production declined from 73821Mt, 70582Mt, and 50837Mt in 1996-97, 97-98, and 98-99 to 26404MT in the POI respectively, as a result of the closure of many units. The petitioners nevertheless, have the requisite capacity to meet increased demand. Dumped imports increased its share in demand from 13.49%, 16.54%, and 7.38% in 96-97, 97-98, 98-99 to 19% in 99-2000 (upto Dec. 99) respectively. The domestic industry in an attempt to retain its share of the market in such unfavourable conditions was forced to sell at losses.

Russia and China are major exporters of Ferro Silicon to India and there has been a tremendous increase in import volumes from the said countries prior to and in the period of investigation. As already noted, the share of Russia in total imports was 9.5%, 25.14%, 57.48% and 31.23% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The share of China in total imports was 1.96%, 18.83%, 1.83% and 20.8% in 1996-97, 1997-98, 1998-99 and the POI, respectively. The reduction in the export price resulted in low landed price followed by reduction in sales realisation of the petitioners. The increase in the market share of imports from Russia and China resulted in the decline in the market share of the petitioner. The domestic industry in its attempts to match the dumped import prices was forced to sell below its non-injurious price which resultantly, the domestic industry was unable to recover. The Authority therefore holds that the material injury to the domestic industry was caused by the dumped imports from the subject countries.

M. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

17. 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.

18. It is recognised 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 Ferro Silicon. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and therefore would not affect the availability of the product to the consumers. It has been stated that there was a general slump in the market conditions particularly in the steel sector during the period of investigation which affected the sales of the domestic industry. However, the estimates reflected in The Monthly Bulletin on Iron and Steel (March 2000) of the Ministry of Steel, O/o the Development Commissioner, shows an increase of 4.4% in the production of Pig Iron in 99-00 over 98-99, an increase of 9% in the production of Crude Steel in 99-00 over 98-99 and an increase of 12.5% in the production of Finished Steel in 99-00 over that of 98-99.

19. 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 Ferro Silicon in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.

N. LANDED VALUE

20. The landed value of imports is determined on the basis of export price of Ferro Silicon determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one per cent landing charges.

O. CONCLUSIONS

21. It is seen after considering the foregoing that:

a. Ferro Silicon described under para 6 originating in or exported from Russia and China has been exported to India below normal value, resulting in dumping;
b. the domestic industry has suffered injury;

c. injury has been caused by imports from the subject countries.

It was decided 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. The landed price of imports was also compared with the non-injurious price of the domestic industry, determined for the period of investigation. Accordingly, it is proposed that provisional anti-dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on Ferro Silicon originating in or exported from Russia and China falling under customs sub-heading no. 7202.2100 of Chapter 72 of the Customs Tariff Act, pending final determination. The anti-dumping duty shall be the difference between the amount mentioned in Col.3. and the landed value of imports.

Country	Name of the producer/exporter	Amount of Duty (Rs/MT)
Russia	All exporters/producers	33,120
China	All exporters/producers	33,120

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

P. FURTHER PROCEDURE

23. 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 of the despatch of this notification. 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 interested parties for oral submissions.
d. The Authority would disclose essential facts before announcing the final findings.

L.V.SAPTHARISHI
DESIGNATED AUTHORITY