

MINISTRY OF COMMERCE

NOTIFICATION

New Delhi, 24th August, 1998

PRELIMINARY FINDINGS

Subject: Anti-dumping investigation concerning imports of Calcium Carbide from China and Romania - Preliminary Findings.

27/1/97-ADD- 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

- i. The procedure described below has been followed with regard to the investigation:
- ii. Preliminary scrutiny of the application filed by petitioner revealed certain deficiencies, which were subsequently rectified by the petitioners. The petition was therefore considered a properly documented;
- iii. The Authority, on the basis of sufficient evidence submitted by the petitioner decided to initiate the investigations against imports of calcium carbide from China and Romania. The Authority notified the Embassy of China and Romania about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-rule 5(5) of the Rules;
- iv. The Authority issued a public notice dated 28th January, 1998 published in the Gazette of India, Extraordinary, initiating anti dumping investigations concerning imports of calcium carbide classified under custom heading 26.49 of Schedule 1 of the Customs Tariff Act, 1975 originating in or exported from China and Romania (herein after also referred to as the subject country).
- v. The Authority forwarded a copy of the public notice to all the known exporters (whose details were made- available by the petitioners) and industry associations and gave them an opportunity to make their views known in writing in accordance with the rule 6(2);
- vi. The Authority forwarded a copy of the public notice to all the known importers of calcium carbide in India as furnished by the petitioners, and advised them to make their views known in writing within forty days from the date of issue of the letter;

- vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of calcium carbide made in India during the past three years, including the period of investigation. No information was, however, received from CBEC.
- viii. The Authority provided a copy of the petition to the known exporters and the Embassy of the subject country in accordance with rules 6(3) supra. A copy of the petition was also provided to other interested parties, wherever requested;
- ix. The Authority sent a questionnaire to elicit relevant information, to the following known exporters, in accordance with the rule 6 (4)

1. Beijing Chemical Industry Group Imp & Exp. Co., China
2. Beijing No. 2 Chemical Plant, China
3. Beijing Huafei Chemical Industry (Group), China
4. Changzhi Municipality Chemical Industry Group Corp., China
5. Yanquan Calcium Carbide Enterprises Group Corp., China
6. Jiexit Calcium Carbide Plant, China
7. China National Chemical Construction Inner, China
8. B33enxi Chemical and Mine General factory, China
9. Liaoning Fuxin Calcium Carbide Factory, China.
10. Sinochem Siping Cheniicaf Complex, Chins
11. Harbin Petrochemical Industry (Group) Corp.,. China
12. Heifei Chemical Plant, China
13. Huainan Electro Chemical Plant, China
14. China National Chemical Construction Corp., China
15. Dalian Stonestar, China
16. Shenyang Coal Mining China
17. Hofei Chemical Plant, China
18. Guangxi Hoshan Cool Mining
19. Carbid-Fox S.C.A., Romania
20. Comchim S.A. Romania

A number of parties requested for extension of time, which was allowed by the Authority by two weeks.

The following exporters responded:

- China National Chemical Construction Dalian Co. China
 - Sinochem Xiamer Corp.- China
 - Carbid Fox-Romania
- x. The Embassy of the subject country in New Delhi was informed about the initiation of the investigation in accordance with rule 6(2) with a request to

advise the exporters/producers from their country to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to be the exporters was also sent to the Embassy, alongwith a list of known exporters/producers.

- xi. A questionnaire was sent to the following known importers of calcium carbide calling for necessary information in accordance with rule 6(4);
 - a. Asiatic Gases Ltd., Thane,
 - b. Bombay Oxygen Corp Ltd . Mumbai
 - c. Industrial Oxygen Co. Ltd , Chennai
 - d. Senka Carbon P Ltd. Chennai
 - e. Akshar Acetylene P. Ltd., Vadodara
 - f. Eastern Acetylene P. Ltd., Bhopal
 - g. Sky Acetylene Co P Ltil., Gujarat
 - h. Gujarat Acetylene P Ltd., Gujarat
 - i. K. Manish Gases P. Lld., Mumbai
 - j. Modi Gases P Ltd., Mumbai
 - k. Chemplast Sanmar Ltd., Chennai
 - l. BOC India Ltd., Chennai
 - m. National Oxygen Ltd., Pudukottai Dist.
 - n. DCW Ltd., Tuticorin Dist.
 - o. Modi Alkalies & Chemicals Ltd., Alwar
 - p. Mapro Inds Ltd., Mumbai
 - q. Rashtriya Ispat Nigam Ltd. Visakhapatnam
 - r. Arvi Enterprises Ltd., Pune
 - s. Poona Oxygen & Acetylene Co. P. Ltd., Pune
 - t. The Andhra Oxygen P Ltd, Visakhapatanam
 - u. Pimpri Gases Ltd., Maharashtra
 - v. Indian Gases, Jallander Dist
 - w. Kesharwani Agencies, Mumbai
 - x. Mahaveer Gas P. Ltd, Mumbai

A number of parties requested for extension of time, which also was allowed by the Authority for two weeks. Response to the questionnaire was flid by the following;

- All India Gases Manufacturers Association. New Delhi
- Senka Carbon (P) Ltd., Chennai
- Munjal Gases Ludhiana
- Poona Oxygen & Acetylene Co (P) Ltd.,
- National Oxygen Ltd., Chennai
- Asiatic Gases Ltd., Thane
- Mapro Industries Ltd ,- Mumbai

- Bombay Oxygen Corpn Ltd.- Mumbai
 - DCW Ltd., Mumbai
 - Akshar Acetylene Ltd., Gujarat
 - BOC Gases Calcutta
 - Gwalior Air Products Ltd., MP
- xii. Additional information regarding injury was sought from the petitioners, which was also furnished;
 - xiii. The Authority conducted on-the-spot investigation at the premises of the petitioners to the extent considered necessary;
 - xiv. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the authority and kept open for inspection by the interested parties;
 - xv. Cost investigations were also 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 Principals (GAAP) and the information furnished by the petitioners also as to ascertain if anti- dumping duty lower than dumping margin would be sufficient to remove injury to the domestic industry;
 - xvi. **** in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules;
 - xvii. Investigation was carried out for the period starting from 1st April, 1996 to 31st July, 1997(16 months)

B PETITIONERS VIEW

2. The petitioners have raised the following major issues in their petition and subsequent submissions.
 - a. The Indian calcium carbide industry is made of mostly by four large producers viz. Birla Carbide, TECIL, ICML and Panyam. There are also many tiny producers selling within the vicinity of the districts estate. There is no official estimate of exact total capacity in the country. The other large producer is DCM Shri Ram wherein calcium carbide is used as intermediate material and it is not sold.
 - b. The demand of calcium carbide In the country for last three years is about 58000 MT per annum. No new capacity has been created in the recent past.
 - c. There has been considerable rise in the volume of dumped goods over the years. The dumped imports are at significantly lower prices since June, 96 in comparison to prevailing domestic prices. There has been significant price

- under cutting. Due to price under cutting by calcium carbide imports, the manufacturer are forced to reduce the prices in order to retain the market share.
- d. Sufficient capacity is available in the country for production over 70000MT pa which is above the market sale of 65000 MT including imports. Indian calcium carbide market is very small compared to China and the world. The share of imports at a dumped prices if allowed to continue unchecked would flood market. The domestic producers have already lost their market share to imported dumped products.
 - e. Due to dumping, the worst affected domestic calcium carbide manufacturers would be producers who have high cost of production for various reasons. 38% of the domestic capacity is located in high tariff state.

C. VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES.

3. Exporter: S.C. Carbid Fox A Romania.

- a. They have stated that they are the sole calcium carbide producers in Romania generally satisfying the domestic market demand. They are a private company with a policy to achieve the production with minimal cost per product unit.
- b. Product calcium carbide is sold covering only the production expenses and with a benefit established through the business plan and profits & expenditure approved before the beginning of the calendar year. The price established are published and they are controlled by the Government. Modifying them without an economical substantiation would be considered an illegal action. The situation is valid for exports too; which they are both obliged and interested to make only by the production expenses coverage and by achieving a profit.
- c. Romania throughout the years succeeded to be traditional presence on the market worldwide, in 1996 it celebrated 80 years of continuous operation and this is the first time they are informed that they are making dumped export.
- d. The economical and financial results for 1996 and 1997, have indicated that they exported Calcium carbide with 4% profit and in the second year with 3.5% profit. The profit for the Indian exports in 1996 was 3.8% and In 1997 was at 3.5%.
- e. The petitioners have lost from view some aspects, which are as under-
 - They make exports at order for a certain size grade. in a certain kind of package with a certain gas yield in M3/Kg of calcium carbide. Whereas the total export quantity to India in 1996-97 was of 15440MT, an amount of 2675MT represented in low granulation grades as 0-15MM, 7-15 MM, 15-26 MM, This type of product has different cost than the great granulation cost, and

therefore the Indian producers should be asked to inform about what they are comparing with what.

- India consumed about 60000MT of Calcium Carbide in 1997 whereas the Internal production covers only 55% of demand. Thus there is a scope to make imports by the interested companies in India. If this import is unwanted, (though it is necessary and useful) the damaged party is precisely the Indian economy.
- It is stated that they know that India has a market economy. The market economy is a competition in which the producers verify their economical potential in which they must be competitive both with themselves and the other producers and not to be protected to produce at high costs situation that does not permit them to subscribe to the market price which is depending on demand and supply.
- The level of cost during 1996 year had been on an average about USD 325 and in 1997 about USD 330 PMT. In 1996-97, the company capitalized from export over 50% of the turnover. The company is exporting calcium carbide to over 40 countries in Europe, Asia, Africa and America and it is claimed that they did not make export with damages. They are a private company and have no other sources of income other than the profit.

4. Exporter-China National Chemical Construction Dalian Co., China

- a. It is stated that real situation prevalent in the carbide exported from China is not reflected. The selling price of calcium carbide in China is lower than the price of calcium carbide exported in India.
- b. The question of Anti-dumping duty comes in the picture only if the export price is below the price prevalent in the domestic market. It is claimed that to their local customer, carbide is sold at a higher price compared to price to overseas customers and China is not exporting carbide at subsidized prices. Moreover the export quantity is very limited.

VIEWS OF IMPORTERS

5. Munjal Gases

It is stated that importers are fed up the cartel of manufacturers which in the last six years has raised the price by nearly 30%. Presently the calcium carbide is selling at Rs. 22000/- PMT and the high price of calcium carbide is squeezing profitability. They have quoted a news paper report stating BOC India is planning to set up a plant in Bhutan or Nepal to produce calcium carbide with an installed capacity of 50000

MT per annum. The cost will be in the region of Rs. 13500-14000 MT giving a margin of Rs. 8000 to 9000.

6. M/s. Senka Carbon Pvt. Ltd.

- i. The representation for levy of Anti-Dumping duty does not reflected the real situation prevalent in the carbide manufacturing industry of India. The representation is restricted to only four of the manufacturers in India while there are more with a total capacity of over 2.5 lacs tonne p.a. as per chemical weekly/annual 1996 issue. This does not include many medium and small scale units with sizable capacity. Out of four petitioner one is importer and other two have major portion of the carbide consumed for captive use. Thus a small fraction of carbide manufacture is being taken up as an issue for imposition of Anti-Dumping duty leaving aside of large chunk of non-participants. As per the published Balance Sheet of Tecil 1996-97, their installed capacity was 30000 MT pa where was production was 10254 MT. But they made production for captive consumption. Similarly Birla have some portion of captive consumption. Thus the effective representation is only from ICML whose installed capacity is 12500 MT. It is wondered whether they are entitled to make a representation for anti-dumping duty when requirement which are very high. If anti dumping duty is instituted on the representation by a fractionating of total manufacturing capacity, it will be unfair to the entire industry and particularity to the consumers especially when the product is in short supply.
- ii. It is stated that importer are pushed to resort to importation of Calcium Carbide for their own consumption by calcium carbide manufacturers. There has been instances in the past where the manufacturer could not supply calcium carbide to users. On occasions the price increase were exorbitant and had no relevance to the power tariff of other levies increased by the state Government. One of the producers had resorted to rationing their supplies to user thus restricting/controlling their output.
- iii. The producer had even advised orally the user to go for import to supplement the shortfall in supplies. Thus the user is Importing to cover the shortfall in supplies and importation cost is not cheaper than the indigenous price. Further the supplies from the manufacturer had been erratic and there has been instances of short supplies despite vigorous follow up. The manufacturers are Increasing their prices every now and then without any sufficient reason.
- iv. It is staled that user are a till procuring the calcium carbide from the manufacture to the extent they are able to supply. They are resorting to imports only due to Inability of the producers to supply the material. Imports arc to supplement the indigenous availability.

- v. The production volume between 1989-90 to 1996-97 is about 95000-96000 MT p.a. against very large installed capacity available in the country. Thus there is a heavy shortage of availability of Calcium Carbide In the country necessitating augmenting the consumer requirement by only importation, supplementing indigenous availability. The shortage can be made up only if the entire Installed capacity is utilized. Production of calcium carbide is heavily dependent on the electric power which varies from state to state. The procurement of carbide from long distance is uneconomical due to road transportation cost Thus future requirement of calcium carbide should be made up by importation only so as to conserve maximum electricity.
- vi. The question of Anti-dumping duty comes in to picture only if the export price is below the price prevalent in the domestic market. The Chinese Carbide is not being sold at a price lower than exported.
- vii. There are many pages in the re presentation on Anti-dumping duty with the stamp "non confidential" on top, many figures are blanked with the remark "classified." It is ridiculous that on the one hand they bear the stamp of ' non confidential' and on the other hand, the figures are blanked. This is highly objectionable and unacceptable. The Importer has desired to register their protest and to treat the petition "incomplete" and "inconsistent" therefore be dismissed.
- viii. If Anti-dumping duty is imposed on calcium carbide it will be a boom to the indigenous manufacturer as they will immediately raise their price and come to their old tactics of monopoly.

All India Industrial Gases Manufacturers Association has opposed the petition on account of followings:

- i. The local manufactures are working as a cartel and thereby charging premiums on a unanimously fixed price
- ii. Quality of domestic carbide is Inferior when compared to imported carbide. As a result yield of gas per kg of carbide is less from the local carbide.
- iii. The local manufacturer usually do not stick to delivery schedules. This leads to shortage and panic buying. One has to pay premium to the manufacture/dealer for purchase of calcium carbide.
- iv. It is stated that when import of calcium carbide was under restricted list, there were many DA gas plants which used to be closed for 15-20 days for want of calcium carbide. It is only after the product has come under OGL, the supply of calcium carbide has been stabilized. The imported calcium carbide from China and Romania is of better grade and quality.
- v. It is stated by the user that if the Indigenous manufacturer match both to case of Imported price and gas yield, they can consider drawing supplies from them. In

case of TECIL, the gas yield is in the range of 270 L/kg equivalent to a cost of Rs. 76.1/kg whereas in the imported calcium carbide it is on an average of Rs. 65 which is a very significant factor in terms of cost of production of the end product,

- vi. The production of calcium carbide in India has not reduced because of imports but due to various problems of which power shortage is the main. Virtually in every state power is in short supply and power is one of the major inputs required in the manufacture of calcium carbide. Four major plants in India were closed due to power shortage and various other problems before the start of import. This is self-evident that there is a shortage of calcium carbide in the Indian market.

D. EXAMINATION OF THE ISSUES RAISED.

7. The submission made by the exporters, importers, petitioners and other interested parties has been examined, considered and has been dealt at appropriate places in this notification.

E. PRODUCT UNDER CONSIDERATION

8. The product considered in this notification for the purpose of present investigation is calcium carbide of all sizes.

9. Calcium carbide is one of the basic industrial chemicals for manufacture of a wide range of Acetylene based Chemicals. The basic raw materials used in manufacture of calcium carbide are limestone and coal/coke.

10. Calcium carbide is classified under custom code 28.49 (which reads as carbides) of Custom Tariff Act. The classification is however indicative only and is in no way binding on the scope of the present investigation.

F. LIKE ARTICLES

11. Rule 2(d) specifies that "like articles" 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 an article, another article which although not alike in all respects has characteristics closely resembling those of the articles under investigation. The Authority considered factors such as physical characteristics, manufacturing process and technology, function and uses, product specification and pricing, distribution and tariff classification of goods in order to establish whether the calcium carbide produced by domestic industry is a like article to the calcium carbide exported from

said countries. The calcium carbide produced by the domestic Industry is substitutable by the calcium carbide imported from China and Romania both commercially and technically. Therefore the calcium carbide produced by the domestic industry is a like article to the product under consideration.

G. DOMESTIC INDUSTRY

12. The petitioner has been filed for and on behalf of calcium carbide manufactures which consist of M/s. Industrial Chemicals and Monomers Ltd., (ICML), M/s Birla Corp Ltd., M/s Tecil chemical and Hydro power Ltd. and Panyam Cement. The petitioner has submitted that Indian calcium carbide industry is made up of mostly by these four producers. There are also many tiny producers selling within the vicinity of the district/State. There is no official estimate of the exact total capacity in the country. However, M/s. Sumagala Steel Ltd., Pondicheri has claimed that it produces calcium carbide end has supported the petition and has further claimed that M/s. Alfotech Pvt. Ltd. has closed its production of calcium carbide due to its inability to compete with the abnormal low price offered by the competitors. Ms. Sumagala has further claimed that it has suspended its production since Dec., 1997. The Authority had inquired about the production of calcium carbide in the country from the Department of Chemical & Petrochemicals and It was reported that there are six units of calcium carbide. Out of six, four are as already named, above as petitioner and the others are M/s Shri Ram Fertilizer and Chemical and M/s. UP Carbide and Chemicals. It is noted that Shri Ram Fertilizer and Chemical is producing calcium carbide solely for captive consumption and hence Authority has excluded from the preview of domestic industry production. Production of M/s. Panyam Cement has not been included as they are importers of the said product during the period of investigation. The other petitioners account for more than 25% of domestic production and therefore have a standing to file a petition on behalf of domestic industry under the aforesaid rules.

H. DUMPING

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

- i. The comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub- section (6); or
- ii. When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of

the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:

- a. comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub- section (6); or
- b. the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub- section(6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely 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.

14. The Authority sent questionnaires to the exporters from the subject countries in terms of the section cited above. The claim by the exporters with regard to normal value and export price are as under:

15. CLAIMS OF THE EXPORTERS:

a. Exporter: Carbide Fox, Romania

- i. The exporter has stated that their company materializes export operation in Fob condition for all Maritime transport relations. The price practicable on the Indian market in 1996 had been USD 330-350/ Tonne and for 1997- USD 320-355/ Tonne. It is further stated that the price of calcium carbide oscillated function of qualitative sort (granulometric and active substance content), presentation mode of the product, transport condition (cargo or container) and payment condition. The cost of fabrication for calcium carbide are oscillating in time (from one period to other period) function of the prices of principal raw materials (Coke, authracite, metal and usefulness (electric power and natural gases) and the values of the credit practiced by banks and other finances.
- ii. It is further stated by the exporter to accept the fact that it is impossible for them to provide data about the market where they act and the prices on this market. It is claimed that their price on Indian market are normal and much over the practice prices by our competitor- the calcium carbide from China. It is also claimed that this fact is provided practically from that fact that in the second part of 1997 and in the first four month of this year, the calcium carbide exporting from Romania to India was much diminished. They have further stated that from their side they have provided enough data. However they have

expressed their inability to provide data on production volume, exporting price, and the selling market as they have considered these data as confidential.

b Exporter-China National Chemical Construction Dalian Co.-China

- i. They have submitted the details about their customer, quantity and method of transportation and sales contract In India during the period of investigation. It is submitted that they exported 766 MT during the period of investigation. Out of this 550 MT is exported at US\$ ****PMT (C&F) and 216 MT has exported at US\$ **** PMT (C&F). It is claimed that the price prevailing in China was US\$ *** PMT during the period of investigation.
- ii. In view of above the exporter has claimed that the quantity of export is not large and their price in civil market is lower than that of India and thus they are not dumping. It is ordinary business with India.

c. Exporter- Sinochem Xiamen Cornn. China

It is stated by them that they supply calcium carbide to Indian market at an international price level instead of at a dumped price. It has, not been lower than the normal value in china absolutely. The FOB price in Chinese port prior to loading into the container is USD ****MT. The local selling price at the port locality including taxes is around RMB*** PMT (USD ***) However they have not submitted the information in the prescribed format and no evidence has been submitted.

16. Examination of the claim of importers by Authority:

- a. The Authority while examining the information submitted by importers observes that an importer has quoted a news paper report stating that BOC India is planning to set up a plant in Bhutan or Nepal to produce calcium carbide with an installed capacity of 50 000 MT per annum. Location of plant being outside India the issue is not under the purview of the investigation.
- b. As regards to issue raised regarding total capacities of 2.16 lacs tonne p.a. as reported in chemical weekly 1996 issue, it has been clarified by the petitioner that Tecil with a capacity of 30000 MT has already been in dud ad in the- petition and the other three manufacturer viz MP Carbides & Chemicals, AP Carbide and UP Carbide and Chemicals have been closed for almost a decade and there is no production from these plants. Further, importers have referred to estimated production of 96000 MT as reported by chemicals weekly and the factual position has been ascertained by the Administrative Ministry that there are only six major producers during 1996-97 and the actual production is 90606 MT

- c. As regards to Non Confidential version of the petition wherein the petitioner has blanked certain information, Authority observes that Interested party is permitted to furnish information on confidential basis. The information furnished by the petitioner on confidential basis and the reasons given thereof regarding confidentiality has been accepted as such by the Authority.
- d. As regards to quality or domestic carbide is inferior when compared to imported carbide, no evidence has been furnished to substantiate the claim. Hence, the Authority may reject the claim.

17. Examination of the claims of exporters by Authority

- a. The Authority while examining the information submitted by the exporters observe that the exporters from Romania & China have not furnished adequate information on normal value and export price. In view of the inadequate information furnished by the exporters, the Authority has ignored the data submitted by the aforesaid exporters.
- b. The normal value is determined on the basis of prevailing domestic prices in Romania and China based on the evidence given by the petitioner in the petition and on best available information in accordance to Rules 6(8).
- c. The export price has been calculated on the basis of import data compiled from "Chemical Weekly" after allowing adjustment on account of domestic freight and handling charges, ocean freight, insurance and port charges as claimed by the petitioner to bring the price at comparable ex-factory level. Some factual errors have been pointed out in data compiled by DGCI&S, Calcutta and therefore, these data has not been relied upon.
- d. For the purpose of fair comparison between normal value and export price the Authority took into account the information furnished by the petitioner and other published information available with the Authority. The normal value and export price determined as detailed above, are at ex-works level and the dumping margins are as under:

Rs/ MT

	Dumping Margin as % of Export Price
China	9.58
Romania	46.03

I. INJURY

18. 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

price in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles..." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree.

Annexure II(iii) under rule 11 supra further provides that in where imports of a product from more than one country are being simultaneously subjected to Anti dumping investigation, the Designated Authority will cumulatively assess the effect of such imports, only when it determines that the margin of dumping established in relating to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the imports of the like article or where the export of the individual countries less than three percent, the imports cumulatively accounts for more than seven percent of the imports of like article, and cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and like the domestic articles.

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

20. 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 utilization, sales quantum, stock profitability net sales realization, the magnitude and margin of dumping etc. in accordance with Annexure II(iv) of the rules supra.

21. Volume and Market Share of Dumping Imports.

The total imports of calcium carbide in the country was 17773 MT, 19100 MT and 22570 MT in 1994-95, 95-96 and in period of investigation (POI) (on annualized basis). Thus there is an upward trend in the total imports over these years in absolute terms. The imports have increased by 7.46% in 1995-96 over 94-95 and by 18.16% in POI (on annualized basis) over 95-96. The imports from the said countries were 928 MT, 2850 and 7808 MT in 1994-95, 95-96 and in period of investigation (on annualized basis). Thus there has been a significant increase in absolute terms in volume of imports from the said countries over the years. The imports from the said

countries have increased by 207% in 95-96 over 94-95 and by 174% in POI (on annualized basis) over 95-96.

The share of said countries in total imports was 5.2%, 14.9% and 34.6% in 1994-95, 95-96 and in POI (on annualized basis) whereas the share of import from other countries was 94.8%, 85.1% and 65.4% in 94-95, 95-96 and in POI (on annualized basis).

22. Authority notes that:

- Total imports are showing a significant upward trend over the year.
- The quantum of imports from said countries increase significantly in absolute terms over the years.
- The share of said countries in total imports have increased over the years.

23. PRODUCTION AND CAPACITY UTILISATION

It is observed that the total installed capacity of the domestic industry is 58000 MT p.a. from 1994-95 to period of investigation. Thus neither new capacity has been installed nor any installed capacity withdrawn over these years. The production of calcium carbide has been 37542 MT, 41628 MT and 34677 MT in 94-95, 95-96 and in POI (on annualized basis). Thus the capacity utilization is 64.7%, 71.8% and 59.8% respectively in 94-95, 95-96 and POI (on annualized basis). However, it is observed that the capacity utilization of Birla Corp was 97%, 93% and 94% in 94-95, 95-96 and in POI (on annualized basis). The capacity utilization of ICML was 78%, 78% and 82% in 94-95, 95-96 and in POI (on annualized basis). The capacity utilization of Tecil was 43%, 58% and 33% in 94-95, 95-96 and in POI (on annualized basis) . Thus it can be concluded that the production of calcium carbide increased in 95-96 over 94-95 from 37542 MT to 41628 tonnes (growth rate 10.9%) but it decreased to 34677 MT (decline by 16.7%) in period of investigation (on annualized basis). The increase and decrease in production was due to fluctuation in the production of Tecil whereas the production of Birla Crop and ICML has been stable.

SALES

24. The indigenous sales quantity were 31495 MT, 33123 MT and 26995MT in 94-95, 95-96 and in period of investigation (on annualized basis). Thus the sales quantity increased in 95-96 over 94-95 by 5.17% but increased in period of investigation (on annualized basis) by 18.5% from 95-96. It is also observed that whereas the production in 95-96 increased by 10.9% but sales quantity increased by 5.17%. The main reason for non increase of sales quantity in proportion to increase in production was higher captive consumption by Tecil in 95-96. The decrease in sales quantity in

period of investigation (on annualize basis) as compared to 95-96 can be attributed mainly due to lower production in period of investigation (on annualized basis).

MARKET SHARE OF DOMESTIC INDUSTRY

25. It is observed that the total demand of calcium carbide was 49268 MT 52233 MT and 49565MT in 94-95, 95-96 and in period of investigation (on annualized basis). The share of total import in market demand was 36.1%, 36.6% and 45.5% respectively in 94- 95, 95-96, and in period of investigation (on annualized basis). The share of said countries in total demand was 1.9%, 5.5% and 21% respectively in 94-95, 95-96 and in period of investigation (on annualised basis). The share of domestic industry in total demand was 63.9%, 63.4% and 54.5%, respectively in 94-95, 95-96 and in period of investigation (on annualized basis). Thus it can be concluded that the market share of imported goods is increasing over the years and market share of domestic industry is declining over the years.

CLOSING STOCKS

26. It is observed that closing stock was 378 MT, 551 MT and 2512 MT on 94-95, 95-96 and as on 31.7.97. Thus there has been a significant rise in closing stock over the years. The rise in closing stock of Tecil was more as compared to ICML and Birla corp.

SALES REALISATION OF PROFITABILITY

27. It is observed that sales realization per MT of calcium carbide is increasing over the years and so is the case with cost of production. The profitability of the domestic industry has increased in 1995-96 over 1994-95 and in 1996-97 (financial year) over 1995-96. Thus wherever there has been increase in the cost of production in those years the domestic industry was in a position to increase in price and earned profit. However the profitability has been affected adversely from April 97 to July 97 due to increase in cost and decrease in sales price. However it is noticed that cost per MT has increased in Tecil at a higher rate as compared to Birla Corp and ICML. Thus it can be observed that whereas the industry was able to earn profit in 1994-95, 95-96 and 1996-97 (financial year), it is incurring losses from April 97 to July 97 due to increase in cost and reduction in unit sales realization.

PRICE EROSION

28. It is observed that during the period of investigation, the industry has increased the prices in July 96/August 96 as compared to the price prevailing in April 96. However some fall has been noticed in Jan 97/Feb 97 and again in April 97. As per the

petitioner due to price under cutting by dumped imports, the calcium carbide manufacturers were forced to reduce the price in order to retain the market share.

CONCLUSION ON INJURY

29. The Authority concludes that

- a. The quantum of imports of calcium carbide has increased over the year in absolute terms. The quantum of imports of calcium carbide from said countries has also increased over the years in absolute terms. The share in total imports from the said countries has also increased over the years.
- b. The production, capacity utilization and sales quantity has increased in 95-96 over 94- 95 but has decreased in period of investigation (on annualized basis)
- c. The market share of Imported goods has increased over the years. The market share of imported goods from the said countries has also Increased over the years.
- d. The closing stocks increased over the years.
- e. There has been a erosion in the price a of calcium carbide of domestic industry from Jan 97 onward which is affecting their profitability adversely.

Thus above parameters collectively and cumulatively establish that the domestic industry has suffered material injury even though some of the parameters show improvements. The Authority holds that domestic industry has suffered material injury.

J. CAUSAL LINK

30 In establishing that the material Injury to the domestic industry has been caused by the imports from the subject countries, the Authority holds that increase in market share of imports from China and Romania resulted in decline in the market share of the petitioner. Cheap imports of subject goods. resulted in reduction in price of domestic product. Further, the dumped material forced the domestic industry to hold higher stocks. The material injury to the domestic industry was. therefore, caused by the dumped imports from the said countries.

K. CONCLUSIONS

31. The authority thus concludes that:

- a. 9; Calcium Carbide has been exported from China and Romania at a price lower than the normal value resulting into dumping or calcium carbide.

- b. The domestic Industry has suffered domestic injury.
- c. The causal link between dumping and injury is established

L. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES

32 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.

33. It is recognised that the imposition of anti dumping duties might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative- competitiveness of these products. However, fair competition on Indian market will not be reduced by the anti-dumping measures, particularly if the levy of the anti-dumping duties 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 the dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumer of Calcium Carbide. Imposition of anti dumping measures would not restrict Imports of the subject countries in any way, and therefore would not affect the availability of the product to the customers.

34. To ascertain the extent of anti dumping duties necessary to remove the injury to the domestic industry, the authority relied upon reasonable selling price of calcium carbide in India for the domestic industry: by considering the optimum cost of production at optimum level of capacity utilization for the domestic industry.

M. LANDED VALUE

35. The landed value of imports from China and Romania have been determined on the basis weighted average export price of Calcium Carbide from the said countries after adding prevailing levels of custom duties and two per cent handling and two per cent handling charges.

36. It is considered necessary to impose anti dumping duty, provisionally, pending final determination on all imports of calcium carbide originating in or exported from the subject countries, pending investigations.

37. It was considered whether a duty lower than the dumping margin would be sufficient to remove the injury. Landed prices of the imports, for the purpose, was compared with the fair selling price of the domestic industry, determined for the

period of investigation. Wherever the difference was less than the dumping margin, a duty lower than the dumping margin is recommended. Accordingly, the Authority recommends the provisional anti dumping duties as given below:

Product originating in or exported from	Amount of Anti dumping Duties (Rs. Per MT)
China	1047
Romania	1460

38. The antidumping duties be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of calcium carbide originating in or exported from China and Romania falling under Chapter 28 of the Customs Tariff, pending final determination.

39. Exporters, importers, petitioners and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within 40 days of the date of publication of these findings.

RATHI VINAY JHA,
Designated Authority