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Extraordinary
MINISTRY OF COMMERCE & INDUSTRY
(Department of Commerce)
Directorate General of Anti Dumping & Allied Duties**

Notification

New Delhi, the 5th February, 2002

PRELIMINARY FINDINGS

Subject: Anti-dumping investigation concerning imports of Isopropyl Alcohol(IPA) from the Singapore, USA, European Union and China - preliminary findings

No. 46/1/2001-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 National Organic Chemical Industries Limited (NOCIL) on behalf of the domestic industry, alleging dumping of Isopropyl Alcohol (hereinafter referred to as subject goods or IPA) originating in and exported from Singapore, USA, China and member countries of European Union (hereinafter referred to as subject countries);
- ii. The Authority notified the Embassies/Representative of the subject countries 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 21st November, 2001 published in the Gazette of India, Extraordinary, initiating anti dumping proceedings concerning imports of Isopropyl Alcohol(Bulk & Packed) originating in or exported from the subject countries falling under Customs Sub-heading 2905.12 of the Customs Tariff Act, 1975.

- iv. The Authority forwarded copy of the said public notice to the known exporters, importers, users, industry associations and to the complainants 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/representatives of subject countries in India.
- vi. The Authority sent questionnaires, to elicit relevant information, to the following exporters from the subject countries:
 - 1. M/s Deutsche Exxon Chemical GmbH, Cologne, Germany
 - 2. M/s Shell Chemicals Ltd., London, U.K.
 - 3. M/s Diamchem France sral, Roneq, France.
 - 4. M/s SASOL Limited, Houston Texas, U.S.A.
 - 5. M/s Condea Chemica D.A.C. S.P.A., Lodi, Italy.
 - 6. M/s. ICC Chemcials(U.K) Ltd., Hertfordshire, U.K.
 - 7. M/s. Lee Chang Yung Chemical Ind. Corp., Shanghai, China.
 - 8. M/s Exxon Chemical Company, Houston, USA,
 - 9. M/s Shell Nederland Chemie BV, Rotterdam, The Netherlands.
 - 10. M/s Shell Chemicals, Elemenceau Avenue, Singapore.
- vii. The Embassies/representative of subject countries in New Delhi were also informed about the initiation of investigation and were requested to advise the exporters/producers from their countries to respond to the questionnaire within the prescribed time;
- viii. The questionnaire was sent to the following users/importers of subject goods:
 - 1. M/s Alkyl Amines Chemicals Ltd., Vashi, Mumbai.
 - 2. M/s Aarti Drugs Ltd., Sion(East), Mumbai.
 - 3. M/s Coates of India Ltd., Chandivii Farm, Mumbai.
 - 4. M/s Fiolex Essex, Ponda, Goa.
 - 5. M/s Lubrizoi India Ltd., Old Prabhadevi Road, Mumbai.
 - 6. M/s IPCA Laboratories Ltd., Kandivilli(West), Mumbai.
 - 7. M/s Koprana Drugs Ltd., Worli, Mumbai.
 - 8. M/s Themis Chemicals Ltd., Goregaon(West), Mumbai.
 - 9. M/s Goodlass Nerolac Paints Ltd., Lower Parel, Mumbai.
 - 10. M/s Hindustan Insecticides Limited, Lodhi Road, New Delhi.
 - 11. M/s Ranbaxy Laboratories Ltd., Nehru Place, New Delhi.
 - 12. M/s ICI: Nitrocellulose Business, Gurgaon.
 - 13. M/s Aurobindo Pharma Ltd., Ameerpet, Hyderabad.
 - 14. M/s Cheminor Drugs Ltd., Ameerpet, Hyderabad.
 - 15. Dr. Reddy's Laboratories, Ameerpet, Hyderabad.
 - 16. M/s Prabhu Inks: Memur Bungalow, Podanur.

17.M/s Sudarshan Drugs Ltd., Film Nagar, Hyderabad.

18.M/s Shasun Chemicals & Drugs Ltd., T. Nagar, Chennai.

- ix. Some of the importers/users such as M/s Lubrizol India Pvt. Ltd., Mumbai & M/s Shasun Chemicals and Drugs Ltd., Chennai have filed their response to the Initiation Notification. Some of the exporters requested for extension of time for filing the reply which was allowed upto 16th January, 2002. Among the exporters, M/s ExxonMobil Chemical Central Europe GmbH, M/s ExxonMobil Chemical International Services Ltd., Hong Kong as representative of M/s ExxonMobil Chemical Company, Houston, Texas, USA, M/s Shell Nederland Chemie B.V., M/s Shell Chemicals South East Asia, M/s Shell Eastern Chemicals and M/s Shell Chemicals Ltd., London have responded to the Initiation Notification .
- 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 April, 2000 to 30th June, 2001.
- xiii. Additional details regarding injury were sought from the petitioner, which were also furnished.
- xiv. The Authority conducted on-the-spot verification of the domestic industry to the extent considered necessary.
- xv. The cost of production of the domestic industry was also analysed to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles(GAAP) based on the information furnished by petitioner so as to ascertain if anti dumping duty lower than dumping margin would be sufficient to remove injury to domestic industry.
- xvi. Copies of initiation notice was also sent to FICCI, CII, ASSOCHAM etc., for wider circulation.

B. PETITIONER'S VIEWS

3. The petitioners have made the following major points in to their submissions:

- i. They are the only producers of the subject goods. Therefore, they have the standing to file the application on behalf of the domestic industry. Further, the petitioners are not related to any importer/exporter of the subject product.

- ii. There is no known difference in Isopropyl Alcohol produced by the Indian industry and IPA exported from subject countries. IPA produced by the Indian industry and imported from subject countries are comparable in terms of physical as well as chemical characteristics, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. IPA produced by the petitioners and imported from subject countries should be treated as like article in accordance with the anti-dumping Rules.
- iii. The domestic industry had earlier petitioned before the Designated Authority for imposition of anti-dumping duty on this product. The prima facie evidence presented by the petitioner justified initiation of investigations. The information filed by the exporters established dumping margin. However, no duties were recommended by the Designated Authority due to the issue relating to NOCIL's Memorandum of Understanding.
- iv. The present petition filed by the domestic industry should be seen in the light of the severe injury earlier suffered by the domestic industry due to indiscriminate dumping by the exporters. The performance of the domestic industry should also be examined in the light of severe dumping earlier resorted by the exporters and investigations earlier initiated by the Designated Authority.
- v. It is evident that the quantum of imports from each of the subject country is more than the de-minimis limit. Cumulative assessment of the effects of imports is appropriate since the export prices from the subject countries directly compete with the prices 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.
- vi. Material injury is being caused to domestic industry from imports. The domestic industry is producing IPA for the past many years. The technology adopted by the domestic industry is comparable to the technology adopted by other players. There is no significant difference in the manufacturing process. It is submitted that the lowering of prices by the exporters from these countries is the sole reason for the present state of market in India.

C. IMPORTERS' AND USERS' VIEWS

4. The importers have made the following submissions:

- i. It is our understanding that the provisions for levying the Anti Dumping Duty is to protect the local industries in case the overseas suppliers export their material at a ridiculous price not in line with the international price. In the instant petition, we do not see this situation is applicable. As we in the additive

industry understand the situation on supply-demand equation, particularly with regard to the Isopropanol / Isopropyl Alcohol (IPA) we are aware that there is a surplus capacity available in the international market and the prices internationally are extremely competitive. It is, therefore, our understanding that the present import price of Isopropanol / Isopropyl Alcohol(IPA) for local consumers is the right competitive international price.

- ii. We oppose the case of levying the Anti Dumping Duty on Isopropanol/Isopropyl Alcohol(IPA). Such action of levying the Anti Dumping Duty would make only one typical industry (like Isopropanol/Isopropyl Alcohol(IPA) manufacturers) comfortable but at the cost of users, who would pass on such additional burden on public at large and would mean price increase in the market place. The intent of New Industrial Policy(NIP) and the Reforms adopted by the Government of India were primarily with a view to liberalise and introduce competition in the market place. Since the NIP and Reforms were put in place about a decade ago, it is felt that all the industries were given enough lead time to adjust to the reality within and outside India while Customs Duty were progressively being reduced. It is our belief that when any Anti-Dumping Duty is considered by Government, it is the voice of the industry that is being looked into but with the overriding fact kept in mind that such actions should not put the consumer/public at disadvantage. We, therefore, do not support levying any Anti Dumping Duty on Isopropanol/Isopropyl Alcohol(IPA).
- iii. We would like to bring to the notice of the Competent Authority that in many cases particularly in chemical industries, the local suppliers get away with their responsibility of supply the right quality and quantity of material once they get the protection of Anti- Dumping Duty. The latest case that we would like to cite is with regard to Oxo-Alcohols. It is, therefore, felt that the Competent Authority may also look into the aspects of the continuity of supplies and insist with the local manufacturers that in cases if they receive any complaint from the consumers, Competent Authorities would immediately withdraw the duty protection to them. Further, under such situation, a genuine consumer be allowed to import the required quantity without levy of Anti Dumping Duty. This issue also merits attention of Competent Authority.
- iv. The anti dumping duty imposed on all imports of Iso Propyl Alcohol originating in or exported from USA, Singapore, China and European Union will, effectively push up the cost of production of user industry. The percentage of margin will drastically come down in this highly competitive market of Ibuprofen and the declining trend in the international price is vivid. The imposition, therefore, effectively would result in negative revenue for the Ibuprofen and Ranitidine manufacturers.

- v. The international and domestic prices of the finished product viz., Ibuprofen has been depressed, the continuance of Anti-dumping duty will cause injury to the manufacturers of Ibuprofen and Ranitidine by way of increased cost. The very levy of anti-dumping duty on products, which are imported also, nullifies the benefit extended to exporters.

D. EXPORTERS' VIEWS

8. M/s Deutsche Exxon Chemical GmbH(now ExxonMobil Chemical Central Europe GmbH), Cologne, Germany, have stated that they have not been and are not a producer of IPA and have not been and are not selling IPA to India.

9. M/s Dua Associates, Advocates, have filed submissions on behalf of M/s Shell Nederland Chemie B.V., M/s Shell India Pvt. Ltd., M/s Shell Chemicals South East Asia, M/s Shell Eastern Chemicals i.e, SEC(S) and M/s Shell Chemicals Ltd., London. It has been stated that M/s Shell Eastern Chemicals(S), a division of Shell Eastern Trading (Pte) Ltd., has been and still responsible for the marketing and sale of various petrochemicals in the Asia Pacific Region including India and is the only Shell Company exporting IPA to India from Singapore since 1996. In their submissions, they have stated as under :

- a. It is respectfully submitted that the present investigation has not been initiated in accordance with the Customs Tariff Act, 1975(hereinafter referred to as "said Act") read with Anti-Dumping Rules under the Said Act(hereinafter referred to as "said Rules"). The Respondents state that the Petitioner has not filed the complete petition as required under the said Act and the said Rules, neither has provided a reliable data with respect to prices and normal value and thus the essential ingredient of the allegation of dumping is based on an unreliable source. In the circumstances, there does not appear to have been required application of mind in initiating this investigation and thus the same should immediately be terminated.
- b. Since ICIS-LOR or any other publication does not provide a reliable basis/data for determining the domestic prices, as also admitted by the Petitioner and also considering the fact that the domestic demand in Singapore is more than 5%, the 'normal value' of IPA produced by SEC(S) may be determined on the basis of domestic sales price of IPA in Singapore market as provided for in Section 9A(1) explanation (c) paragraph (i) of said Act read with Para 6(i) of the Annexure 1 to the said Rules.
- c. The export price in India of SEC(S) IPA is consistent with the 'normal value' determined on the basis of adjusted domestic sales price of IPA in Singapore during the period of investigation.

- d. It is further submitted that even if Singapore FOB export price to various countries in Asia-Pacific region as published by Singapore TDB for 2000-2001 is taken as normal value, it can be observed that the selling price of IPA in India is market driven price, consistent with the range of export prices prevailing in the Asia-Pacific Region.
- e. In view of the above, it is submitted that there is no requirement to calculate the normal value of IPA on a constructed basis. When the domestic sales price and the third country market prices constitute a viable means of calculating the normal value of IPA, Petitioner's reliance on Section 9A(1) Explanation (c)(ii)(b) is completely misplaced. Instead, in consonance with what is stated above, the sale prices in the domestic market will have to be the basis for the calculation of normal value as provided under explanation c(i) of the said Section. This method is the most appropriate, since it enjoys hierarchical preference under the said Rules and the WTO Antidumping Agreement.
- f. It is submitted that SEC(S) has exported IPA to India at prices much higher than its cost of production. Thus the export price to India of SEC(S) of IPA during the period under investigation is consistent with the normal value and there has been no dumping of IPA by SEC(S) as alleged.
- g. It is further stated that the Petitioners have relied upon the prices reported by ICIS-LOR magazine for obtaining the prices of IPA in the relevant domestic markets and have used the same as the basis for indicative prices in the region. It is respectfully submitted that having used the same as the basis for indicative prices, the Petitioner itself in the said Petition have, inter alia, stated that the Petitioner have every reason to suspect that either the prices quoted in the said ICIS-LOR Magazine are very low or that the exporters of the subject countries are incurring huge losses and thus according to the Petitioner the prices quoted in ICIS-LOR magazine and relied upon by the Petitioner to file the said Petition are not reliable. Further, it is submitted that ICIS-LOR generally publishes CIF prices and ex-tank or domestic prices are not mentioned in each publication and thus the same cannot be relied upon. It is submitted that no reliable data has been furnished by the Petitioner with respect to the prices and normal value and that an essential ingredient of the allegation of dumping is based on an unreliable source and thus the present investigation has been wrongly initiated.
- h. It is stated that the relaxation of the Exim Policy of the Government of India permitting imports of IPA has introduced competition in a market that earlier had a high tariff protection and has expanded the IPA market in India. The Petitioner has also stated that during the period under investigation 2000-2001 its production and capacity utilization, sales and sales realization have substantially increased and were maintained at high levels during the entire period under investigation – despite rising imports. The sole domestic producer, the Petitioner herein, has probably enhanced its focus on costs competitiveness,

and economic efficiency due to increasing exposure to competition from imports. These development are in keeping with the interests of consumer welfare, competition, norms of economic efficiency, law, public policy and the public interest.

- i. It is submitted that the Petitioner has not substantiated its allegation of alleged material injury caused by alleged dumping of IPA in India by the said Respondents. It is denied that the Said Respondents have engaged themselves in any dumping activities, as alleged or at all. It is submitted that as per anti dumping norms injury must be determined from the totality of indices and not from any alleged deterioration of profitability alone. It is respectfully submitted that there could be many other possible causes of alleged decline in profits like Petitioner's inefficiencies in terms of technology scale, procurement, feed-stock, logistics, infrastructure etc., and the same should be examined and considered. Further, since the Petitioner is the multi-product company, it should provide and show the apportionment of costs and overheads proportionate to and in respect of IPA which would be crucial in determining the alleged injury, if any, to the Petitioner. The DA may compare the international prices (and the prices of domestic Indian producers like Reliance) of naphtha and propylene feedstock with the cost of the Petitioner's in-house naphtha and propylene feedstock and also examine whether by purchasing outsourced naphtha and propylene feedstock the Petitioner would be able to increase profits. It may be stated that outsourcing is a well established business strategy for increasing profits and competitiveness.
- j. The Said Respondents state that the market for IPA in India is much greater than the total installed capacity of the Petitioner. Hence, import of IPA is imperative and necessary. It is submitted that, if anti dumping duties are to be imposed, the same would cause harm, injury and loss to both SEC(S) as well as the final users of IPA in India. The said imposition would increase the cost to the users of IPA who purchase IPA from SEC(S), who are mainly critical and sensitive pharmaceutical industries, which are also important export industries for India.
- k. It is respectfully submitted that there is no dumping of IPA from Singapore by the said Respondents, as alleged by the Petitioner and thus the anti dumping investigation against the Respondents be terminated and accordingly no anti dumping duties be levied on IPA. It is submitted that the present petition is nothing but the abuse of the process of law and process of this Hon'ble Designated Authority for obvious reasons.

10. M/s ExxonMobil Chemical International Services Ltd., Hong Kong and M/s ExxonMobil Chemical Company, Houston, Texas, USA have filed arguments on the issues relating to initiation of investigation, definition of domestic industry, injury to

the domestic industry etc., on confidential basis without giving any non-confidential summary nor giving the reasons why such summarisation is not possible.

E. EXAMINATION AND FINDINGS BY AUTHORITY

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

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

F. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

13. The product under consideration in the investigation has been considered as Isopropyl Alcohol (Bulk & Packed). The product is classified under Customs Sub Heading 2905.12 of the Customs Tariff Act, 1975. No substantive arguments have been advanced disputing the description of the product. The Authority, therefore, considers that the description of the product under consideration is precise and accurate. It may be mentioned that the customs classifications are indicative only and are in no way binding on the scope of the present investigation. No substantive arguments have been made nor has any evidence been forwarded disputing the claim of the domestic industry that the goods produced by the domestic industry and those imported into India are like articles. The Authority, therefore, has determined that the goods being imported are like article to the product under consideration.

G. DOMESTIC INDUSTRY

14. The petition has been filed by M/s National Organic Chemical Industries Limited (NOCIL) who are the only producer of the subject goods in the country. Therefore, they have the standing to file the application on behalf of the domestic industry. Further, the petitioners have neither imported the subject goods nor are they related to any importer/exporter of the subject product. The petitioners, therefore, 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.

H. NORMAL VALUE, EXPORT PRICES & DUMPING MARGINS

15. The Authority sent questionnaires to all the known exporters for the purpose of determination of normal value in accordance with Section 9A(1)(c). However, none of the exporters from European Union and China have furnished information to the Authority in the prescribed questionnaire format. The Authority, therefore, holds that none of the exporters from European Union and China have cooperated with the Authority as envisaged under the Rules and Rule 6(8) *supra*, is attracted in their case.

16. M/s ExxonMobil Chemical International Services Ltd., Hong Kong as representative of M/s ExxonMobil Chemical Company, Houston Texas, USA, have not furnished the following details in their submissions before the Authority, in reply to the questionnaire :

- a. Remarks to Appendix 1 indicates that the unit price includes cost of logistics, tax etc., whereas the details of the same have not been furnished in neither in Appendix 1 nor in Appendix 5. However, the information in Appendix 4 and Appendix 6, i.e., exports to India and other countries shows average selling price net of any tax/duty.
- b. Also the transaction wise details relating to sales in home market as required in Appendix 1 has not been furnished.
- c. Appendix 4 indicates that the sales price structure for exports to India includes all commission and demurrage provision. No details have been provided in the same Appendix.
- d. Information relating to expenses Before FOB for exports to India have not been furnished in Appendix 4.
- e. No information about the other products as required under Appendix 7 has been furnished.
- f. Costing information as required under Appendices 8, 9 & 10 has not been furnished in the manner and format prescribed in the exporter's questionnaire. The information submitted does not contain vital information regarding element wise material & utility cost. Detailed break-up of overheads as asked for in the Appendices 8 to 10 has not been furnished.
- g. The non confidential summary of the information submitted in Appendices 1 to 10 has not been provided.

As the information submitted by the only responding exporter from USA, is incomplete and deficient, the Authority has proceeded on the basis of the best information available to it as per Rules 6(8) *supra* for this exporter as well as for other exporters from USA for the purpose of preliminary findings.

17. In the reply filed by an exporter from Singapore, M/s Shell Eastern Chemicals (S) i.e., "SEC(S)" to the questionnaire following deficiencies have been observed:

- a. Complete information of the sales in the home market in Appendices 1 & 5 has not been furnished as details do not include the supplies in small pack or drum form.
- b. Information submitted in Appendix 1 is not in the manner and form prescribed in the exporter's questionnaire.
- c. Complete details of sales of the goods of company in the domestic and export market month-wise during the period of investigation and for two preceding years in Appendix 3, have not been furnished as the figures are only for bulk shipments.
- d. Information regarding the product under consideration in Appendix 7 is incomplete. The same appendix does not provide any information relating to other products as is required to be given.
- e. Factory cost and profit as required under Appendices 9 & 10 related to domestic sales and export to third country, has not been furnished.

As information submitted by only responding exporter from Singapore, is incomplete and deficient, the Authority has proceeded on the basis of the best information available to it as per Rules 6(8) *supra* for this exporter as well as for other exporters from Singapore for the purpose of preliminary findings.

18. The principles governing the determination of normal value, export price and the dumping margin as laid down in the Custom Tariff Act and the Anti Dumping Rules are elaborated in Annexure I to the Rules. The dumping margins arrived at for the purpose of preliminary findings are as follows:

Country/Territory	Exporters/Manufacturers	DumpingMargin (%)
USA	All exporters	20.88
China	All exporters	35.49
European Union	All exporters	69.89
Singapore	All exporters	15.17

I. INJURY

19. Rule 11 of Anti Dumping Rules reads as follows:

"Determination of Injury:

- i. In the case of imports from specified countries, the designated authority shall record a further finding that import of such article into India causes or threatens material injury to any established industry or materially retards the establishment of any industry in India;

- ii. The designated authority shall determine the injury to domestic industry, threat of injury to domestic industry, material retardation to establishment of domestic industry and a causal link between dumped imports and injury, 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 and in accordance with the principles set out in Annexure II to these rules."

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. For the examination of the impact on the domestic industry in India, the Authority considered such further indices having a bearing on the state of industry as production, sales, stock, profitability, net sales realization etc.

Cumulative Assessment of Injury

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

Injury Analysis

21. Subsequent to the initiation, the domestic industry has made additional submissions for injury analysis. They have contended that the determination of injury to the domestic industry has to be seen in the light of the earlier investigation carried out by the Designated Authority against most of the subject countries being investigated now. Investigation against import of Isopropyl Alcohol from Singapore, USA and Netherlands was initiated by the Designated Authority in June, 2000 which was terminated in February, 2001. Since this period falls within the period of investigation of the present investigation, its effect on the imports and injury parameters has to be taken into account. The domestic industry has further contended that comparative analysis of the imports and injury parameters during the sub-periods within the period of investigation will give a clear picture of injury analysis.

Market share of the imports from Subject countries

22. Imports of IPA over the years have been as under :

	1998-99	1999-2000	2000-2001	April-June, 2001
Imports				
Subject Countries	6974	8883	2821	2676
Other Countries	915	1805	1317	368
Total imports	7889	10688	4138	3044
Demand				
Imports	7889	10688	4138	3044
Sales of petitioner	21702	21900	22966	6012
Demand	29591	32588	27104	9056
Share of Subject Countries in Imports				
Subject Countries	88.40	83.11	68.17	87.91
Other Countries	11.60	16.89	31.83	12.09
Share in Demand				
Domestic industry	73.34	67.20	84.73	66.39
Imports from subject countries	23.58	27.26	10.41	29.55
Imports from Other Countries	3.09	5.54	4.86	4.06

From the above table, it is evident that there have been clear spurt in the import from the subject countries during the period of investigation, resulting in a significant increase in the share in the domestic market as well as within the total volume of imports. This is made further clear if quarter-wise break-up of imports is considered which is given in the table below. It is also clear from the table below that the import prices from the subject countries have been falling consistently during the POI, and they are significantly lower than the import prices from other countries.

Quarter-wise imports in the investigation period were as under :

	April-June,2000	July-Sept.,2000	Oct.-Dec.,2000	Jan-March,2001	April-June,2001
Imports	236	26	1070	1432	2676
Domestic Sales	5057	6589	5563	5757	6012
Other Imports	526	311	217	263	368
Demand	5819	6926	6850	7452	9056
Share of Imports	4.06	0.38	15.62	19.22	29.55
Share of Other countries	9.03	4.5	3.17	3.53	4.06
Share of Domestic Industry	86.91	95.13	81.2	77.25	66.39
Import Prices					
Subject Countries	27.97	31.06	26.90	26.60	20.72
Other Countries	36.06	36.26	34.81	32.29	31.16

Production & Capacity Utilization

23. The production and capacity utilization of the domestic industry during the POI and two preceding years is as follows:

Year	Capacity (MT)	Production (MT)	Capacity Utilization (%)
1998-1999	25,000	22474	89.90
1999-2000	25,000	21583	86.33
2000-2001	25,000	24370	97.48
April-June, 2001	6,250	5754	92.05

It has been argued that the domestic industry has made efforts to increase its production by debottlenecking efforts. This has resulted in the increase in production despite the rated capacity being same. It has further been argued that the increase in production and capacity utilisation during the current period of investigation should be assessed in the light of the earlier investigations going on during a part of the period of investigation and also in view of the increase in demand.

It has been observed that despite the marginal increase in the production and the capacity utilization of the domestic industry during the period of investigation, the domestic industry has incurred losses due to poor price realization vis-a-vis its cost of production. It is, therefore, clear that the domestic industry could retain its customers and market share at the cost of suffering on the financial parameters. Thus, the apparent increase in production as well as capacity utilization has to be seen in the context of the price effect of the dumped imports.

Productivity

24. The petitioner attempted to increase its production by debottlenecking the capacity. This resulted in increase its productivity. However, increased productivity did not help the domestic industry in earning reasonable return.

Sales Volume & Selling Price of the Domestic Industry

25. Sales volume and Sales realisation per unit of the domestic industry are tabulated below:

Year	Sales Volume (MT)	Sales Realisation (Rs./MT)
1998-1999	21702	*****
1999-2000	21900	*****
2000-2001	22966	*****
April-June, 2001	6012	*****

As regards the sales price, there is some improvement over the last year but it has been claimed by the domestic industry that there has been increase in the cost of the

major raw materials and fuel more than the increase in the price. This is also reflected in the fact that the losses are being incurred despite increase in the sales prices. At the same time, it is the claim of the domestic industry that it has not been feasible for the domestic industry to increase their prices commensurate with the increase in the raw material prices precisely because of dumping. Thus, there is enough evidence of price suppression on account of dumping by the subject countries.

Profitability

26. An examination of the records of the domestic industry indicates that the domestic industry has suffered serious injury in the form of direct losses per unit of sale. The domestic industry was able to reduce its losses per unit because of ongoing anti dumping investigation during the beginning of present period of investigation. But, subsequently, once the earlier investigation was terminated, the low priced imported prevented the domestic industry from realising fair selling price. Thus, it is apparent that it is the price factor alone which can be considered to have led to injury to the domestic industry resulting in losses despite improvement in capacity utilization as well as production.

Year	Sales Realisation (Rs. PMT)	Cost of Production (Rs. PMT)	Profit/Loss (Rs. PMT)
1998-1999	***	***	***
1999-2000	***	***	***
2000-2001	***	***	***
April-June, 2001	***	***	***

Price Undercutting

27. It has been claimed that dumping by the subject countries has had a significant impact on the net sales realization by the domestic industry for the subject goods. To hold on to its market share, the petitioner had to compete with low priced and dumped imports of subject goods from the subject countries. The landed values of the dumped imports also indicate that there is price under-cutting taking place.

Price Underselling

28. The Authority has also examined the claim of the domestic industry that the domestic industry is suffering on account of direct losses. The Authority notes that price underselling is an important indicator to make an assessment of injury. The Authority has worked out a fair selling price and compared the same to the landed value to arrive at the extent of price underselling.

Return on investment & Ability to raise capital

29. The rate of return on the investment during the period of investigation for the product under consideration has been negative for the domestic industry as a result of which the domestic industry has not been able to raise fresh capital or plan new investment in this product.

Employment

30. The employment levels of domestic industry have not undergone any significant change during the period of investigation.

Inventories

31. There is not any significant change in the inventory position of the domestic industry during the period of investigation.

Determination of Injury.

32. On examination of the evidence, it has been found that there is marginal increase in production, sale, and capacity utilization of the domestic industry. However, the domestic industry is suffering losses on account of low priced and dumped imports from the subject countries. The most significant parameter evidencing injury is the price undercutting and price underselling as per the evidence available with the Authority. On the basis of the evidence available before the Authority, it is determined that the domestic industry has suffered injury and is suffering further threat of injury during the period of investigation.

J. CAUSAL LINK

33. In determining whether material injury to the domestic industry was caused by the dumped imports, the Authority took into account the following facts:-

- a. The authority also observes that there is a single market for the subject goods where dumped imports compete directly with the goods produced by the domestic industry. Decline in demand is not a factor causing injury to the domestic industry. The imported subject article and the domestically produced goods are like articles and are used for the same applications/end uses. Thus, pricing becomes the most important factor determining purchase of the article from either imported sources or domestic sources.
- b. The imports from Subject countries suppressed the prices of the product in the Indian market to such an extent that the domestic industry was prevented from recovering its full cost of production and earn a reasonable profit from the sale of subject goods in India.

- c. Substantial imports of subject goods from Subject countries at dumped prices in latter part of POI has resulted in substantial losses to the domestic industry.

K. INDIAN INDUSTRY'S INTEREST

34. The purpose of anti dumping duties 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.

35. 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. 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. OTHER ISSUES

36. It has been argued by some interested parties that the petitioner, i.e., NOCIL, is the only producer of the subject goods in the country, and therefore, the present petition has been filed by them to avoid any competition. Further, the total capacity of the petitioner is short of the demand of IPA in the country and the size of the plant is uneconomical. It has also been argued that the technology used by the domestic industry is obsolete and inferior. Issues have also been raised regarding the poor quality of the goods produced by the domestic industry as well as the methodology adopted for apportionment of fixed costs and overheads to the production of IPA. It has also been stated that the prices of exports to India are at the prices prevailing in international market.

37. The above issues have been examined by the Authority. The purpose of anti dumping duty is to ensure that any injury caused to the domestic industry due to dumping is addressed adequately. The fact that there is a single producer of the subject goods in the country does not, in any way, restrict the right of the domestic producers to claim relief from the Designated Authority against the dumped imports under the Anti Dumping Rules. It has been the accepted position that anti dumping duty is in the nature and form of providing a remedy against the trade distorting

practice of dumping. Further, anti dumping duties do not propose to restrict or block imports from any sources and therefore, the issue of the domestic supply being short of the total consumption in the country, has no relevance. Also since alternative sources of supply are available to the Indian industrial users, the apprehension of the petitioner company exercising monopoly position to exploit the customers, is misplaced. Adequate care has been taken by the Authority while apportioning the fixed cost and other overheads to the product under consideration. Regarding the issue of the export prices to India being at par with the prevailing international prices, the Authority notes that dumping is linked to the normal value in the exporting country and export prices of the subject goods to India and while determining the normal value, it has to be established that the sales are in the ordinary course of trade.

M. CONCLUSIONS

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

- i. Isopropyl Alcohol(Bulk & Packed) as defined above in the para relating to Product under consideration has been exported to India from subject countries below its normal value;
- ii. the Indian industry has suffered material injury;
- iii. the injury has been caused by the dumped imports from subject countries;

39. The Authority considers it necessary to impose an anti dumping duty provisionally, pending final determination, on all imports of Isopropyl Alcohol(Bulk & Packed) from subject countries 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 selling price of the petitioner companies determined for the period of investigation.

40. 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 Product under consideration originating in or exported from subject countries pending final determination. The anti-dumping duty shall be the difference between the prices indicated in Column 3 of the following table and the landed value of the concerned imports:

Country/Territory	Exporters/Manufacturers	Amount US D per MT	
		Bulk	Packed
USA	All exporters	748.10	863.55

China	All exporters	748.10	863.55
European Union	All exporters	748.10	853.65
Singapore	All exporters	748.10	823.65

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

N. FURTHER PROCEDURE

42. 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