

# MINISTRY OF COMMERCE AND INDUSTRY

## (Department of Commerce)

### Notification

New-Delhi, the 20th December 2002

**Subject:** Anti-dumping investigations concerning import of Mulberry Raw Silk (not thrown) originating in or exported from China PR. - Preliminary Findings

**F.No. 14/28/2002-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 all cottage/filature/multiend silk reelers through their associations, alleging dumping of Mulberry Raw Silk (not thrown) originating in or exported from China PR.
  - 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 Mulberry Raw Silk (not thrown) originating in or exported from China PR.
  - iv. The Authority notified the Embassy of the subject country about the receipt of dumping allegation before proceeding to initiate investigations in accordance with sub-rule 5(5) of the Rules.
  - v. The Authority issued a Public Notice dated 17th July, 2002, published in the Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of Mulberry Raw Silk (not thrown) classified under customs sub-heading no. 50.02 of Chapter 50 of the Customs Tariff Act, 1975 and ITC (HS) Code 50020001 originating in or exported from China PR.
  - vi. The Authority forwarded a copy of the Public Notice to the known exporters (whose details were made available by the petitioner) and sericulture associations and gave them an opportunity to make their views known in writing within forty days from the date of the letter.

- vii. The Authority forwarded a copy of the Public Notice to the known importers (whose details were made available by the petitioner) of Mulberry Raw Silk (not thrown) and advised them to make their views known in writing within forty days from the date of the letter.
- viii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of Mulberry Raw Silk (not thrown).
- ix. The Authority provided copies of the non-confidential Petition to the known exporters in accordance with Rule 6(3) supra.
- x. The Authority sent a questionnaire, to elicit relevant information to the following known exporters in China PR in accordance with Rule 6(4);

### **China PR**

- Ms. Shao Rong Rong,  
M/s Zhejiang Silk Import Corporation,  
No. 115, Ti Yu Chang Road,  
Hangzhou.
- Mr. Chen Won,  
Sichuan Silk Import Export Corporation,  
Silk Yarn Department,  
5th Floor, Silk Building,  
Bo. 65, Luo Guo Lane,  
Chengdu, Sichuan.
- Mr. Shan Rong,  
Liaoning Silk I & E Corporation,  
No. 37, Renmin Road,  
Zhongshan District, Dalian
- Mr. Chen Dai Ping,  
Zhejiang Weilai I & E Corporation Ltd.,  
Flat A, 7/F, No. 117, Huzhou Building,  
1, Hongqi Road, Huzhou, Zhejiang.
- Mr. Wu Ke Chang,  
Chairman & General Manager,  
Chengdu Tianyou Silk Co. Ltd.,  
West Section One,  
No. 2 Ring Road Chengdu,  
Sichuan.
- Mr. Ji Chuan Won,  
Chairman & Managing Director,  
Jaingsu Haiian  
Cocoon Silk Group Co. Ltd.,

- 20, Shuguang West Road,  
Haian Jiangsu
- Mr. Cheng Wei  
Jiangsu SOHO,  
International Group Corporation,  
8, Zhang Shan Nan Lu,  
Nanjing.

The Embassy of the People's Republic of China in India, was 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 letters and questionnaire sent to the exporters was also sent to them, alongwith the names and addresses of the exporters.

A questionnaire was sent to the following known importers/users of Mulberry Raw Silk calling for necessary information in accordance with Rule 6(4);

- M/s Asha Silk Exports,  
Bangalore
- M/s Akhil Exports & Imports,  
Bangalore
- M/s Bharat Silks,  
Bangalore
- M/s Chamundi Textiles,  
Bangalore
- M/s Chaitra Prints,  
Bangalore
- M/s Dattatreya Silk Exports,  
Bangalore
- M/s Ethnic Exports,  
Bangalore
- M/s Gajanaya Silk Fabrics,  
Bangalore
- M/s Hanuman Weaving Factory,  
Bangalore
- M/s Harmony Silks Pvt. Ltd.,  
Bangalore
- M/s J.J.Exporters Ltd.,  
Bangalore
- M/s Himatsingka Seide Ltd.,  
Bangalore

- M/s Swan Silk Ltd.,  
Bangalore
  - M/s Pathi Prints,  
Bangalore
  - M/s Shah Silk and Fabrics Ltd.,  
Mumbai
  - M/s ELITE Inc.  
Mumbai
  - M/s M/s Rama Textiles (P) Ltd.,  
Varanasi
  - M/s Ritika Silk & Sarees,  
Varansi
  - M/s Triveni Sarees,  
Varansi
  - M/s B.R.Exporters (India),  
New Delhi
  - M/s Chetan Exports,  
New Delhi
  - M/s Classic Creations,  
New Delhi
  - M/s Aloka Exports,  
Mumbai
  - M/s Jaykay Internationa,  
Mumbai
  - M/s Shalimar Exports,  
Mumbai
  - M/s Amrita Exports,  
Mumbai
  - M/s Chamundi Textiles,
- 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 petitioner so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xiii. A hearing attended by the domestic industry, the Counsel for the Chinese exporters and the Embassy of China (Commercial Counsellors Office) was chaired by the Designated Authority on 4th December 2002. The fundamental

deficiencies in the Chinese exporters response was pointed out. In their written submissions, they have modified the cost of production provided by Chengdu Tianyou Silk Co., Ltd., without giving any reasons or substantiation. As these respondents are traders, they have provided their average domestic purchasing price and average price at ex-factory level for exports without giving supporting documentary evidence and details of adjustments claimed. The Authority notes that transaction-wise data on domestic sales can be provided only by the manufacturers of the subject goods who have sold the product in the Chinese domestic market to such traders and to others. The Authority also notes that the concerned firms have not provided information and evidence to rebut the presumption that the subject country is a non-market economy on the basis of the criteria specified as per Para 7 and 8 of the Anti-dumping Rules as amended. The domestic industry has stated in their rejoinder that the cost of production should not be taken as relevant data for determining dumping. The Chinese exporters had requested for extension to file their written submissions and are yet to file their rejoinder.

- 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, 2001 to 31st March 2002 (12 months).

## **B. PETITIONERS VIEWS**

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

- i. As a result of research and development in the sericulture sector new high yielding mulberry and bivoltine silkworm races have been evolved marking significant break through for the production of quality silk of international grade. Most of the sericulture practicing states like Karnataka, Tamilnadu, Andhra Pradesh, etc. have adopted these new bivoltine technologies resulting in enhanced productivity and quality. The introduction of these new bivoltine races has increased the raw silk yield considerably with renditta levels coming down from 9 to 6.5 (renditta - number of kg of cocoons required to produce 1 kg raw silk). These races have given a new momentum to Indian Sericulture.
- ii. At this critical juncture the sericulture industry is faced with large scale dumping of Chinese Raw Silk at prices which are inexplicably low when compared to earlier years and in the process causing severe injury to the silk reelers producing raw silk. The representation received from various reelers associations of different states have been enclosed with the petition.

- iii. The Indian Mulberry Raw Silk Production is mainly consumed by handlooms and powerlooms, which cater to domestic markets apart from exports. During the year 2001-2002 around 5735 MT of raw silk have been imported as per DGCI&S, Kolkata from China at prices which has been outrageously low when compared to earlier years.
- iv. Indian Sericulture has been reeling under the severe onslaught of the dumping of raw silk by Chinese companies and the prices have crashed resulting in uprooting of mulberry in different sericulture pockets of the country. While imports have gone up by around 50% during 2001-2002 when compared to the last year that is 2000-2001 the prices of the imported Chinese raw silk has come down from USD \*\*\*-\*\*\*kg, cif, a couple of years ago, for 2A grade and below to USD \*\*\*kg during June, 2002. In the domestic markets, the raw silk prices have crashed from around Rs. \*\*\* to Rs. \*\*\*/kg. during November, 2000 to June, 2002. It is not reasonable to assume that the Chinese industry could increase productivity level to such levels as to bring down the selling prices of raw silk from a level of about USD \*\*\* to USD \*\*\* within a span of 12 months and that therefore their export prices are lower than their domestic prices. There is reason to believe that the price fall is not bonafied and is deliberately brought down to cause injury to Indian Sericulture Industry which is poised for a break through in quality and productivity levels.

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

### **3. Importers views**

#### **I. Swan Silk (P) Ltd.**

Swan Silk Limited imports only Mulberry Raw Silk of 2A Grade and above from China PR and is therefore not relevant to your investigation.

#### **II. Pure Silk Weavers Association, Udhna**

We hereby draw your attention towards the excessive dumping of raw silk and silk fabrics by China, Korea, Russia and Brazil resulting in the crash of silk industry in our country. These shippers are dumping the material at lowest ever prices to kill the local industry. Almost all the silk rearing reeling. Twisting and weaving units are on the verge of closing because of this dumping. Farmers are also no more interested in Mulberry cultivation because of loss. To prevent the crash in local silk market anti-dumping duty should be imposed.

### III. Hanuman Waving Factory. Peenya

We are a 100% export performance industry and we are importing raw silk, dupion silk and other yarns under duty free license for export production.

#### **Examination by Authority**

The Authority notes that none of the importers have filed a response to the importers questionnaire.

#### **4. Exporters Views**

##### **(A) Chengdu Silk Import and Export Corporation:**

1. This company has filed a confidential and non confidential response to the exporters questionnaire. This respondent is the company owned by the whole people set up in 1984. It is related to Chengdu Shujin Silk International Trade Company Ltd., a limited liability company established in 2001 in accordance with the company law of China. For reasons of restructuring Chengdu took over the respondent export activity of raw silk after the investigation period. Although this response is made in the name of Chengdu, future exports shall be made in the name of Chengdu Shujin.
2. Chengdu Shujin is a limited liability company whose major share holders are private natural persons. Both Chengdu Shujin and the respondent operate their business independently, select the supplier and customers freely and decides the prices according to market signal. The respondent has requested market economy/individual treatment.
3. The respondent does not produce the product concerned and has not received incentives on export sales.
4. The respondent has given a list of main producers from whom the product has been purchased during the investigation period.
5. The respondent has given information relating to sales in the home market in Appendix 1.
6. The respondent has stated that they have made a considerable amount of domestic sales of Mulberry raw silk of 2A and above during the investigation period which are mixed together, and it is not possible to separate the sales of Mulberry raw silk of 2A from those of the rest. The amount and value therefore includes sales of Mulberry raw silk of all grades.
7. Details of the export sales have been provided in Appendix 2.
8. In Appendix 3 the sales of the goods of the company have been given. It is presumed that the sales would be for all grades of 2A would be for since the

company had indicated its inability to bifurcate the sales of 2A grade from those of the rest.

9. In Appendix 4 (sales price structure for exports to India) different unit selling prices for 2A grade and below are being given.
10. In Appendix 5 (sales price structure for domestic sales) different unit selling prices have been given for raw silk.
11. The company has stated that the unit prices in question C1 (charged for like goods sold on domestic and export market) are not subject to any consideration described in question C2 of the questionnaire.
12. Information on cost of production in Appendices 8,9 and 10 are stated to be not applicable as a respondent does not produce the product concerned.
13. The accounting methods are as follows:-
  - a. The respondent records its accounts on the accrual basis;
  - b. Stock is valued by weighted average method;
  - c. Sales recognition, provisions for bad debt, depreciation and amortization etc. all follows the General Accounting Principles. Depreciation is using the straight method.
14. The respondent has stated that there is no physical difference between the products sold in the domestic market or for export to India.
15. The respondent financial statement of the year 2001, 2000 and 1999 have been given.
16. The respondent did not make any export saving of the product concerned to any third countries other than India during the investigation period. The respondent did export some Mulberry raw silk of higher grade than 2A to other markets.

### **Examination by Authority**

1. Information on Appendix 7, ( licensed capacity, installed capacity, production and sales) are not available.
2. Appendix 8 and 9, Factory Cost and Profit of Export to India and Factory Cost and Profit of Domestic Sales, have not been provided in response to the exporters questionnaire.
3. While the respondent has given information relating to sales in the home market in Appendix 1, information on the names of buyers in the Chinese market have not been given. It is also noted that there is little variation in the volumes sold against individual invoices. The sales value and the rate per unit are largely consistent.
4. Since the cost of production is not given, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of

domestic sales being in the ordinary course of trade is not possible in the absence of cost data.

5. Details of the export sales have been provided in Appendix 2. However the Authority notes that while information on ocean freight and insurance have been provided the invoice value and the cif value are shown to be the same.
6. The Authority notes that the average cost of supply of the subject goods from producers given in Annex G6 is RMB \*\*\*/kg or USD \*\*\*/kg at an exchange rate of 1 USD is = 8.26 RMB. The ex-factory domestic sales price after considering adjustment as claimed is USD \*\*\* and the ex-factory export price after considering adjustment as claimed before f.o.b. and considering weighted average overseas and insurance is USD \*\*\*/kg. The Authority notes that both domestic and export prices are below the procurement prices.
7. Both Chengdu Shujin and the respondent have stated that they operate their business independently and decide prices according to market signals. The Authority notes however that they have submitted no evidence in support of this claim. In Appendix 1 the volume sold during the period investigated and the rate per unit thereof show little variation and both quantity and unit prices are largely uniform. The names of the buyers to whom the product has been sold is not known.

(B) Chongqing Golden Silk Co. Ltd

1. The Respondent is a limited liability company established under the Company Law of China in 2001. It started its export business from the year 2002. This company has filed a confidential and non confidential response to the exporters questionnaire.
2. The Respondent did not have any sales in the home market during the investigation period.
3. The respondent does not produce the product concerned.
4. Details of suppliers of the product concerned have been given.
5. Details of the export sales have been provided in Appendix 2. The sales price structure for exports to India has been given in Appendix 4.
6. There is no difference in the products sold in the domestic market, other third country market and Indian market.
7. The respondent has no special trading arrangements. Some of the sales are made on a commission basis to an agent but there is no formal arrangement in writing..
8. The respondent has given financial statement of year 2001.

**Examination by Authority**

1. Information on Appendix 7, ( licensed capacity, installed capacity, production and sales) are not available.
2. Appendix 8 and 9, Factory Cost and Profit of Export to India and Factory Cost and Profit of Domestic Sales, have not been provided in response to the exporters questionnaire.
3. Since the cost of production is not given and there are no domestic sales, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales.
4. Details of the export sales have been provided in Appendix 2. However the Authority notes that while information on ocean freight and insurance have been provided the invoice value and the cif value are shown to be the same.
5. The Authority notes that the average price of supply of the subject goods from producers given in Annex G6 is RMB \*\*\*/kg or USD \*\*\*/kg at an exchange rate of 1 USD is = 8.26 RMB. The ex-factory export price after considering adjustment as claimed before f.o.b. and considering weighted average overseas and insurance is USD \*\*\*/kg.
6. The respondent have stated that they operate their business independently and decide prices according to market signals. The Authority notes however that they have submitted no evidence in support of this claim.

(C ) Sichuan Silk (Import and Export) Corporation

1. The Respondent is a limited liability company established under the Company Law of China after a major corporate restructuring.
2. The respondent does not produce the product concerned.
3. Details of suppliers of the product concerned have been given.
4. Details of domestic sales have been provided in Appendix 1.
5. Details of the export sales have been provided in Appendix 2.
6. Information on sales made has been given as per Appendix 3.
7. Information has been given in Appendix 4 (sales price structure for exports to India) and Appendix 5 (sales price structure for domestic sales).
8. The respondent has no special trading arrangements. However as the prices are greatly influenced by the market, sometimes further discounts were agreed after the goods had arrived in India.
9. The respondent has given financial statements of the years 1999, 2000 and 2001.

**Examination by Authority**

1. Information on domestic sales does not reveal the parties to whom the subject goods have been sold. There is no information on cost of production. Since the cost of production is not given, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data.
2. Information on Appendix 7, (licensed capacity, installed capacity, production and sales) are not available.
3. Appendix 8 and 9, Factory Cost and Profit of Export to India and Factory Cost and Profit of Domestic Sales, have not been provided in response to the exporters questionnaire.
4. Details of the export sales have been provided in Appendix 2. However the Authority notes that while information on ocean freight and insurance have been provided the invoice value and the cif value are shown to be the same.
5. The Authority notes that the average cost of supply of the subject goods from producers given in Annex G6 is RMB \*\*\*/kg or USD \*\*\*/kg at an exchange rate of 1 USD is = 8.30 RMB. The ex-factory domestic sales price after considering adjustment as claimed is USD \*\*\* and the ex-factory export price after considering adjustment as claimed is USD \*\*\*/kg.
6. The respondent has said that it freely decides its business operation according to market signals. The Authority notes however that they have submitted no evidence to substantiate this claim.

(D) Chengdu Tianyou Silk Co. Ltd

1. The Respondent is a limited liability company set up in accordance with the Company Law of the People's Republic of China and registered with the Administration of Industry and Commerce of Chengdu, Sichuan Province. The Respondent is a private company which exports the product concerned to India. It holds the majority shares of Sichuan New Century Silk Industries Co., Ltd. a producer of the product concerned. This response has been prepared by both companies. While the respondent prepared the sections concerning sales, the sections on production costs have been prepared by Sichuan New Century.
2. Details of domestic sales have been provided in Appendix 1.
3. Details of the export sales have been provided in Appendix 2.
4. Information on sales made has been given as per Appendix 3.
5. Information has been given in Appendix 4 (sales price structure for exports to India) and Appendix 5 (sales price structure for domestic sales).
6. Information on capacity, production and sales have been given at Appendix 7.
7. Information on Appendix 8,9, and 10 have been given.

8. The respondent has attached the financial statements of the years 2001, 2000 and 1999. From the year 2001, the respondent consolidated its income with Sichuan New Century's financial statements.

### **Examination by Authority**

1. Information on domestic sales does not reveal the parties to whom the subject goods have been sold. There appears to be only a single transaction.
2. Although Sichuan New Century is stated to be the factory involved in the production, information on other factories have been provided in Annex G6 from the whom the respondent has purchased the product during the investigation period.
3. The cost of production claimed is USD \*\*\*/kg. In the cost of production, the total quantity of cocoons used (\*\*\*/kg) for total production of \*\*\*/kg works out to \*\*\*/kg per unit (kg) of output. This renditta level is unusually low as compared to the best achieved Indian renditta level of \*\*\* kg per unit (kg) of output. The Authority notes that the cocoon cost as per data submitted accounts for 71.3% of the total cost of production and the consumption level claimed is unusually low. The Authority is therefore constrained to reject the data provided on the cost of production. The Authority notes that the average domestic sales price in the domestic market in China PR is USD \*\*\*/kg which is below the cost of production claimed by the company and hence domestic sales transaction have not been in the ordinary course of trade. The ex-factory domestic selling price after taking into account adjustments claimed is USD \*\*\*/kg and the ex-factory export price works out to USD \*\*\*/kg for the purpose of these preliminary findings.
4. Since the cost of production data is unacceptable for the aforesaid reasons, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. However based on the cost of production claimed, the Authority notes that the domestic sales price is not in the ordinary course of trade. The Authority is therefore constrained to reject the cost of production for the reasons cited above and the domestic sales price, being below cost and work out the constructed cost of the subject goods based on facts available.
5. Details of the export sales have been provided in Appendix 2. However the Authority notes that while information on ocean freight and insurance have been provided the invoice value and the cif value are shown to be the same.
6. The respondent has stated that it operates its business independently and selects its suppliers of raw materials. Its decisions regarding production, sales and investments are said to be made at market price and according to market signals. Its costs of production and sales can reflect the market value. However,

the Authority notes that sufficient evidence is not available to substantiate this claim.

(E) Zhejiang Native Produce & Animal By-Products I/E Group Corp.

1. The respondent was set up as a State-owned company in February 1975. It has a subsidiary company which it manages and which deals with certain operational aspects concerning exports of raw silk including Mulberry Raw Silk, 2A grade and below (not thrown). The respondent deals with all the invoicing of the product concerned and therefore it is appropriate that for the purposes of this questionnaire and investigation the respondent is considered as the principal entity.
2. The following company supplied the respondent during May, June and July 2002, i.e., not during the investigation period: Shanxi Ankang Hengyuan Silk Company Ltd., a limited liability company. The total quantity supplied was \*\*\*kg; unit price RMB \*\*\*/kg or USD \*\*\*/kg. The total value was RMB\*\*\*/USD\*\*\*.
3. The respondent did not export the product concerned during the investigation period. However the respondent made some exports of the product concerned in May and June 2002 and therefore the respondent wishes to apply for newcomer exporter status at the applicable moment.
4. Because the respondent did not export during the investigation period the other sections of the questionnaire are not relevant here.

**Examination by the Authority**

1. The Authority notes that the respondent is a state owned company which has stated that it carries out its own commercial activities and negotiate its sales on market economy principles and follows general accounting principles. However, there is no evidence to substantiate this claim.
2. The Authority also notes that the respondent did not export the product concern during the period of investigation. The Authority would examine their request for a new shipper review under the Anti Dumping Rules.

(F) Zhejiang Weilai Imp. & Exp. Co. Ltd.

1. The respondent was set up as a limited liability company on 8 June 2000 in accordance with Chinese company law.
2. Information on the companies that supplied to the respondent are given in Annex G3.
3. Appendix 1 is not relevant as the respondent does not sell the product concerned on the domestic market.

4. Information against Appendix 2&3 has been given.
5. The respondent exports Mulberry Raw Silk (not thrown) grade 2A and grade A. The respondent sells the two grades mixed together as one. Grade 2A and grade A is purchased by the respondent from its suppliers in this mixed format and the respondent does not separate the two grades for export as such. There is no information to distinguish the two grades.
6. Information has been given in Appendix 4&6. Appendix 5 is not relevant as the respondent does not sell the product concerned in the domestic market.
7. Appendix 8,9 and 10 are not relevant as the respondent is not a producer of the product concerned.
8. The respondents Annual Reports of 2001, 2000 and 1999 are attached.
9. The respondent exports grade 2A and some grade A to Bangladesh, Italy and Korea. Additional details of these transactions can be provided if needed.

### **Examination by the Authority**

1. The Authority notes that there is no information on domestic sales or cost of production to determine if the domestic sales are in the ordinary course of trade. Since the data on the cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) (i) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that the average unit price against S.No. 3 of Annex G3 where information of the prices at which the respondent has procured the goods from various suppliers is incorrectly stated. However, the Authority has adopted an average rate of USD \*\*\*/kg on the basis of the available information. The Authority notes that while there were no domestic sales the export price (cif) of USD \*\*\*/kg was below this supply price.
3. Only export details are available.
4. The respondent has stated that it carries out its own commercial activities and negotiates the sales on market economy principles and follows general Chinese accounting principles. The Authority notes that there is nothing to substantiate this claim.

### **(G) Jiangsu Soho International Group Corp. Ltd.**

1. The respondent was set up as a State-owned company on 5 September 1981 and then became a limited company by share duly established in accordance with Chinese company law.

2. The respondent has a subsidiary company in which it has the controlling share and which it manages: Jiangsu Soho International Group Silk Yarn Co. Ltd. This subsidiary deals with certain operational aspects concerning exports of raw silk, including the product under consideration but the respondent deals with invoicing of the product concerned and therefore it is appropriate that the respondent is considered as the principal entity for the purposes of this questionnaire.
3. The respondent acts as a trading company as regards exports of the product concerned and neither sells this on the domestic market nor exports this to countries other than India.
4. Information on the companies that supplied to the respondent during the investigation period are attached in Annex G5.
5. The Indian authorities need to take into account the fact that the market for the product concerned (grade 2A and grade 1A). i.e., for export fluctuates greatly and that prices collapsed during the investigation period, according to the respondent, decreasing by an estimated 25% during this period.
6. Appendix 1 is not relevant as the respondent does not sell the product concerned on the domestic market.
7. Information in Appendices 2&3 are provided.
8. Information in Appendix 4 has been given.
9. Appendix 5 is not relevant as the respondent does not sell the product concerned on the domestic market.
10. Appendix 6 is not relevant as the respondent does not export the product concerned to countries other than India.
11. Appendices 8,9 and 10 are not relevant as the respondent is not a producer of the product concerned.
12. The Annual reports of 2002, 2000 and 1999 are enclosed.

### **Examination by the Authority**

1. The Authority notes that since the data on the cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) (i) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that as per Annex 5 the supply price by the named producers was USD \*\*\*/kg while there were no domestic sales the cif export price of exports to India was in the region of USD \*\*\*/kg which is below the supply price.
3. The only information available is with respect to export price.

4. By the respondent's own admission prices of the subject goods collapsed by 25% in the period of investigation.
5. The respondent has stated that it is the state owned company which carries out its own commercial activities and negotiate its sales on market economy principles and follows general Chinese accounting principles. The Authority notes that there is no evidence to substantiate its claim.

(H) China Raw Silk Import and Export Corp.

1. The respondent is a State owned company and is a subsidiary of China National Silk Imp. & Exp. Corp. which is the sole shareholder of the respondent.
2. The respondent is a trading company and has no sales in the home market.
3. Information relating to exports to India have been furnished in Appendix 2.
4. Total quantities and net sales revenue from sales of the product involved have been given in App 3.
5. Price structure and sales arrangements have been given in App.4.
6. Appendices 5&6 are not applicable as the respondent did not sell the product involved in the domestic market or export to third country.
7. Appendix 7&8 are not applicable.
8. Annual reports of 2000 and 2001 have been given.

**Examination by the Authority**

1. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The only information available is with respect to export price.
3. The respondent has stated it independently operates business and production activities, freely selects suppliers and customers and develops sales market in response to the signal of the market. The Authority notes that the respondent has given no evidence to substantiate this claim.

I. Nanjing Textiles Imp/Exp Corp., Ltd.

1. The respondent is a company limited by shares, duly established in accordance with Chinese company law on 30 May 1994. It is a publicly listed company at the Shanghai Stock Exchange where the company issued A shares on 6 March 2001.

2. The main shareholder Nanjing State Owned Assets Operations (holding) Company Ltd., has no influence on the day-to-day business operations of the respondent.
3. The respondent is a trading company and has no production facilities for the product concerned and neither sells this on the domestic market nor exports this to countries other than India.
4. Appendix 1 is not relevant. Appendices 2&3 have been provided.
5. The respondent has no related companies but it does sell some of the product concerned to two separate Hong Kong companies that then sell this product directly to India. The respondent ships this product to India, i.e., the product does not physically go via Hong Kong-this transport arrangement is done primarily for reasons of cost. The invoices are therefore made between the respondent and the Hong Kong companies and the Hong Kong companies then in turn invoice the Indian clients.
6. While information in App 4 has been provided, information against Appendix 5&6 are not relevant.
7. Appendices 7,8,9&10 are not relevant as the respondent is not a producer of the subject goods.
8. The Annual reports of 2001, 2000 and 1999 have been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) (i) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that the supply price as given in Annex G3 from the named suppliers therein ( who are stated to have supplied only 50% of the total quantity purchased during the investigation period ) is USD \*\*\*/kg. The cif export price is \*\*\*/kg.
3. The only information available is with respect to export price.
4. The respondent has stated that it carries out its own commercial activities and negotiates its sales on market economy principles and follows general Chinese accounting principles. The Authority notes however that there is no evidence on the basis of which the respondent has said that it would like to claim market economy treatment.

### **(J) Zhejiang Silk Import and Export Company**

1. The respondent is a wholly owned State company. It was established on 5 November 1994. In January 2002 the respondent underwent a restructuring under which the import and export department became a company in its own right as a limited liability company by share. This company is called Zhejiang Cathaya International Co. Ltd., and the respondent holds a 52% shareholding in it. From May 2002 all the import and export business of the respondent was taken over by this new company, including exports of the product concerned. For the purposes of this investigation, the respondent should be considered as the main entity.
2. The respondent and the new company are both trading companies and have no production facilities for the product concerned and they neither sell this on the domestic market nor export this to countries other than India.
3. Information on companies who supplied the subject goods to the respondent during the investigation period have been provided.
4. Appendix 1 is not relevant. Appendices 2&3 have been provided.
5. While information in App 4 has been provided, information against Appendix 5&6 are not relevant.
6. Appendices 7,8,9&10 are not relevant as the respondent is not a producer of the subject goods.
7. The Annual reports of 2001, 2000 and 1999 have been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The price at which supplies of the subject goods have been made by producers named in the response is USD\*\*\*/kg. The cif export price to India is USD \*\*\*/kg which is below this price.
3. The only information available is with respect to export price.
4. The respondent has stated that during the investigation period it had carried out its own commercial activities and negotiate its sales on market economy principles. It had also followed general Chinese accounting principles and was responsible for its own profits. The Authority notes that there is no evidence on the basis of which this claim can be substantiated.

(K) Hainan Silk Imp. & Exp. Corp.

1. The respondent is a state owned company duly established in accordance with the regulation of the People's Republic of China for Controlling the Registration of Enterprises on June 27, 1991. The respondent is invested by China Silk Import and Export Company Ltd. which is sole shareholder of the respondent.
2. The respondent is a trading company. They have stated that question A4 is not applicable (list of factories involved in production).
3. The respondent has no sales in the home market; therefore, appendix 1 is not applicable.
4. Information on exports made to India have been provided in Appendix 2.
5. Appendix 3 has provided total quantities and net sales revenue from sales of the product involved.
6. In Appendix 4 information on sales price structure to India has been given. Since the respondent did not sell the product concerned in the domestic market or export it to third country, Appendix 5 and Appendix 6 are not applicable to the respondent.
7. Appendix 7 and 8 are not applicable. (Licensed capacity, installed capacity, production and sales) and (factory costs and profit of exports to India) respectively.
8. The respondent's annual reports of 1999, 2000 and 2001 had been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that the subject goods were purchased at a price of USD\*\*\* /kg from named suppliers. The export cif price is USD \*\*\* /kg which is below this procurement price.
3. The only information available is with respect to export price.
4. The respondent has stated that it independently operate business and production activities, freely select suppliers and customers, and develops sales market in response to the signal of the market. The Authority however notes that although the respondent would like to claim market economy/individual treatment they have provided no evidence to substantiate their claim.

(L) China Silk Materials and Fabrics Imp. and Exp. Corp.

1. The respondent is a state owned company duly established in accordance with Regulation of the People's Republic of China for Controlling the Registration of Enterprises as Legal Person of China on September 1, 1990.
2. The respondent is a subsidiary of China National Silk Imp. and Exp. Corp.
3. The respondent is a trading company and has no production factory for the product concern.
4. Information on list of suppliers has been given in Annexure G6.
5. The respondent has no sales in the home market so appendix 1 is not applicable.
6. Appendices 2 and 3 have been attached.
7. Appendix 4 regarding sales price structure for exports to India has been furnished. Since the respondent did not sell the product involved in the domestic market or export to third countries, Appendices 5 and 6 are not applicable.
8. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.
9. The respondent's annual report of 2001, 2000 and 1999 have been given.

#### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that the subject goods were purchased at a price of USD\*\*\* /kg from named suppliers. The export cif price is USD \*\*\* /kg.
3. The only information available is with respect to export price.
4. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

#### **(M) Shandong Credize Silk Trading Company Ltd.**

1. The respondent is a limited liability company duly established in accordance with Company Law of the People's Republic of China in September, 2001.
2. The respondent is a trading company in the question relating to list of factories involved in production of the product concern is not applicable.

3. Information on list of suppliers has been given in Annexure G6.
4. The respondent has no sales in the domestic market so Appendix 1 is not applicable.
5. Information in Appendices 2 and 3 have been furnished.
6. In Appendix 4 sales price structure for export to India has been given.
7. Since the respondent did not sell the product involved in the domestic market or export to third countries, Appendices 5 and 6 are not applicable.
8. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.
9. The respondent's annual report of 2001, 2000 and 1999 have been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company. 2. The only information available is with respect to export price.
2. The Authority notes that the subject goods were purchased at a price of USD\*\*\* /kg from named suppliers. The export cif price is USD \*\*\* /kg which is below this procurement price.
3. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

### **(N) Guangxi Silk Import and Export Corp.**

1. Respondent is a wholly state owned company duly established in accordance with Regulation of the People's Republic of China for Controlling the Registration of Enterprises as Legal Person of China on July 10, 1985.
2. The Respondent is a trading company and has no production factory for the product concerned.
3. Information on list of suppliers has been given in Annexure G6.
4. Information on domestic sales has been given in Appendix 1.
5. Information in Appendices 2 and 3 have been furnished.
6. In Appendix 4 sales price structure for export to India has been given.

7. No price adjustments have been claimed in Appendix 5 for domestic sales. Information in Appendix 6 has been given.
8. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.
9. The respondent's annual report of 2001, 2000 and 1999 have been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data by the company.
2. The Authority notes that the subject goods were purchased at a price of USD\*\*\*/kg from named suppliers. The domestic sales price is USD \*\*\*/kg which is below this procurement price. The export cif price is USD \*\*\*/kg.
3. The only information available is with respect to export price.
4. The Authority notes that the respondent is the wholly state owned company. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

### **(O) China Silk Shezhan Imp. and Exp. Corp.**

1. The Respondent is a state owned company duly established in accordance with Regulation of the People's Republic of China for Controlling the Registration of Enterprises as Legal Person of China on April 5, 1993.
2. The Respondent is a trading company and has no production factory for the product concerned.
3. Information on list of suppliers has been given in Annexure G6.
4. The respondent has no sales in the domestic market so Appendix 1 is not applicable.
5. Information in Appendices 2 and 3 have been furnished.
6. In Appendix 4 sales price structure for export to India has been given.
7. Since the respondent did not sell the product involved in the domestic market or export to third countries, Appendices 5 and 6 are not applicable.
8. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.

9. The respondent's annual report of 2001, 2000 and 1999 have been given.

### **Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.
2. The Authority notes that the subject goods were purchased at a price of USD\*\*\*/kg from named suppliers. The export cif price is USD \*\*\*/kg.
3. The only information available is with respect to export price.
4. The Authority notes that the respondent is a state owned company. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

### **(P) Shanxi Silk Imp. Exp. Corp.**

1. The respondent is a wholly state owned company duly established in accordance with regulation of the People's Republic of China for Controlling the Registration of Enterprises as a Legal Person of China.
2. The respondent is a trading company and has no production facilities for the product involved.
3. Details of companies that supplied the respondent with the product involved have been given in the general response to the questionnaire.
4. Information in Appendix 1, 2 and 3 have been furnished.
5. In Appendix 4 the sales price structure for exports to India have been given. In Appendix 5 sales price structure for domestic sales have been given. Appendix 6 is not applicable as the respondent did not export the subject goods to third countries.
6. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.
7. The respondent's annual report of 2001, 2000 and 1999 have been given.

### **Examination by the Authority :**

1. The Authority notes that the respondent is a trading company who has no production facility.
2. Since the cost of production is not given, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data.
3. The Authority notes that the subject goods were purchased at a price of USD\*\*\*/kg from named suppliers. The domestic sales price is USD \*\*\*/kg. The export cif price is USD \*\*\*/kg.
4. The Authority notes that the respondent is a state owned company. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

(Q) Guangdong Silk Import and Export Group Corp.

1. Respondent is a wholly state owned company duly established in accordance with Regulation of the People's Republic of China for Controlling the Registration of Enterprises as Legal Person of China on June 29, 1982.
2. The Respondent is a trading company and has no production factory for the product concerned.
3. Information on list of suppliers has been given in Annex G6-1 and G6-2.
4. The respondent has no sales in the domestic market so Appendix 1 is not applicable.
5. Information in Appendices 2 and 3 have been furnished.
6. In Appendix 4 sales price structure for export to India has been given.
7. Since the respondent did not sell the product involved in the domestic market or export to third countries, Appendices 5 and 6 are not applicable.
8. Appendix 7 (licensed capacity, installed capacity, production and sales) and Appendix 8 (factory cost and profit of exports to India) are not applicable.
9. The respondent's annual report of 2001 and 2000 have been given.

**Examination by the Authority**

1. The respondent is a trading company and has no production facilities for the product concerned and does not sell the subject goods in the domestic market. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic

sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the company.

2. The Authority notes that the subject goods were purchased at a price of USD \*\*\*/kg from named suppliers. The export cif price is USD \*\*\*/kg.
3. The only information available is with respect to export price.
4. The Authority notes that the respondent is a wholly state owned company. The respondent has stated that it independently operates business and production activities and develops sales market in response to the signal of the market. The Authority notes that there is no evidence that has been submitted to substantiate this claim.

## **D. EXAMINATION OF THE ISSUES RAISED**

5. 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. The product under investigation in the present case is Mulberry Raw Silk (not thrown), 2A grade and below originating in or exported from China PR.

Mulberry Raw Silk (not thrown) is classified under Customs sub-heading no. 50.02 of Chapter 50 of the Customs Tariff Act, 1975 and ITC (HS) Code 50020001. The classification is however indicative only and in no way binding on the scope of the present investigations.

## **F. LIKE ARTICLES**

In order to establish that Mulberry Raw Silk (not thrown) produced by the domestic industry is a Like Article to that exported from China PR, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

The Authority also finds that there is no argument disputing that Mulberry Raw Silk (not thrown) produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Mulberry Raw Silk (not thrown) imported from the subject country both commercially and technically. Mulberry Raw Silk (not thrown) produced by the domestic industry has been treated as Like Article to the product exported from China PR within the meaning of Rule 2(d).

## G. DOMESTIC INDUSTRY

The petition has been filed by all cottage/filature/multiend silk reelers located in the states of Karnataka, Tamil Nadu and Andhra Pradesh through their associations, whose details as provided in the petition are given below:-

- a. All Silk Reelers Association, near Cocoon Market Kolar - 563101, Karnataka
- b. Ramanagaram Silk Reelers Welfare Association, Ramnagaram, Bangalore (Rural), Karnataka
- c. Kolar Silk Reelers Industrial Cooperative Society Ltd., Kolar
- d. The Progressive Silk Reeler's Industrial Cooperative Society Ltd., Sidlaghatta - 562 105
- e. Karnataka State Multiend Silk Reelers Welfare Association (Regd), Main Road, Kumadan Mohalla, Ramnagaram - 571 511, Bangalore (Rural), Karnataka.
- f. Tamilnadu State Multiend Reelers Association, No. 61-A, Krishnagiri main Road , Opp: to Government Cocoon Market, Dharmapuri - 636701
- g. The Palacode Silk Reeler's Association, Palacode -636 808, (TN)
- h. Coimbatore District Silk Producers Association, Coimbatore - 641014
- i. (TN)
- j. Dharmapuri District Silk Reeler's Association, 10/81 -C1, Electronic Estate, Hosur - 635 109

The details of quantities produced by Silk producing states have been given in the petition which are as follows:-

A. Silk Producing States Which have been affected		Quantity (MT)	
		2000-01	2001-02
1.	Karnataka	4100	3491
2.	Tamil Nadu	355	262
3.	Andhra Pradesh	2091	1910
	Sub-total (A)	6546	5663
Other Silk Producing States			
1.	West Bengal	526	563
2.	Jammu & Kashmir	49	39
3.	Non-traditional States	95	74
	Total (A) & (B)	7216	6339

The petitioners account for 89.33% of the total domestic production of the subject goods in the country and therefore satisfy the standing to file the present petition.

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**

7. The Authority sent questionnaires to the known exporters from the subject country in terms of section 9 A (1). The Authority notes that the exporters in China PR who have submitted information in response to the exporter's questionnaire are not the manufacturers/producers of the product under consideration but are only exporters/traders. The details of domestic sales as per Appendix 1 and the cost of production of the subject goods required to be furnished as per formats in Appendix 8, 9 and 10 have consequently not been furnished in their responses. Therefore response to the exporters questionnaire is deficient in respect of vital appendices. The Authority notes that since the data on cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made.

The exporters have requested for market economy/individual treatment. However, none of the exporters/ producers of subject goods from People's Republic of China have furnished necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8. The Authority notes that 11 out of the 17 respondents from China PR in this case have described themselves as state owned companies. As already stated, almost all of the said respondents are traders and not producers/manufacturers of the subject goods.

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

#### **i. NORMAL VALUE**

9. As stated above, the Authority notes that the exporters in China who have submitted information in response to the exporter's questionnaire are not the manufacturers/producers of the product under consideration but are exporters/traders who have exported the subject goods procured by them from local Chinese producers/suppliers. In most cases the exporters have not effected any domestic sales. The Authority notes therefore that as regards the Normal value of the subject goods the manufacturers/producers in China PR of Mulberry Raw Silk have not furnished any information in the prescribed questionnaire in respect of local sales in the domestic market of China PR and have not disclosed their costs of production. The

Authority notes that since the data on cost of production and domestic sales has not been submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The test of domestic sales being in the ordinary course of trade is not possible in the absence of cost data and domestic sales of the subject goods by the subject exporters.

Therefore the Authority is unable to arrive at any determination with regard to normal value and cost of production of the subject goods in China PR as per data submitted by them.

As per the provisions of Annexure I, Paragraph 7 & 8 of the Anti Dumping Rules as amended on 15.7.1999 and 31.5.2001, normal value should be determined as under: -

- a. on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or
- b. Where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin.

As per Paragraph 8, Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove the contrary. The Authority notes that none of the exporters/ producers of subject goods from People's Republic of China have furnished necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 to enable the Designated Authority to consider the following criteria as to whether:-

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

The petitioner has stated that most sales transactions in China are amongst Government companies. Raw silk is largely produced by Government units only. As communicated to the known exporters and to the Embassy of the People's Republic of China the Authority proposes to examine this claim of the petitioner in the light of Para (7) and (8) of Annexure I of the Anti-Dumping Rules as amended. The Authority notes that the response to the questionnaire has been furnished by trading companies who have no production facilities for the manufacture of the subject goods. These companies have requested for market economy/individual treatment. A total of 11 out of the 17 respondents from China PR in this case have described themselves as state owned companies. However, the information in the relevant appendices of the questionnaire regarding cost of production and domestic sales have not been submitted by these companies. Neither have they submitted information/evidence regarding the criteria for rebutting the presumption of a non-market economy as per sub-para (3) of para 8. The Authority notes that since the data on cost of production and domestic sales has not submitted, a determination on normal value as per provisions contained in Section 9A (1) © (I) and (ii) read with sub-rule 2 (i) and (ii) of Annexure 1 of the Anti-Dumping Rules cannot be made. The Authority is therefore unable to apply the principles set out in paragraphs 1 to 6 and is constrained to proceed as per 'facts available'.

Under the circumstances Normal value under the rules is determined on the basis of 'facts available' as per Rule 6(8). Therefore, the information available on the estimated cost of production in the country of origin plus selling, administrative and general expenses and a reasonable amount of profit after making reasonable adjustments has been taken as the basis for working out the Normal value of the subject goods in China PR which is therefore considered to be USD \*\*\*/kg or Rs \*\*\*/kg at an average exchange rate during POI of 1USD=Rs.47.54.

## ii. Export Price

10. The ex-factory export price has been determined after taking the adjustments as claimed by the exporters. After considering the adjustments as claimed the weighted average ex- factory export price for individual exporters is given in the table below considering an average exchange rate of Rs 47.54=1USD during the period of investigation, subject to verification.

Sl. No.	Exporter	Ex-Factory Export Price USD/kg	Qty (kg)	Total Value
1.	Chengdu Silk Import and Export Corporation	***	***	***
2.	Chongqing Golden Silk Co. Ltd	***	***	***
3.	Sichuan Silk (Import and Export) Corporation	***	***	***
4.	Chengdu Tianyou Silk Co.Ltd	***	***	***

5.	Zhejiang Native Produce & Animal By-Products I/E Group Corp.	No exports during POI	---	---
6.	Zhejiang Weilai Imp. & Exp. Co. Ltd.	***	***	***
7.	Jiangsu Soho International Group Corp. Ltd	***	***	***
8.	China Raw Silk Import and Export Corp.	***	***	***
9.	Nanjing Textiles Imp/Exp Corp., Ltd.	***	***	***
10.	Zhejiang Silk Import and Export Company	***	***	***
11.	Hainan Silk Imp. & Exp. Corp	***	***	***
12.	China Silk Materials and Fabrics Imp. and Exp. Corp	***	***	***
13.	Shandong Credize Silk Trading Company Ltd.	***	***	***
14.	Guangxi Silk Import and Export Corp.	***	***	***
15.	China Silk Shenzhen Imp. and Exp. Corp.	***	***	***
16.	Shanxi Silk Imp. Exp. Corp.	***	***	***
17.	Guangdong Silk Import and Export Group Corp	***	***	***
			***	***

### (iii) Dumping margin

11. Considering the constructed normal value at USD \*\*\*/kg or Rs \*\*\*/kg and the weighted average ex-works export price of individual exporters, the dumping margins determined by the Authority for the exporters from China PR is as per details given below:-

Sl. No.	Exporter	Constructed Ex-factory Normal Value (USD/kg)	Ex-Factory Export Price USD/kg	Dumping Margin%
1.	Chengdu Silk Import and Export Corporation	***	***	45.05
2.	Chongqing Golden Silk Co. Ltd	***	***	72.96
3.	Sichuan Silk (Import and Export) Corporation	***	***	49.82
4.	Chengdu Tianyou Silk Co. Ltd	***	***	55.55
5.	Zhejiang Native Produce & Animal By-Products I/E Group Corp.	***	No exports during POI	---
6.	Zhejiang Weilai Imp. & Exp. Co. Ltd.	***	***	44.54
7.	Jiangsu Soho International Group Corp. Ltd	***	***	43.96
8.	China Raw Silk Import and Export Corp.	***	***	40.69

9.	Nanjing Textiles Imp/Exp Corp., Ltd.	***	***	40.77
10.	Zhejiang Silk Import and Export Company	***	***	24.57
11.	Hainan Silk Imp. & Exp. Corp	***	***	45.49
12.	China Silk Materials and Fabrics Imp. and Exp. Corp	***	***	15.79
13.	Shandong Credize Silk Trading Company Ltd.	***	***	57.00
14.	Guangxi Silk Import and Export Corp.	***	***	30.01
15.	China Silk Shenzhen Imp. and Exp. Corp.	***	***	42.73
16.	Shanxi Silk Imp. Exp. Corp.	***	***	66.70
17.	Guangdong Silk Import and Export Group Corp	***	***	48.98

## I. INJURY

Under Rule 11 supra, Annexure-II, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, "taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such article..." 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.

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 with Annexure II (iv) of the rules supra.

### a. Quantum of Imports

Source: DGCIS

Individual country imports (MT)	2000-2001	2001-2002 (12 months-POI)
China PR	3161.346	5075.862
Subject Country (Total)	3161.346	5075.862
Other sources (total)	286.815	328
Total imports (MT)	3448.161	5403.862

The increase in the total imports of Mulberry Raw Silk from China PR was 60.57% in the POI as compared with the quantum of imports in 2000-2001.

The share of China PR in total imports was 91.68% in 2000-2001 and 93.93% in 2001-2002 (12months-POI).

### b. Production and Capacity Utilisation

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

Petitioners	2000-2001	2001-2002 (12months-POI)
Installed Capacity (MT)	25,456 basins	26,822 basins
Production (MT)	6546	5663
Capacity Utilisation%	90% approx.	60% approx.

### c. Sales and Market Share

	2000-2001	2001-2002 (12months-POI)
Sales of Petitioners	6546	3397.8 (fallen by 48.09% approx)
Sales of other domestic producers	669	676
Total Sales	7215	4073.8
Demand (apprx.)	10,663	9477.66
Share of domestic industry in demand	61.39%	35.85%
Share of imports in demand	32.33%	57.01%
Share of dumped imports	29.64%	53.55%

It is seen that dumped imports have increased in absolute terms. While the market share of imports from China PR have increased in demand the share of the domestic industry has declined in demand.

### d. Price undercutting and price depression

Rs/kg

Year	Sales Realisation (Rs/kg)	Landed Price of Imports China PR Others	
2000-2001	***	***	***
2001-2002 (POI)	***	***	***

It is evident from the above table that the exporters from China PR have reduced their prices significantly in the POI. The domestic industry has been forced to reduce its selling prices to respond to the low import prices in the market.

### e. Profitability:-

Petitioner	2000-2001	2001-2002 (12months-POI)
COP	***	***

Selling Price	***	***
P/L	(***)	(***)

The petitioners losses have increased in the period of investigation.

**f. Closing stocks:-**

(Kg)

	2000-2001	2001-2002 (12months-POI)
Petitioner	10%	40% (2265.2 MT approx.)

## J. CONCLUSION ON INJURY

In view of the foregoing it is observed that:-

- a. the quantum of imports from the subject country have increased in absolute terms and in relation to consumption in India;
- b. the market share of the petitioner has gone down while that of imports has increased;
- c. the petitioners closing stocks have increased significantly;
- d. the petitioners have been forced to sell at prices below their non-injurious price.

### A. CAUSAL LINK

12. The petitioners in the states of Karnataka, Tamilnadu, Andhra Pradesh have adopted new bivoltine technologies based on new high yielding mulberry and bivoltine silkworm races resulting in enhanced productivity and quality silk of international grade. The introduction of these new bivoltine races has increased the raw silk yield considerably with renditta levels coming down. The petitioners have laid emphasis on the improvement of food plants, silk worm seeds, introduction of package of practices for mulberry cultivation, improved techniques in reeling and rationalisation of marketing raw silk. These races coupled with the introduction of multiend package for reeling of quality raw silk had given a new momentum to Indian Sericulture.

At this critical juncture the sericulture industry is faced with large scale dumping of Chinese Raw Silk at prices which are inexplicably low when compared to earlier years and in the process causing severe injury to the silk reelers producing raw silk. India is the second largest producer of raw silk in the world next only to China. In Karnataka, a premier sericulture state, around 1,15,000 hectares are under mulberry cultivations distributed in 15,000 villages providing gainful employment to about 2.58

lakhs families. The continued dumping of Chinese Mulberry Raw Silk in India is likely to negate the research breakthroughs achieved and the huge investments made and force the reelers into debt traps.

Due to abrupt decline in the prices of the dumped goods prices of Indian raw silk has come down considerably. During the year 2000-01 the imports of the dumped goods were to the tune of 3161.346 MT which has increased significantly to 5075.862 MT during the period of investigation i.e. 2001-02 (an increase of around 60.57% over the year 2000-01). The petitioners production declined from the level of 6546 MT to 5663 MT. The capacity utilisation during the year 2000-01 was around 90%, which has gradually reduced to around 60% by the end of the year 2001-02. There is decline of about 40% in sales volume. The domestic raw silk prices declined sharply from the level of Rs. \*\*\* to \*\*\* from Sept '01 to March '02. While, during the year 2002-03 the raw silk prices further declined to Rs. \*\*\*/kg. Most of the Multiend/Cottage Basins are only running at 60% Capacity and many are closed. Most of the silk produced by the units are lying unsold due to easy availability of Chinese raw silk at very low prices.

While demand has come down from a level of 10,664 MT in 2000-2001 to 9477.66 MT in 2001-2002, the share of Chinese imports in demand has risen from 29.64% in 2000-2001 to 53.55% in 2001-2002. The share of Indian domestic producers in demand has declined from 61.38% in 2000-2001 to 35.85% in 2001-2002. While the sales quantum of domestic producers has fallen the share of imports from China has increased. The landed values of the subject goods from China have undercut the average selling price of the domestic industry. Thus there is both volume and price effect of dumped imports of Mulberry Raw Silk from China. The stocks of the subject goods with the domestic producers has increased from approximately 10% in 2000-2001 to 40% in 2001-2002.

The Authority holds that the material injury to the domestic industry has been caused by imports from China PR.. The subject country is the major exporter of Mulberry Raw Silk (not thrown) to India. The increase in the market share of imports from the subject country forced the domestic industry to sell below its non-injurious price which resultantly, the domestic industry was unable to recover. The material injury to the domestic industry was therefore caused by the dumped imports from the subject country.

## **L. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES**

13. 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.

14. 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 Mulberry Raw Silk (not thrown). 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.

15. 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 Mulberry Raw Silk (not thrown) in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.

## **M. LANDED VALUE**

16. The landed value of imports is determined on the basis of export price of Mulberry Raw Silk (not thrown) determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one per cent landing charges.

## **N. CONCLUSIONS**

17. It is seen after considering the foregoing that:

- a. Mulberry Raw Silk (not thrown) described under para 6 originating in or exported from China PR 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 country.

18. 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. 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

Mulberry Raw Silk (not thrown) originating in or exported from China PR, falling under customs sub-heading no. 50.02 of Chapter 50 of the Customs Tariff Act, 1975 and ITC (HS) Code 50020001. 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 exporter	Amount (USD/kg),I.;
China PR	All exporters	33.19

19. 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.

## **O. FURTHER PROCEDURE**

20. 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