

MINISTRY OF COMMERCE

NOTIFICATION

New Delhi, the 5th October, 1999

PRELIMINARY FINDINGS

Subject: Anti-Dumping investigation concerning imports of Nylon Tyre Cord Fabric (NTCF) from Indonesia, South Korea, Thailand and Taiwan –Preliminary Findings.

No. 31/1/98-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

- i. The procedure described below has been followed with regard to the investigations.
- ii. The Designated Authority (hereinafter referred to as Authority), under the Rulers, received written application from Association of Synthetic Fibre Industry (ASFI), on behalf of domestic industry, alleging dumping or Nylon Tyre Cord Fabric (hereinafter referred to as NTCF), originating in or exported from Indonesia, South Korea, Thailand and Taiwan (hereinafter referred to as subject countries).
- iii. The Authority, on the basis of sufficient evidence submitted by petitioner, decided to initiate investigations against imports of NTCF from subject countries. The Authority notified the Embassies of subject countries about receipt of dumping allegation before proceeding to initiate investigations in accordance with sub-rule 5(5) of the Rules.
- iv. The Authority issues a public notice dated 26th February, 1999 published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of NTCF classified under custom sub-headings 5902.10.00 Schedule 1 of the Customs Tariff Act, 1975, originating in or exported from the subject countries.
- v. The Authority forwarded a copy of the public notice to known exporters (whose details were made available by the petitioner) and industry associations and gave them an opportunity to make their views known in writing in accordance with Rule 6(2).

- vi. The Authority for a\warded a copy of public notice to the known importers of NTCF in India and advised them to make their views known in writing within forty days from date of the letter.
- vii. Request was made to Central Board of Excise and Customs (CBEC) to arrange details of imports of NTCF for the past three years, including the period of investigation.
- viii. The Authority provided a copy of the petition to known exporter and the Embassies of subject countries in accordance with Rules 6(3) supra.
- ix. The Authority sent questionnaire, to elicit relevant information, to the known exporters from Indonesia, South Korea, Thailand and Taiwan, as mentioned below in accordance with the Rule 6(4).

- PTGT Petrochem, Indonesia
- FCFC (Formosa Chemicals) & Formosa Taffeta Co. (FIC), Taiwan
- M/s. Thai Baroda Ltd., Bangkok, Thailand
- Hyosang (Tong Yang), Seoul, South Korea

The response was received from all the exporters mentioned above.

- x. The Embassies of subject countries in New Delhi were informed about initiation of the investigations in accordance with Rule 6(2) with a request to advised exporters/producers from their country to respond to the questionnaire within prescribed time. A copy of the letter, petition and questionnaire sent to exporters was also sent to the Embassies, along with a list of known exporters/producers;
- xi. A questionnaire was sent to the following known importers of NTCF in India calling for necessary information in accordance with Rules 6(4).

- M/s. Apollo Tyres, New Delhi.
- M/s Birla Tyres, Calcutla.
- M/s Ceat Limited, Bombay
- M/s. Dunlop India Ltd , Calcutta
- M/s JK Tyres, New Delhi.
- M/s. MRF Ltd, Madras.
- M/s. Modi Rubber Ltd., New Delhi
- M/s. Modistone Limited. New Delhi.
- M/s Vikrant Tyres, Mysore.
- M/s Post Kalamasen, Dist. Emakulam, Kerala
- M/s Fenner India Ltd.. Kochadai. Madurai
- M/s Madura Coats. Ltd., New Jail Road, Madurai.

The following importers and their Association responded to the information solicited by Designated Authority.

- M/s. Automotive Tyre Manufactures Association (ATMA)
 - Birla Tyres, Calcutta
 - M/s. Vikrant Tyres Ltd., Mysore
 - M/s. Modi Rubber Ltd., New Delhi
- xii. Additional information regarding injury was sought from the petitioner, which was also received.
- xiii. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by interested parties.
- xiv. The Authority conducted spot verification of domestic industry to the extent considered necessary.
- xv. Cost investigations were also conducted to work out optimum cost of production and cost to make sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP)
- xvi. *** In this notification represents information furnished by the petitioner on confidential basis and so considered by Authority under the Rules.
- xvii. Investigation was carried out for the period starting from 1st April, 1998 to 31st December, 1998.

B. PETITIONER'S VIEWS

2. The petitioner have raised the following issues in their petition:

i) ON DUMPING

- a. The volume of imports from subject countries has increased by about 16% in 1997-98 in comparison to 1996-97. The increase in imports in 1998-99 has been by about 43% with reference to 1996-97. Thus the volume of imports has increased significantly in absolute terms both with reference to 1996-97 and 1997-98.
- b. The unit average prices have fallen by about 10% in 1997-98 in comparison to 1996-97. The average price in 1998-99 (six months) is about 9%, lower than, in 1996-97.
- c. Even though, the unit price in 1998-99 would appear to be stagnating with reference to 1997-98, the prices have fallen in dollar terms as Rupee had depreciated by almost 10%.

- d. In contrast to 16% increase in the volume of imports from the dumped countries, the value of imports of subject goods from other countries has fallen by 34% in 1997-98 compared to 1996-97. The decline in the value in 1998-99 from the other countries is as much as 40% with reference to 1997-98.

II) ON INJURY:

The petitioners claim to have suffered injury on the following comments:-

- a. The market share of domestic industry has declined from 79.24% to 73.57% in 1998-99.
- b. There has been significant decline in profitability of domestic industry over 1996-97. The profit has declined from Rs.**** Crores to Rs **** Crores in 1997-98. The profitability in the six months ending Sept., 1998 was Rs.**** Crores.
- c. In spite of increase in cost of production of domestic industry, the industry has been forced to reduce its selling price. This is sufficient evidence of price depression and price suppression.
- d. There has been a gradual decline in sales volume of the petitioner companies since 1996-97. The quantum of sales declined from **** MTs in 1996-97 to **** MTs in 1997-98. The sales volume in 1998-99, on an annualised basis was **** MTs. Thus, the decline in sales volume was to the extent of 11% in 1998-99 compared to 1996-97.
- e. The capacity utilisation of the petitioner companies was 89.44% in 1996-97 which declined to 80% in 1997-96. The capacity utilisation during the year 1998-99, on an annualised basis was 81.66%. Thus, capacity utilisation declined by around 8% in 1998-99 compared to 1996-97.

C. VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED

PARTIES:

3. The importers and exporters submitted the following arguments in connection with the Anti-Dumping investigation:

- a. Under the Anti-Dumping Rules the application is not maintainable, as no communication has been made available disclosing authorization by individual domestic producers to Association of Synthetic Fibre Industry.
- b. Out of the five producers of the subject goods, at least two producers i.e. M/s SRF Ltd and M/s Baroda Rayon Ltd. must be excluded from the purview of

domestic industry, as defined under Rule 2(b) of Anti-Dumping Rules. M/s. SRF Ltd. cannot form a part of domestic industry, since it is related to M/s. SRF Overseas Ltd., which is a subsidiary of SFR Ltd. M/s. SRF Overseas Ltd has its Office at Dubai and has been exporting subject goods to its parent company M/s. SRF Ltd., as well as to other tyre manufacturers. M/s. SRP accounts for 45.35% of the total production of domestic goods in India.

- c. The other petitioner in the investigation, M/s.. Baroda Rayon Corp is related to M/s. Thai Baroda Industries Ltd.(TBIL). Thailand. M/s. Thai Baroda Industries Ltd. is a known exporter of subject goods, and is also a party to the present investigation The fact that Baroda Rayon Corp Ltd., is related to TBIL, is evident from the fact that 25% of share holding or TBIL is directly held by M/s. Baroda Rayon Corp and it accounts for 7.8% or the production of subject goods.
- d. As such the exclusion of M/s. SRF Ltd. and M/s Baroda Rayon Corp would have the consequence of eliminating domestic producers together accounting for more than 50% of Indian domestic production of subject goods from the preview of domestic industry. Therefore, the balance producers together accounting for less than 50% of Indian domestic production of subject goods cannot constitute the domestic industry for the purpose of Rule 2(b), as those domestic producers whose collective output of the said article constitute a major portion of domestic production of that article.
- e. Thus, the petition has not been filed on behalf of domestic industry as required under the Rules
- f. There is no dumping of the subject goods.
- g. No actual data has been furnished by petitioner to substantiate material injury alleged to be caused by dumped imports from subject countries. The data needs to be given on the actual figures and not on a % basis with reference to some base figures.
- h. The quantum of imports into India is much lower as compared to the quantum of production. Therefore, such small amount of imports cannot be suggested to be injurious to domestic industry. The short fall in. domestic demand and production has to be necessarily met through imports.
- i. The domestic industry is not supplying certain deniers, as required by the tyre industry.
- j. The volume of imports has declined in the period of investigation and the capacity utilisation of domes-tic industry has increased. As such there is no proof of injury to domestic industry.
- k. It has been argued by M/s. Automotive Tyre Manufacturers Association (ATMA) that the profitability of domestic industry from subject goods has improved. M/s. SRF Ltd. that is a major producer of the subject goods has made very good returns on the capital employed the profitability of the other

companies, has also increased. Some of the companies, which may not be doing well may be incurring losses in (the other products in view of the same, there is no material injury to domestic industry and the question of Causal link does not arise.

1. No causal link between the dumping and material injury has been substantiated

EXAMINATION OF ISSUES RAISED:

The submissions made by the exporters, importers, petitioner and other interested parties have been examined and issues raised with reference to the Rules and having a bearing on this case have been considered and dealt with at appropriate places in the notification.

D. PRODUCT UNDER CONSIDERATION:

4. The product under consideration in the present investigation is Nylon Tyre Cord Fabric- originating or exported from Indonesia Thailand, South Korea and Taiwan. The NTCF finds application in different kinds of tyres like Bus & Truck Tyres, 2 wheeler Tyres, Light Commercial Vehicles Animal Driver Vehicles etc. The NTCF also finds application in the Non-Tyre Industries. The NTCF are of various deniers. It is classified under the Customs Sub-heading 5902.10.00 of Custom Tariff Act. The Classification is however indicative only and is in no way binding on the scope of present investigation.

E. LIKE ARTICLES

The petitioner has claimed that NTCF being produced and sold by the Domestic Industry and those imported from subject countries are being used interchangeably by customers in India. The process and technology for manufacturing the product all over the world is similar in terms of machinery, raw material manufacturing process except for minor differences such as additives, automation in material handling etc. NTCF is produced and sold in various deniers. None of the interested party has disputed claims made by the petitioner.

In view of the same, Authority holds that NTCF being produced by domestic industry and those being imported from the subject countries can be used interchangeably and thus are commercially and technically substitute and therefore, are Like Articles within the meaning of the Rules.

F. DOMESTIC INDUSTRY

6. The present petition for Anti-Dumping Investigation has been filed by the Association of Synthetic Fibre Industry {ASFI) on behalf of domestic producers i.e. M/s. SRF Ltd., M/s. Nirlon Ltd., M/s Century Enka Ltd and M/s. NRC Ltd.

The petition has been supported by other domestic producer M/s., Baroda Rayon Ltd It has been claimed by petitioners that the four petitioner complies and the other supporting company M/s. Baroda Rayon Ltd. are the only produces of NTCF in India and hence the petition has support of all the domestic manufacturers of NTCF in India and fulfills the requirement of requisite standing as required under the Rules.

It has been argued by (he exporters and other interested parties that M/s SRF Ltd. have imported the subject goods during the period of investigation through a related company M/s. SRF Overseas Ltd They being related to the importers, cannot file petition for Anti-Dumping investigation. Similarly, M/s Baroda Rayons Ltd are related to one of the exporters M/s. Thai Baroda Lid.. which is an exporter under investigation. Therefore, both these companies cannot be the petitioners in Anti-Dumping investigation. Both these companies account for majority of domestic production of NTCF m India and therefore, the petition larks requisite support from domestic industry as required under the Rules.

The issue with regard to the standing of the petitioner has been examined by Designated Authority. Rule 2(b) and Rule 5(3)(a) of the Anti-Dumping Rules are relevant in this regard and they provide as under;-

2(b): "domestic industry means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production or that article except when such producers are related to the exporters or importers or the alleged dumped article or are themselves importers thereof in which case such producers may be deemed not to form part of domestic industry "

5(3)(a): It determines, on the basis of an examination of the degree of support for. or opposition to the application expressed by domestic producers of the like product, that the application has been made by or on behalf of the domestic industry:

Provided that no investigation shall be initiated if domestic producers expressly supporting the application account for less than twenty five per cent of the total production of the like article by the domestic industry."

The Authority notes that during the POI M/s SRF Ltd. imported **** MTs of NTCF from M/s SRF Overseas Ltd., Dubai at an average price of US\$ ***per Kg. The imports by M/s. SRF Ltd represented 0.24% of the total imports from subject

countries during the POI. Besides, the imports by M/s SRF Ltd. represented only 0.08% of the total production of NTCF of domestic industry during the POI. There is no evidence of any other imports by M/s SRF Ltd from its related company M/s. SRF Overseas Ltd during the POI The Authority notes that the quantum of imports by M/s SRF Ltd. from its related company M/s. SRF Overseas Ltd., Dubai were in very insignificant quantities and would not justify the exclusion of M/s. SRF Ltd. from the scope of domestic industry.

The Authority Notes that M/s. Baroda Rayon Ltd are a company related to M/s. Thia Baroda Industries Ltd., who themselves are exporters of the subject goods and are subject to investigation in the present case. However, the present petition has been filed by four producer representing the domestic industry. M/s. Baroda Rayon Ltd have merely supported the petition filed by other producers representing the domestic industry and as such M/s. Baroda Rayon Ltd. is not an active applicant in the present petition.

With the exclusion of M/s. Baroda Rayon Ltd., the Authority notes that the other four manufacturers of subject goods in India have the requisite standing to represent the domestic industry.

G. DUMPING

NORMAL VALUE:

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

(i) The comparable price, in the ordinary course of trade, for the like articles when meant for consumption in the exporting country or territory as determined in accordant with the Rules made under sub-section (6); or

i. When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market Situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either-

- a. Comparable representative price or the like article when exported from the exports county or territory or an appropriate third country as determined in accordance with the Rules made under sub-section (5), or
- b. The cost of production of the said article in the country of origin along with reasonable addition for administrative, soiling and general costs, and for profits, as determined in accordance with the Rules made under sub-section (6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

H. CLAIMS BY THE EXPORTERS:

8. The arguments by the exporters with regard to the Normal Value Export Price and the Dumping Margin, are discussed as under -

(i) M/S. PTGT PETROCHEM, INDONESIA:

NORMAL VALUE:

The exporter have claimed that there are no sales of subject goods in domestic market. Besides, there are no export sales of the subject goods to any country other than India. In view of the same, the exporter have claimed Normal value for the subject goods based on its cost of production along with a reasonable addition of administration, selling and general cost and profits. The information relates to the period from January to December, 1998.

EXPORT PRICE.

The exporter have furnished invoice-wise details of the export sales to India during the period of investigation. During the period, the exporter supplied *** MT of NTCF of varying grades at a total CIF price of US\$ *** Million. The average CIF price for various grades of NTCF is claimed as US\$ *** per kg. The Company has claimed overseas freight, insurance, commission, inland freight, shipping charges and handling expenses to arrive at Ex-factory cost of Export sales.

(ii) M/S. HYOSANG, (TONG YANG) SOUTH KOREA:

NORMAL VALUE

The company claimed that it has sold NTCF of different deniers to India during the period of investigation. However, it claimed that subject goods have not been sold in domestic market. The exporter however furnished details on the cost of production of NTCF for various exported to India.

EXPORT PRICE

M/s. Hyosang furnished denier-wise details of export sales to India. The deductions have been claimed in respect of overseas freight overseas insurance and other expenses to arrive at FOB export price. Further, deductions have been claimed in respect of inland freight, handling and other expenses to arrive at Ex-factory export price. Accordingly, the exporter have claimed varying Ex-Factory Export prices in respect of various deniers of NTCF.

Accordingly the exporters have claimed no dumping of subject goods being exported to India.

(iii) M/s. THAI BARODA LTD., THAILAND:

The company claimed that it has exported NTCF of different deniers to India during the period of investigation. However, it has not sold any of specified grades of NTCF in domestic market or to any other third country during the period of investigation. Therefore, no details on domestic sales or the sales to third countries have been furnished. The company has, however, furnished the cost structure in respect of sale of subject goods to India. It has claimed a cost of production of Thai Bhat **** to **** per kg. in respect of different deniers of NTCF exported to India.

EXPORT PRICE:

The company has furnished the invoice-wise details of export sales to India during the period of investigation. The company sold **** MTs of different grades of NTCF to India at an average CIF price of US\$ ****. The company has claimed deduction in respect of clearing and handling after the Ex-factory level of sales and accordingly, the factory cost for export sales has been claimed.

9. TAIWAN:

NORMAL VALUE:

M/s. Formosa Taffeta Co. Ltd. in their response stated that it has exported grey NTCF of different grades to India during period of investigation. However, these grades of NTCF are not sold in domestic market nor in export market to third countries. The company, however furnished its cost of production of NTCF of various grades.

EXPORT PRICE:

The exporters have furnished denier-wise details of exports of NTCF to India during period of investigation. The exporters have claimed a commission @ **** % on all the sales. Further, expenses have been claimed on packing, Inland freight, Overseas

freight, Overseas insurance and cleaning and handling to arrive at Ex-factory cost of export sales.

Accordingly, M/s. Formosa Taffeta Co. Ltd. claimed that subject goods have been exported to India at a fair price.

10. EXAMINATION OF EXPORTERS CLAIMED BY THE AUTHORITY

The Authority notes that NTCF being exported to India is a grey fabric. On the other hand the exporters sell dipped fabric in domestic market and in export sales to third countries. The dipped fabric differs from the grey fabric in that it requires further processing from the stage of grey fabric.

Therefore, while all manufacturing costs up to the grey fabric stage are common, further chemical treatment and processing of grey fabric is done for manufacturing the dipped fabric. Since the grey fabric is neither sold in domestic market nor in export markets to third countries and no domestic sale price or export price to third countries are available the Authority has considered the cost of production of individual exporter's for grey fabric with reasonable addition of administration expenses, selling expenses and profit margins to consider the normal value as required under the Rules. For this purpose the cost data, to the extent made available by the exporters, was verified and the normal values in case of individual exporters from the subject countries have been assessed. The normal value and export prices have been assessed by Authority on an average basis and no separate assessments have been considered by Authority for varying grades/deniers.

The claims of individual exporters with regards to Normal Value, Export Price and Dumping Margin have been examined by Designated Authority and are discussed herein under:-

11. M/S. PTGT PETROCHEM, INDONESIA

NORMAL VALUE

M/s PTGT Petrochem, furnished details of cost of production of grey fabric and dipped fabric in Indonesia. During 1988 the company produced ***MTs of NTCF which included **** MTs of dipped fabric which was exported to India. The total manufacturing cost incurred by company excluding dipping cost was US\$ *** Million. Further M/s PTGT Indonesia had incurred selling and distribution expenses, general administrative expenses and financial charges. Thus actual cost of production of grey fabric in case of M/s. PTGT, Indonesia is US\$ ****per Kg. After considering a reasonable profit margin, Authority has considered normal value in case of M/s

PTGT, Indonesia as US\$***/ Kg The company has incurred expenses on packing charges, commission on sales and inland freight and same has been allowed by Authority. After adjustment, the Authority has determined Ex-factory domestic price in case of M/s. PTGT. Indonesia at US\$ ****per Kg.

EXPORT PRICE:

M/s. PTGT, Indonesia exported ****MTs of grey fabric to India during the POI at an average OF price of US\$ ****Kg. The company incurred expenses on overseas freight, insurance, packing cost and commission and inland freight in respect of export sales and the same has been allowed by Authority. Accordingly, the Ex-factory export price in case of M/s. PTGT, Indonesia has been considered by Designated Authority as US\$ ***Kg.

In view of the above, the Authority assessed the dumping margin in case of M/s. PTGT, Indonesia is US\$ **** per Kg. or 9 26%.

12. SOUTH KOREA

NORMAL VALUE

The information furnished by M/s. Hyosang (Tong Yang), Korea was verified by Designated Authority. The Authority-notes that M/s. Hyosang Corporation is a multi-product unit having various Divisions producing different product. During Verification normal information was solicited by Authority from M/s. Hyosang regarding cost of production the sales and production details of various Divisions, basis of allocation of expenses, details of prices of major raw materials and investments in industrial material Division which produce the product under reference. However, requisite details were not made affable by M/s. Hyosang. In the absence of requisite information from exporter, the details of cost of product-on as made available by M/s. Hyosang could not be verified. In view of the same Authority has disregarded information on cost of production as made available by M/s Hyosang and has proceeded to determine the normal value based on best available information The normal value in the case of South Korea was considered by Authority at the time of initiation based an constructed cost of production of NTCF in South Korea. In view of non-co-operation by exporter from South Korea Normal value has been considered by Authority based on constructed cost of production after appropriate adjustment to arrive at Normal value. Accordingly, the constructed cost of production in case of M/s Hyosang has been considered by Authority as USS *** per Kg.

EXPORT PRICE:

The exporter M/s. Hyosang furnished invoice-wise detail of exports made to India during the POI The Authority notes that ****MT of Grey NTCF was exported by M/s. Hyosang for a CIF price of US\$ ****Million. The Authority further notes that some of the invoices included interest on credit sales to exporters for varying period. The quantum of interest was US\$ **. The same has been deducted by Authority from the CIF value. Accordingly Authority has considered average CIF price or exports as US\$** per Kg. Further M/s. Hyosang have incurred expenses on overseas freight, insurance, commission, inland freight before the Ex- factory export price. The expenses being on actual basis have been allowed by Authority. Thus, Authority has considered Ex-factory export price in case of M/s Hyosang as US\$ ** per Kg.

Therefore, Authority has assessed the dumping margin at US\$ ** per Kg. or 8.70%

14. M/s. THAI BARODA LTD. THAILAND

NORMAL VALUE

M/s. Thai Baroda furnished details on cost of production of grey fabric. The cost of production of grey fabric, as made available by exporter was verified by Designated Authority during verification visit. The Authority notes that grey fabric is being exported to India at a price below its cost of production. The cost of production of grey fabric in respect of M/s. Thai Baroda Ltd. has been considered by Designated Authority as the basis for normal value M/s Thai Baroda Ltd. produced **** MTs of grey fabric during POI at a total cost of US\$ **** Million. Thus, the average cost of production of grey fabric in respect of M/s. Thai Baroda Ltd has been considered as US\$ ** per Kg. After considering a reasonable profit margin, the Normal Value of grey fabric in case of M/s. Thai Baroda Ltd: has been considered as US\$ **** per Kg

EXPORT PRICE:

The company furnished invoice-wise details of exports made to India of grey fabric during the POI The company exported **** MTs of grey fabric to India for a total GIF price or **** Million Bhats (equivalent US\$ ** Million). The average CIF price of export sales to India during the period of investigation was US\$ ****. The company incurred expenses on ocean freight and ocean insurance. The expenses on ocean freight included Trucking charges Custom services, Port charges and Shipment expenses. These expenses have been allowed by Authority, as claimed. Therefore, the Ex-factory export price in case of M/s. Thai Baroda has been considered by Authority as US\$ **** per Kg.

Thus, dumping margin in case of M/s Thai Baroda Ltd has been assessed by Designated Authority at US\$ ** per Kg or 67.33%

14. TAIWAN:

NORMAL VALUE:

The cost data made available by M/s Formosa Taffeta Co. Ltd was verified by Designated Authority The company produced *** MTs of grey fabric of different deniers at an average cost of production of US\$ **** per Kg. After allowing for a reasonable profit margin, the Authority has considered Normal value at US\$ **** per Kg. After deducting packing cost and clearance and handling cost, the Authority has determined Normal value in case of M/s Formosa Taffeta Co. Ltd. at US\$ *** per Kg.

EXPORT PRICE:

M/s. Formosa Taffeta Co. Ltd. exported *** MTs of grey NTCF to India at an average CIF price of US\$ **** per Kg. The Authority has allowed expenses on account of commission, ocean freight, ocean insurance, clearing and handling, packing and inland freight as per actuals. Accordingly, the Ex-factory price for export sales to India has been considered by Authority as US\$ *** per Kg. Thus the dumping margin in case of M/s. Formosa Taffeta Co Ltd. is assessed as US\$ *** or 8.97%

DUMPING MARGIN IN CASE OF NON-CO OPERATIVE EXPORTERS:

The Authority made a reference to the exporters, as per details made available by petitioners. The response was also received from only those exporters to whom the reference was made by Authority. The Authority notes that no response has been received from any other exporter who may be dumping the subject goods with higher dumping margin. Therefore, in respect of non-co-operative exporter, the Authority has addressed in case of non-co operative exporters has been considered by Authority based on information as made available by co-operative exporters.

Accordingly, the Authority assess the dumping margin in case of individual exporters from subject countries as under:-

Value in US\$

S. No.	Countries/Exporters	Normal Value	Export Price	Dumping Margin	Dumping
1.	Indonesia				
	M/s. PTGT Petrochem	****	****	****	9.26
	Other Exporters	****	****	****	66.14
2.	South Korea				
	M/s. Hyosang	****	****	****	8.70
	Other Exporters	****	****	****	38.64
3.	Thailand				

	M/s. Thai Baroda Ltd.	****	****	****	67.33
	Other Exporters	****	****	****	121.88
4.	Taiwan				
	M/s. Formosa Taffeta Co. Ltd.	****	****	****	8.97
	Other Exporters	****	****	****	79.89

I. INJURY:

15. Under Rule 11 supra, Annexure II, when a finding of injury is arrived at such finding shall involve determination of the injury to the domestic industry "...taking into account all relevant facts, including the volume of dumped imports. their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles..." In considering the effect 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 increases, which otherwise would have occurred, to a significant degree.

16. For the examination of the impact of the imports on the domestic industry in India, the Authority considered such indices having a bearing on the state of the industry as production, capacity utilisation sales quantum stock, profitability, net sales realisation the magnitude and margin of dumping, etc. in accordance with Annexure II (iv) of the Rules supra

17. The various parameters indicating injury to these domestic industry are as follows
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(i) MARKET SHARE AND QUANTUM OF IMPORTS:

The Quantum of imports of NTCF in 1996-97 was 9652 Mts. with share of subject countries at 80% of total imports. However, during the year 1997-98 quantum of imports increased to 10210 MTs. with the share of subject countries increasing to as much as 88% of total imports The increase in volume of imports from subject countries in 1997-98 was as much as 16% over 1996- 97. In the period of investigation, the quantum of imports was 9116.2 MTs while the share of subject countries was on the extent of 88.5%. The volume of imports from subject countries have gone up in the period of investigation on an annualised basis by 35% over 1997-98.

It is further observed by Authority that there has been a gradual decline in the market share of the domestic industry. The Domestic Industry represented 79% of the market

share during 1996-97 which declined to 76.8% in 1997-98 and it further declined to 73.2% during the period of investigation

(ii) PROFITABILITY:

The Profitability of petitioner companies from product under consideration was Rs. *** Crores during the year 1996-97. However, the profitability declined to Rs. *** Crores during the year 1997-98. The profits of the petitioner companies from product under consideration during the POI was Rs *** lacs. Thus the profitability of petitioner companies from product under consideration declined by 68.3% during POI on an annualised basis over 1997-98.

(iii) SALES VOLUME:

The petitioner companies sold *** MTs of NTCF during the year 1996-97 which declined to *** MTs during the year 1997-98 representing a decline of 10.1% over the year 1996-97. However, there was a marginal increase in sales volume during POI. The petitioner companies sold **** MTs of NTCF during POI which on an annualised basis was **** MTs.

(iv) SALES:

The total sales of petitioner companies of subject goods in domestic market during the year 1996-97 were Rs. *** Crores which declined to Rs. **** Crores during the year 1997-98. This represented a decline of 11.8% over the previous year. The total sales of NTCF during POI was Rs. *** Crores which on an annualised basis comes to Rs. **** Crores.

(v) SALES REALISATION:

The average sales realisation of the petitioner companies from sales of NTCF Rs. *** per kg. during 1996-97 and it declined to Rs. *** per Kg. during 1997-98 representing a decline 2%. During POI the average sales realisation of petitioner companies was Rs. *** per Kg.

(vi) PRODUCTION:

There has been significant decline in production of petitioner companies during the year 1997-98 compared to previous year. The total production of NTCF of petitioner companies during 1996-97 was *** MTs which declined to *** MTs during 1997-98 representing a decline of 8.63% the actual production during POI was *** MTs.

(vii) CAPACITY UTILISATION:

The capacity utilisation of the petitioner companies has declined from 93.82% in 1995-96 to 86.92% in 1996-97 and it further declined to 77.78% in 1997-98. However, the capacity utilisation during the POI has increased to 83.41%.

(viii) CLOSING STOCKS:

The closing stocks held by the petitioner companies have also increased gradually since 1996-97. The closing stock in 1995-96 were *** MTs and increased to **** MTs during 1996-97 and it further increased to *** MTs during the year 1997-98. The closing stocks held by petitioner companies as on 31.12.1998 were *** MTs.

(ix) RETURN ON CAPITAL EMPLOYED:

The arguments by interested parties that returns on capital employed and operating margin for domestic producers have improved significantly has been examined by Authority. The Authority notes that profitability of M/s. SRF Ltd., one of the petitioners in the present investigations has improved significantly during 1998-99 over 1997-98. However, Authority notes that the improvement in profitability of company has been primary on account of financial restructuring, through induction of fresh equity, repayment of borrowings and corresponding lower incidence of interest cost. During the POI, there is marginal decline in operating profits before interest and Taxes as percentage of sales in case of M/s SRF Ltd. Moreover, M/s. SRF Ltd. is a multi-product company and the sales of subject goods constitutes only **** of total turnover of the company in an Anti-Dumping investigations, profitability from operation of product under consideration would be a more relevant factor than the over all profitability of the individual company. The profitability of domestic industry from subject goods has declined significantly

J. CAUSAL LINK:

18. The Authority notes from the above that the volume of imports from the subject countries have gone up during the POI. The market share of subject countries in the total imports has also increased substantially. On other hand, the market share of the domestic industry has declined significantly over a period of time. The imports of subject goods to India have been at a price below its Normal value. This has resulted in erosion of profitability of domestic industry. The sales volumes, average sales realisation, production, capacity utilisation of the domestic industry also indicates declining trends over a period. In view of the above the Authority concedes that the domestic industry has suffered injury from dumped imports from subject countries.

K. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

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

20. It is recognized 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 on 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 petitioner companies. On the contrary, imposition of anti dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the petitioner companies and help maintain availability of wider choice to the consumers of NTCF. Imposition of anti dumping measures would not restrict imports from the subject country in any way, and therefore would not effect the availability of the product to the consumers.

L. CONCLUSIONS:

21. It would be seen, after considering the foregoing, that :

- a. Nylon Tyre Cord Fabric (NTCF) originating in or exported from the subject countries has been exported to India below normal value, resulting in dumping:.
- b. The Indian industry has suffered material injury
- c. The injury has been caused cumulatively by the imports from the subject country

22. To ascertain the extent of anti-dumping duty necessary to remove the injury to the petitioner companies, the Authority has relied upon non-injurious selling price of NTCF in India for the petitioner companies, by considering the optimum cost of production at optimum level of capacity utilisation for the petitioner companies.

M. LANDED VALUE:

23. The landed value has been determined on the basis of export price of NTCF from subject countries determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one percent landing and two percent handling charges.

24. The Authority considered to recommend the amount of Anti-Dumping Duty equal to the margin of dumping or less, which it levied, would remove the injury to domestic industry. The average landed price of the imports, for the purpose, was compared with the Non-injurious selling price of the petitioner companies, determined for the period of investigations. Wherever the difference was less than the dumping margin, a duty lower than the dumping margin is recommended. It is considered necessary to impose anti dumping duty, provisionally, pending final determination, on all imports of NTCF originating in or exported from South Africa, Indonesia, Taiwan pending further investigations.

Accordingly, the Authority recommends that provisional duties be imposed, on all imports of NTCF originating in or exported from South Korea, Indonesia, Thailand and Taiwan. The Anti dumping duty shall be the amounts indicated in the table below, to be imposed from the date of Notification to be issued in this regard by the Central Govt. on all the imports of Nylon Tyre Cord Fabric falling under Chapter 59 of the Customs Tariff, originating in or ported from the country mentioned below -

S. No.	Countries/Exporters	Amount of Duty (Rs. per Kg.)
1.	South Korea	
	M/s. Hyosang	4.30
	Other Exporters	4.30
2	Indonesia	
	M/s. PTGT Petrochem	1.77
	Other Exporters	1.77
3	Thailand	
	M/s. Thai Baroda Ltd.	4.22
	Other Exporters	4.22
4	Taiwan	
	M/s. Formosa Taffeta Co. Ltd.	5.32
	Other Exporters	5.32

25. The 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 Additional duty of Customs levied under section 3, 3A, 8B, 9 and 9A of the Customs Act, 1975.

N. FURTHER PROCEDURE:

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 the despatch of the letter. 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 conduct further verification to the extent deemed necessary.
- d. The Authority would disclose essential facts before announce final findings.

RATHI VINAY JHA...
Designated Authority