

MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING &
ALLIED DUTIES)

NOTIFICATION

NEW DELHI, the 18th January, 2002

PRELIMINARY FINDINGS

Sub: Anti-Dumping Investigation concerning imports Caustic Soda from Qatar.

No.55/1/2001-DGAD - Having regard to the Customs Tariff Act 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, thereof:

A. PROCEDURE

1. The procedure described below has been followed with regard to the investigation:

- i. The Designated Authority (hereinafter also referred to as Authority), under the above Rules, received a written application from M/s Alkali Manufacturers Association of India (AMAI) (hereinafter referred to as petitioner) on behalf of the domestic industry, alleging dumping of Sodium Hydroxide commonly known as Caustic Soda (hereinafter also referred to as subject goods) originating in or exported from Qatar (hereinafter referred to as subject country). The petition was also supported by M/s Siel Chemicals Complex, Patiala, Punjab, M/s Bihar Caustic & Chemicals Ltd., Bihar, M/s Jayshree Chemicals Ltd, Orissa and M/s Andhra Sugars Ltd., Saggonda unit subsequent to initiation.
- ii. Preliminary scrutiny of the application filed by the petitioner revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was, therefore, considered as properly documented.
- iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate the investigation against imports of subject goods from Qatar. The authority notified the Embassy of Qatar in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the Rules.

- iv. The Authority issued a public notice dated 8.10.2001 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods classified under custom Code 281511 and 281512 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from Qatar.
- v. The Authority forwarded a copy of the public notice to the known exporter (whose details were made available by petitioner) and gave them an opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rule 6(2):
- vi. The Authority forwarded a copy of the public notice to all the known importers (whose details were made available by petitioner) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(2).
- vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of subject goods made in India during the past three years, including the period of investigation. Kandla Port Trust was also requested for details of shipment.
- viii. The Authority provided a copy of the petition to the known exporter and the Embassy of the subject country in accordance with Rules 6(3) supra. A copy of the non-confidential petition was also provided to other interested parties, wherever requested.
- ix. The Authority sent a questionnaire to elicit relevant information to the following known exporters/producers, in accordance with the Rule 6(4):

1. M/s Qatar Vinyl Company (QVC) Ltd. Qatar

- x. The Embassy of the subject country in New Delhi was informed about the initiation of the investigation in accordance with **Rule 6(2)** with a request to advise all concerned exporters/producers from their country to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the known exporter was also sent to the Embassy of the subject country in accordance with Rule 6(3).
- xi. A questionnaire was sent to the following known importers/user associations of the subject goods for necessary information in accordance with Rule 6(4):

1. M/s Abhey Chemicals Ltd., Baroda
2. M/s Albright Wilson Chemical Ltd., Mumbai
3. M/s Arvind Mills Ltd., Ahmedabad
4. M/s Birla Cellulose Ltd., Bharuch
5. M/s Central Pulp Mills Ltd., Delhi
6. M/s Deepak Nitrite Ltd., Nandesari
7. M/s Godrej Soaps Ltd., Mumbai

8. M/s Gujarat Electricity Board, Vadodara
9. M/s Gujara Narmada Fertilizers Co. Ltd., Bharuch
- 10.M/s Gujarat State Fertilizers & Chemicals Ltd.,Vadodara
- 11.M/s Hindustan Lever Ltd., Mumbai
- 12.M/s ICI India Ltd., Valsad
- 13.M/s Indian Farmer Fertilizers Coop. Ltd., Gandhinagar
- 14.M/s Indian Oil Corporation Ltd., Vadodara
- 15.M/s Indian Petrochemicals Corporation Ltd., Vadodara
- 16.M/s Jaysynth Dyechem Ltd., Mumbai
- 17.M/s Link Pharma Ltd., Baroda
- 18.M/s Meghmani Organics Ltd., Ahmedabad
- 19.M/s Narmada Chematur Petrochemicals Ltd., Bharuch
- 20.M/s Nirma Ltd., Ahmedabad
- 21.M/s PAB Chemicals (P) Ltd., Baroda
- 22.M/s Rama News Prints & Papers Ltd., Surat
- 23.M/s Rubamin Ltd., Baroda
- 24.M/s Torrent Gujarat Bio-tech Ltd., Baroda
- 25.M/s Transpek Industries Ltd., Vadodara
- 26.M/s National Alumunium Ltd., Bhubaneswar, Orissa
- 27.M/s C.J. Shah and Company, Mumbai

Response/information to the questionnaire/notification was filed by the following exporters/producers:-

1. M/s Qatar Vinyl Company, Ltd. , Qatar

No Response/information to the questionnaire/notification was filed by any of the Importers/user Associations.

xii. Information regarding injury was sought from the petitioner(s), which was also furnished by the petitioner. The injury parameters of the following domestic producers were furnished:-

1. M/s DCW
2. Gujarat Alkalies and Chemicals Ltd., Vadodara
3. Search Chem Industries Ltd., Jagadhia
4. Indian Rayon & Industries Ltd., Veraval, Gujarat
5. M/s Grasim Industries
6. Siel Chemicals Complex, Patiala, Punjab
7. M/s Bihar Caustic & Chemicals Ltd.. Bihar
8. M/s Jayshree Chemicals Ltd, Orissa
9. M/s Andhra Sugars Ltd., Saggonda

- xiii. Additional information from M/s Qatar Vinyl Company Ltd., the only responding exporter from Qatar was also sought.
- xiv. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).
- xv. Cost investigation was also conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the petitioner. The cost data of the following domestic producers was provided and analysed:--
 - 1. M/s DCW
 - 2. Gujarat Alkalies and Chemicals Ltd., Vadodara
 - 3. Search Chem Industries Ltd., Jagadhia
 - 4. Indian Rayon & Industries Ltd., Veraval, Gujarat
 - 5. M/s Grasim Industries
 - 6. Siel Chemicals Complex, Patiala, Punjab
 - 7. M/s Bihar Caustic & Chemicals Ltd.. Bihar
 - 8. M/s Jayshree Chemicals Ltd, Orissa
 - 9. M/s Andhra Sugars Ltd., Saggonda
- xvi. ****in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xvii. Investigation was carried out for the period starting from 1st January, 2001 to 30th Sept., 2001 i.e. the period of investigation (POI).

B . VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

a. PRODUCT UNDER CONSIDERATION

i. Sodium Hydroxide with chemical nomenclature NaOH and commonly known as Caustic Soda is an inorganic, soapy, strongly alkaline and odourless chemical. It is produced in two forms, i.e. lye and solids, and is classified under chapter 28 of the customs Tariff Act, 1975 under Custom Heading 2815.11 and 2815.12. It finds application in various fields like manufacture of pulp and paper, newsprint, viscose yarn, staple fibre, aluminium, cotton, textiles, toilet and laundry soaps, detergent, dyestuffs, drugs and pharmaceuticals, petroleum refining etc. The product is produced

by three processes viz. mercury cell process, diaphragm process and membrane process. The two processes commonly analysed are as under:-

Mercury cells process: In mercury process cells Titanium Metal anodes are being used as anodes and mercury as cathode. Salt is added to saturators where depleted brine from the brine dechlorination tower is coming to get saturated. The concentration of depleted brine is around 260 gpl of NaCl. The depleted brine enters the saturators packed with salt and over flows from the other side after getting saturated to a concentration of 310 gpl of NaCl. From the saturators the saturated brine travels to two purifiers. Where Lime (Calcium hydroxide) and Sodium Carbonate is added to precipitate the impurities then travels to the settler, where all the precipitates settle, and clarified brine over flows from the settler to the clarified brine tank. The precipitated impurities, which are collected at the bottom of the settler, are taken out from the bottom valve and thrown into the sludge pit where the same is allowed to settle further and the supernatant brine is recovered.

The clarified brine which is collected in Tank is then pumped to pure brine storage tank through filters. From this storage tank pure brine is pumped to overhead tank located at a height of above 11 meters. From this overhead tank pure brine is continuously fed to the cells in the Cell House where by electrolytic process sodium Chloride is decomposed and from caustic soda and chlorine gas and Hydrogen gas. Caustic soda from through heat exchanger the same is pumped to Caustic soda storage tank.

The decomposed brine which comes out of the cells is called depleted brine. The part of the Sodium Chloride gets decomposed to form Caustic Soda. When the brine is passing through the cells, its sodium chloride concentration goes down from 310 gpl to 260 gpl. The depleted brine which contains some traces of chlorine is then sent to brine dechlorination tower where by vacuum dechlorination, it is stripped off the chlorine gas and after that it is sent to saturators for restoration. The chlorine gas which is generated in the cells is driven by a blower to chlorine cooling area. Here the gas is cooled and bulk of the moisture is removed. After cooling, the gas is sent to chlorine drying where the remaining moisture is removed by contacting the chlorine gas with sulphuric Acid in drying tower. The gas coming out of drying towers is free from moisture and the same in turn is sent to Chlorine compressor where it is compressed to a pressure of about 3kgs/cm². After compression the gas is sent to Liquefaction where it is liquefied at a temperature of about - 10-degree C. The liquefied gas is then sent to the Liquid Chlorine storage tank.

Hydrogen gas which is also generated in the Cell House is collected in the Hydrochloric Acid holder.

From the gas holder hydrogen is blown to the Hydrochloric Acid Plant where the gas is burnt with chlorine in Hydrochloric Acid furnaces to make Hydrochloric Acid. The 33% concentrate Hydrochloric Acid from the furnace flows to intermediate Hydrochloric Acid receiver tank from where it is sent to Hydrochloric Acid storage tank.

Membrane cell consists of cell elements. Each cell element is made up of anode and cathode assembly separated by means of Membrane cell.

Pure brine is fed to anode compartment through inlet nozzle under electrolytic condition salt (NaCl) gets splitted into Na^+ and Cl^- ions. The Na^+ ions travel through Membrane element into cathode compartment. Cl^- ion evolves Cl_2 gas from anode compartment.

Dilute Caustic is fed to the cathode compartment through inlet nozzle here, H_2O gets splitted into H^+ and OH^- ions. The OH^- ions combine with Na^+ ions (from anode compartment) thereby produce Caustic. H^+ ions evolve as H_2 gas from cathode compartment. Hydrogen from cell is cooled and sent to H_2 gas.

Chlorine from cells is cooled and dried in chlorine treatment section. The dry chlorine is then compressed and sent to the liquifier where it is liquefied. This chlorine is taken to liquid chlorine storage tank by gravity and packed in one tonne capacity container for sale. Further the excess chlorine gas which is not liquefied is sent to HCL section where Cl_2 gas is burnt with Hydrogen and it is mixed with water to make Liquid Hydrochloric Acid (HCL)

Membrane process:- In the process of manufacturing Caustic Soda with membrane Process, the main raw material required is salt and other important input is power.

Lean brine (salt solution) returning from the process plant is saturated in saturators by adding salt. This saturated brine is treated to remove impurities in primary and secondary brine treatment sections. The desired ultra purity of the brine is achieved in secondary brine treatment by means of ion exchange columns. Ultra pure brine is fed to anode compartment of the membrane cell. The cell consists of two compartments separated by membrane. One compartment is called cathode and other compartment is called as anode. Dilute Caustic is fed to cathode compartment. Concentrated Caustic is collected from the cell as the main product. The lean brine from the cell is sent back to saturators after dechlorination.

Caustic Soda, Chlorine and Hydrogen is produced in Membrane Cell by ion exchange Membrane process using selective ion exchange properties of the Membrane, which is the main component of the Membrane Cell.

A Membrane Cell consists of cell elements. Each cell element is made up of anode and cathode assembly separated by means of Membrane Cell.

Pure brine is fed to anode compartment through inlet nozzles under electrolytic condition salt (NaCl) gets splitted into Na⁺ and Cl⁻ ions. The Na⁺ ions travels through Membrane element into cathode compartment.

Cl⁻ ions evolves as Cl₂ gas from anode compartment.

Dilute Caustic is fed to the cathode compartment through inlet nozzles. Here, H₂O gets splitted into H⁺ and OH⁻ ions. The OH⁻ ions combines with Na⁺ ions (from anode compartment) thereby produces Caustic NaOH. H⁺ ions evolves as H₂ gas cathode compartment. Hydrogen from cell is cooled and sent to H₂ gas holder.

Chlorine from cells is cooled and dried in chlorine treatment sections. The dry chlorine is then compressed and sent to the liquifier where it is liquefied. This liquid chlorine is taken to liquid chlorine storage tank by gravity and packed in one tonne capacity container for sale. Further the excess chlorine gas which is not liquefied is sent to HCL section where Cl₂ gas with Hydrogen and it is mixed with water to make liquid Hydrochloric Acid.

b) DOMESTIC INDUSTRY

The petition filed by the M/s Alkali Manufacturers Association of India (AMAI) representing the domestic industry, has been supported by M/s Grasim Industries Limited, Nagda, MP, M/s Gujarat Alkalies & Chemicals Ltd., Vadodara, Gujarat M/s Search Chem. Industries Ltd., Mumbai, M/s DCW Ltd., Mumbai and M/s Indian Rayon & Industries Ltd., Veraval, Gujarat. The total domestic production in the year 2000-2001 is 1561834 MT and the petitioner companies constitute 33.88% of the subject goods production and thus have the standing to file the petition on behalf of the Domestic Industry as per Rule 5(a) and (b) of Anti-Dumping Rules.

c) LIKE ARTICLE

There is no difference in the Caustic Soda produced by the Indian industry and that imported from Qatar, which can have an impact on the price. Caustic Soda produced by the Indian industry in general and the participating companies in particular is comparable in terms of characteristics such as physical and chemical characteristics, raw material composition, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the goods. The two are technically and commercially substitutable and the consumers have used these two interchangeably. Caustic Soda is being produced by three processes worldwide. Indian industry is also producing Caustic Soda using all the three processes i.e mercury cell

- ii. In the instant case, the following are the submissions are relevant:-
1. The capacity installed by the exporter in Qatar (290,000 MT) is far in excess of the domestic demand in Qatar. The exporter has recently commenced production. Thus, the producer in Qatar is under tremendous pressure to sell the material. Vast Indian market is naturally quite lucrative to the exporter at the cost of Indian producers.
 2. The exporter is understood to have booked orders for significant quantity through their Indian agent. Lot of dumped material is under transit and shipment are expected very shortly. Should the present trend of order booking continue, the domestic industry would loose significant sales.
 3. The landed price of the imported material is significantly below the selling prices of the Domestic Industry. While it is true that the volume of material actually imported so far is not very significant in terms of demand of the subject product in India, what needs be appreciated is that should the producer in Qatar continue to sell the material at present prices, the Domestic Industry would not be able to hold the present prices.
 4. The landed prices of the imports is significantly below the full cost of production and fair selling price of the Domestic Industry. The Domestic Industry would be forced to face cash losses in case it has to sell at matching prices. The imports are having severe depressing effect on the prices in the market.
 5. The dumping margins are very significant. The price at which material is being exported does not permit recovery of even cost of production leave alone profits on huge investments.
- iii. The imports of Caustic Soda from countries other than subject country excluding those countries where anti dumping duties are already in place, are almost negligible or are de-minimus are not causing any injury to the Domestic Industry. The changes in demand have not contributed any injury to the Domestic Industry.

2. EXPORTER'S VIEWS

M/s Qatar Vinyl Company (QVC) Ltd.

a) PRODUCT UNDER CONSIDERATION

- i. Globally the chlor-alkali industry is being driven by the demand-supply of chlorine, unlike in India and therefore globally, Caustic Soda is considered as a by-product. Demand for Chlorine is higher than that of Caustic and many a times a part of Caustic produced in the process is wasted.

- ii. There is a big difference between Indian producers and QVC in terms of treatment of chlorine and caustic as regards the value. Indian producers do not have many outlets for Chlorine while in case of QVC, Chlorine is the main raw material for our end products and it can not be put on the same value as Caustic. QVC cannot consider Chlorine as the by-product.
- iii. There is significant difference between cost of production under the three manufacturing processes.

a. DUMPING

- i. QVC does not have significant local market. So the capacity installed is considered for exports only. Indian Caustic Soda market is having over-capacity and QVC does not consider the Indian market for its products.
- ii. 80% of the QVC's sales are committed to other GCC countries, Australia, South East Asia and African market through long term contracts.
- iii. The petitioners have grossly misinterpreted the fact about normal value of export. The cost structure of the company as provided does not corroborate with the petitioner. QVC has not sold any quantity locally in the period of investigation.
- iv. The first offer of export to India was made in October, 2001. In fact QVC has not booked any substantial order or there are no orders in the pipeline. QVC has not sold any quantity during the POI and never considered Indian market for their products. QVC has sold one small parcel of ****MT to India in October, 2001 to actual users under duty free advance license which shall not affect the local industry. Copies of invoices indicating invoice date and proforma invoice date have been furnished by the exporter.
- v. QVC exports Caustic at ****% concentration and not at 43-47% concentration as indicated by the Domestic Industry and so the freight value is lower.
- vi. QVC does not pay any commission to agents in India or in Qatar.
- vii. Qatar does not pay any inland freight as the plant is located near Jetty and the material is shipped directly from the storage tank to the ship.
- viii. QVC operates its own Jetty and so the port expenses are negligible and are already considered as part of fixed costs

b. INJURY

- i. As the cost of power is almost 12 times higher in India as compared to other major producers in the world, it is difficult for Indian producers to be cost effective.
- ii. The landed value is significantly higher above the normal value and the last parcel sold by QVC and we confirm that no further orders are booked or negotiated by QVC.

- iii. QVC is a new supplier and would work on long-term agreements with various markets. If the other suppliers have sold the material at a very low price in India it does not mean that QVC will also do so in future.
- iv. Exports by QVC is negligible and which is about 4% of the total average imports in India since the last 10 years. There is no evidence of causal link.

C. EXAMINATION BY AUTHORITY

The foregoing submissions made by the exporter and the petitioner, to the extent these are relevant as per Rules and have a bearing upon the case, have been examined, considered and dealt with at appropriate places in these findings.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present investigation is Sodium Hydroxide (chemical nomenclature NaOH), commonly known as Caustic Soda originating in or exported from Qatar. Caustic soda is an inorganic, soapy, strongly alkaline and odourless chemical and finds application in various fields like manufacture of pulp and paper, newsprint, viscose yarn, staple fibre, aluminium, cotton, textiles, toilet and laundry soaps, detergent, dyestuffs, drugs and pharmaceuticals, petroleum refining etc.

Caustic soda is classified under chapter 28 of the customs Tariff Act, 1975 under Customs Head 2815.11 and 2815.12. As per ITC Eight Digit classification, the product is classified under the Custom Heading 2815.1101, 2815.1102 and 2815.1200. The classification, is however, indicative only and is in no way binding on the scope of the present investigation.

Caustic soda is produced in two forms, i.e. lye and solids by three technology processes, i.e mercury cell process, diaphragm process and membrane process.

Caustic Soda can be imported under OGL and attracts a basic customs duty of 35%. The present investigation covers all forms of caustic soda.

2. LIKE ARTICLE

The Authority notes that the petitioner has claimed that the goods produced by them are like article to the goods produced, and exported from the subject country. Also both are technically and commercially substitutable and the consumers are using the domestically produced and imported goods interchangeably. It has been indicated that the Caustic soda is processed by three processes viz. Mercury cells process, diaphragm process and membrane process world over. The difference in these

processes does not mean difference in product in terms of various characteristics. Also there is no significant difference in the cost of production for the three processes. The petitioner has claimed that the goods produced by them and those exported from Qatar are like article within the meaning of the Rules.

The Authority notes that the exporter from Qatar has submitted that the petitioners have made certain assumptions about the cost and the manufacturing processes. The exporter has indicated that as per their understanding there is a significant difference in the power consumption for each of the three manufacturing processes and thus the costs involved in each process. It has been submitted by the exporter that the Indian producers do not have many outlets for Chlorine and that they consider Chlorine as a non-tradable commodity and thus as a by-product while producing Caustic Soda. The exporter has indicated that in their case Chlorine is the main raw material and they do not consider it as a by-product. In fact Caustic is the by-product while producing Chlorine.

The Authority after noting the above submissions notes that while M/s QVC, the exporter from Qatar has indicated the difference in costs for the three processes, there has been no argument regarding any variation in the characteristics of the product exported by them and that produced by the Domestic Industry. It is also not a claim by the exporter that the goods exported by them and that produced by the Domestic Industry are not interchangeable. The customers in India of the goods exported by M/s QVC have used the exported goods and the goods produced by the Domestic Industry interchangeably being the common customers. The Authority therefore for the purpose of preliminary determination pending final determination holds that the goods produced by the Domestic Industry and those exported from the subject country are like article within the meaning of the Rules 2(d).

3. DOMESTIC INDUSTRY

The petition has been filed by M/s Alkali Manufacturers Association of India on behalf of the domestic industry. The petition has been supported by M/s DCW Limited Mumbai, M/s Gujarat Alkalies & Chemicals Ltd, Gujarat, M/s Search Chem. Industries Ltd, Mumbai, M/s Grasim Industries Ltd, Madhya Pradesh and M/s Indian Rayon & Industries Ltd., Gujarat. None of the domestic producers has opposed the petition. The Authority notes that the five domestic producers who have supported the petition constitute 32.6% of the total domestic production and therefore have the standing to file the petition on behalf of the domestic industry as per Rule 5(a) and (b) of the Anti-Dumping Rules. Subsequent to the initiation M/s Siel Chemicals Complex, Patiala, Punjab, M/s Bihar Caustic & Chemicals Ltd., Bihar, M/s Jayshree Chemicals Ltd, Orissa and M/s Andhra Sugars Ltd., Saggonda unit have also supported the petition and furnished injury information.

4. NORMAL VALUE & EXPORT PRICE

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 article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
- ii. when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:-
 - a. comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
 - b. the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section(6);

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

The normal value and ex-factory export price determination is illustrated below.

A. NORMAL VALUE

The Authority notes that the exporter from Qatar has provided the cost of production details of the subject goods and have indicated that there were no domestic sales in the period of investigation. The exporter has also provided average export prices to the countries other than India in the period of investigation. The Authority observes that in response to the request made by the Authority to furnish balance sheet and the project report indicating the cost structure of the plant, the exporter has indicated inability to provide the balance sheet since the same is not available as the plant has recently commenced their production. The exporter has further indicated that cost structure in the project report is different from the cost of production data as provided in the questionnaire response since the project report pertaining to an early date. The Authority notes that certain cost details in the response do not reconcile. In view of no domestic sales during the POI, the Authority has constructed the normal value on the

basis of the cost of production plus administrative, selling and general costs and the profit realised by the exporter as per Annexure I of the Anti Dumping Rules. The Authority notes that the exporter has indicated that the power tariff in India is much higher as compared to that in Qatar and also that power constitutes a major component of the total cost of production. Keeping in view this submission, the Authority for the purpose of the preliminary determination proposes to reference the cost of production as provided by the exporter. The Authority also notes that there are no domestic sales during the POI in the exporting country. As per the submission of the exporter, the majority of the sales for this plant are to export destinations. The Authority notes that on the majority of sales made to countries other than India, the exporter has realised the profit of **** \$/PMT. Since for the construction of the normal value, no details on profits are available as there are no domestic sales and also the fact that the cost figures do not reconcile, the Authority has referenced the profit as evidenced from the exports made to countries other than India by the exporter.

On the basis of the cost of production details as made available by the exporter and the profit margin as considered above, the Authority has considered weighted average normal value as ****\$/PMT for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

The Authority notes that the petitioner has provided evidences regarding sales of the material exported/being exported from Qatar. The Authority also notes that the exporter was requested for providing the details pertaining to the shipments made to India, viz. invoice/offer date/purchase order. The exporter has indicated that the business was transacted on a verbal offer. The relevant export invoices as requested for by the Authority were sent by the exporter. These invoices indicate that the proforma invoice is dated ***, which is within the POI. The Authority notes that from the response of the exporter that even though it has been indicated that the exports have been made in October, 2001, the proforma invoice is dated in the POI. The Authority in this regard notes the evidence provided by the petitioner which indicates the offer was also made by the importer in India in the POI. The Authority in this regard notes that the date of sale as per the WTO Rules could be the date of contract, purchase order, order confirmation, or invoice, whichever establishes the material terms of sales. The Authority in view of the available evidence and information as provided by the exporter notes that the exporter has indicated an export price pertaining to the shipments made to India as ****\$/PMT which has the proforma invoice dated in September, 2001. The ocean freight, marine insurance and shipping charges have been indicated as ****, **** and **** \$/MT respectively. The exporter has further indicated that they do not pay any commission to agents in India or in Qatar.

Since no per unit quantifiable figure of port expenses has been provided by the exporter, the Authority for the purpose of preliminary determination has referenced the data provided by the petitioner for the port expenses as ****\$/PMT. The ex-factory export price on the basis of the above adjustments and the export price as provided by the exporter comes to ****\$/PMT.

C. ASSESSMENT OF NON-COOPERATING PRODUCERS/EXPORTERS

For the non-cooperating exporters other than M/s Qatar Vinyl Company, the Authority has referenced the export data furnished by the petitioner as also co-related the same with the lowest export price in the POI for determination of the ex-factory export price. The authority has adopted the constructed normal value methodology as done for the non-cooperating exporters for the normal value determination.

5. DUMPING-Comparison of Normal Value & Export Price

The rules relating to comparison provides as follows:

"While arriving at margin of dumping, the Designated Authority shall make a fair comparison between the export price and the normal value. The comparison shall be made at the same level of trade, normally at ex-works level, and in respect of sales made at as nearly possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are demonstrated to affect price comparability."

The authority has carried out weighted average normal value comparison with the weighted average ex-factory export price in Period of Investigation, for evaluation of the dumping margin for all the exporter/producers of the subject country.

The dumping margin for exporter/producers comes as under:

Exporter	Normal value(NV) \$/MT	Export Price(EP) \$/MT	Dumping margin as % of EP
QATAR			
M/s Qatar Vinyl Company (QVC) Ltd.	*****	*****	45.9
All other exporters/ producers in Qatar	*****	*****	61.3

6. INJURY AND CAUSAL LINK

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.

For the examination of the impact of the dumped imports on the domestic industry in India, we may consider 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.

As regards the threat of injury, the Authority notes that the Anti-Dumping Rules states as follows:

"A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances, which would create a situation in which the dumping would cause injury, must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the DA shall consider, inter-alia, such factors and;

- a. a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;
- b. sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports;
- c. whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and,
- d. inventories of the article being investigated.

The Authority notes and observes the following economic parameters in the case of domestic producers who had supported the petition initially and other domestic producers who have subsequently supported and provided injury information after initiation:-

- a. The domestic sales has increased from 445250 MT in 1998-99 to 528725 MT in 1999-2000 and further to 536045 MT in 2000-2001. In the POI, the annualised domestic sales has been 518661 MT.
- b. The capacity utilisation has increased from 73.02% in 1998-99 to 87.31% in 1999-2000 and to 87.52% in 2000-2001. In the POI, the capacity utilisation has been 85.58%.
- c. The production has increased from 528367 MT in 1998-99 to 669488 MT in 1999-2000 and further to 671093 MT in 2000-2001. In the POI, the annualised production has been 656244 MT.
- d. The Net Sales Realisation has been **** MT in 1998-99 which has increased to *** MT in 1999-2000 and to Rs. **** MT in 2000-2001. In the POI, the Net Sales Realisation has been to Rs. **** MT.
- e. The Net Sales Realisation in the POI has been below the Non-Injurious Price thus leading to financial losses.
- f. The imports of the subject goods have decreased from 94452 MT in 1998-99 to 86743 MT in 1999-2000 and to 73621 MT in 2000-2001. The imports of the subject goods have further decreased to 24082 MT in POI (Annualised 32109 MT).
- g. The imports from Qatar were Nil till 2000-2001. Exports of 3202 MT were quoted by the exporter in the POI which constitute 12.45% of the total imports of the subject goods in POI. These exports from Qatar which were indicated by proforma invoice are significant as compared to earlier periods and are above the de-minimus level of 3% .
- h. The demand of the subject goods has increased from 13.73 lakhs MT in 1999-2000 to 14.26 lakhs MT in 2000-2001. In the POI, the demand has been 14.26 lakhs MT. Therefore the demand has not been a factor for causing injury to the Domestic Industry.
- i. The Authority also notes that the capacity of the exporter M/s Qatar Vinyl Company from Qatar is an order of *****MT which is significant with the available demand in the country and the present consignment of 3000 MT being dumped leading to price suppression, there is an imminent threat of injury to the Domestic Industry. The domestic producers in view of such dumped prices will not be able to retain their domestic selling price above a reasonable level which otherwise would accrue to them if there was no such dumping.
- j. The Authority also notes that the exporter in Qatar has set up a plant primarily for the purposes of export as the demand in the home market of Qatar is not significant. Therefore with the present available capacity and the price undercutting phenomena by the recent dumped imports, the Authority holds that the exports from Qatar are an imminent threat to the domestic producers of the subject goods in India.

7. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

The Authority holds that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

The Authority also recognises that though 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 these anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by the dumping practices and would prevent the decline of the domestic industry and help maintain availability of wider choice of the subject goods to the consumers. Imposition of anti-dumping measures would also not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the products to the consumers.

8. LANDED VALUE

The landed value of imports for the purpose shall be the assessable value as determined by the customs under Customs Tariff Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

D. CONCLUSIONS:

It is seen, after considering the foregoing, that:

- a. The subject goods in all forms originating in or exported from the subject country have been exported to India below its normal value.
- b. The significant capacity for export purposes available with the exporter since there is very low home consumption demand in Qatar and the recent dumped imports have caused price depression and is an imminent threat to the domestic producers of the subject goods in India. The significant demand of subject goods in India provides a market to the exporter from Qatar whose plant is primarily for the export purposes.
- c. The domestic industry has also suffered material injury by way of financial losses due to depressed Net Sales Realisation (NSR) on account of price depression caused by low landed prices of the dumped subject goods.
- d. The injury has been caused to the domestic industry by dumping of the subject goods originating in or exported from the subject country.

- e. The Authority recommends anti-dumping duty on imports of subject goods falling under Chapter 28 originating in or exported from the subject country.
- f. It was considered to recommend the amount of anti-dumping duty equal to the margin of dumping so as to remove the injury to the domestic industry accrued on account of dumping. Accordingly, it is proposed that provisional anti dumping duties as set out below be imposed, from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from Qatar under Chapter 28 Customs sub-heading 2815.11 and 2815.12 of the Customs Tariff, pending final determination.

Sl. No.	Name of the exporter/producer	Amount of duty (US\$/MT)
1.	Qatar M/s Qatar Vinyl Company(QVC) Ltd. All other exporters/producers in Qatar	48.5 58.6

E. 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 verifications to the extent deemed necessary;
- d. The Authority would provide opportunity to all interested parties for oral submissions, for which the date and time shall be communicated to all known interested parties separately;
- e. The Authority would disclose essential facts before announcing final findings.

(L V SAPTHARISHI),
Designated Authority