

NOTIFICATION

New Delhi, the 28th September, 1999

Preliminary Findings

Subject - Anti dumping investigation concerning import of polystyrene from China, Hong Kong, Singapore and Thailand—Preliminary Findings,

33/1/98-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

The procedure described below has been followed with regard to the investigations:

- i. The Designated Authority (hereinafter referred to as Authority), under the Rules received written application from Polystyrene Producers, Association on behalf of the domestic industry, alleging dumping of Polystyrene, originating in or exported from China PR, Hong Kong.
- ii. The Authority, on the basis of sufficient evidence submitted by the petitioner, decided to initiate investigations against imports of Polystyrene from China PR, Hong Kong, Singapore and Thailand. The Authority notified the Embassy of China PR, Singapore High Commission & Royal Thai Embassy in New Delhi and Trade Department of Hong Kong. Special Administration Region (HK SAR) through Indian Embassy in Hong Kong about the receipt of dumping allegation before proceeding to initiate the investigations in accordance with sub-rule 5(5) of the Rules;
- iii. The Authority issued a public notice dated 18th March, 1999 Published the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of Polystyrene, classified under custom sub-heading 3903 of schedule 1 of the Customs Tariff Act 1975, originating in or exported from China PR, Hong Kong, Singapore & Thailand;
- iv. The Authority forwarded a copy of the public notice to the 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 the rule 6(2);
- v. The Authority forwarded a copy of the public notice to the known importers of Polystyrene in India and advised them to make their views known in writing within forty days from the date of the letter;

- vi. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of Polystyrene for the past three years, including the period of investigations.
- vii. The Authority provided a copy of the petition to the known exporters and the Embassy of China PR, Hong Kong, Singapore & Thailand in accordance with rules 6(3) supra;
- viii. The Authority sent questionnaire, to elicit relevant information, to the following known exporters, in accordance with the rule 6(4),
 - Elf Atochem South East Asia Pvt. Ltd., 53. Trans crecent Singapore 638732
 - Denka Chemical Asia Pvt. Ltd., Hong Leon Building, 16, Raffles Quay, 18-30, Singapore 0104
 - Thai Petrochemical Industry Public Co. Ltd., Bangkok
 - HMT Polystyrene Co. Ltd., Bangkok
 - Siam Polystyrene Co. Ltd., Bangkok
 - Thai Petrochemical Public Co.Ltd., Bangkok
 - Yangzi Basf Co. Lld., Nanjing, China
 - Qilu petrochemical Industry Corp. Linzi, China
 - Shantou Owan Enterprises Group Co., Shantou, China,
 - Sinopec Beijing Yanshan Petrochemical Corp. Beijing
 - Dow Chemical Pacific Ltd., Wanchai, Hong Kong,
 - Hongkong Petrochemical Co, Ltd., Hong Kong.

Response was filed by the following:

- Thai Petrochemicals Industries Public Co. Ltd. Bangkok
 - Denka Singapore Pvt, Ltd.,Singapore
 - Elf Autochem SEA Pte, Ltd. Singapore
 - Dow Chemical Pacific Ltd., Hongkong
 - Hongkong Petrochemicals Co. Ltd. Hongkong
 - M/s. SIAM Polystyrene Co.Ltd., Thailand
 - Yangzi Basf Co,Ltd,, Nanjing, China
- ix. The Embassy of China PR, Singapore High Commission Royal Thai Embassy and Trade Dept. of Hong Kong Special Administrative Region were informed about the initiation of the investigations in accordance with rule 6(2) with a request to advise the exporters/producers from their country to respond to the questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the exporters was also sent to them, alongwith a list of known exporters and producers;
 - x. questionnaire was sent to the following known importers of Polystyrene in India calling for necessary information in accordance with rule 6(4);

- Videocon international Ltd. Aurangabad.
 - JCT Electronics Ltd., New Delhi
 - Malhotra Shaving Products Ltd., Mumbai
 - BPC Engineering, Bangalore
 - Alsa Marine Harvests Ltd, Chennai
 - Maharaja Int. Ltd., Gurgaon
 - Response to the questionnaire was filed by following importer:
 - Electrolux Kelvinator Ltd.
- xi. Additional information regarding injury was sought from the petitioner, which was also received;
 - xii. A number of parties made request for extension of time, which was, upon good cause shown, allowed by the Authority;
 - 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 the interested parties;
 - xiv. Cost investigations were also conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and 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;
 - xv. Investigations were carried out fair the period from starting 1st April, 1997 to 30th September, 1998.

B. PETITIONER'S VIEWS

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

- i. Dumping by foreign producers to India is not only threatening the very existence of domestic manufacturers but is also a threat to the implementing of new investments for manufacturing of Polystyrene.
- ii. With imposition of anti-dumping duty on imports of polystyrene from South Korea, Japan, Taiwan & Malaysia increased exports have started from other countries in Asian region viz., China PK, Hong Kong, Singapore and Thailand,
- iii. Imports from the subject countries have caused material injury to the Indian industry. The same is evidenced from the steep decline in the selling prices, far below the cost of production of the Indian producers, resulting in financial losses to the Indian producers.

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

3. The views expressed by the exporters, importers and other interested parties are as under-

1. Trade Department HongKong Special Administrative region, Hongkong

The Trade Department HKSAR Government furnished with regard to export of Polystyrene to India (source: Hong Kong Trade Statistics) for the period April 97 to March 98 along with the comments furnished with respect to non-confidential petition.

2. M/s Dow Chemicals Pecific Ltd. Hongkong

They have stated that Polystyrene can be broadly categorized into three main categories. General purpose Polystyrene (GPPS), High Impact Polystyrene (HIPS), Environmental Stress Crack Resistant High Impact Polystyrene (ESOR). Dow is currently exporting only ESCR Polystyrene commercially called as Styron 469R to India. Authority has fixed 18 months period of investigation. However, petitioners have not provided price and cost information for the period of investigation. They have also stated that the Volume of imports has decreased significantly and domestic industry has not lost market share of imports. The production of domestic industry and planned capacity utilised has increased and sales of domestic industry have increased. The profitability of major producers viz. M/s. Supreme Petro has increased and it establishes beyond doubt that there is no injury to domestic industry. The price of principal raw material has fallen as well as price of Polystyrene has declined though out Asia pacific Significant duty protection is available to domestic industry in industry in India. Steep depreciation of Rupee during the period of investigation has already made imports significantly costlier for Indian customers. There is total absence of causal link between imports of polystyrene into India during period of investigation and alleged injury to the domestic Industry.

3. Thai Petro Chemicals Industries Public Co. Ltd., Bangkok.

They have stated that the high import duties in India-which are set at higher rates compared to those of Thailand and other far east countries, help protect the industry of Indian Polystyrene producers.

4. M/s. elf Autochem, Singapore:

1. They have stated that detailed information on their cost structure is very sensitive and confidential information on proprietary technology, know-how, formulation and detailed cost allocation is considered as strictly confidential in line with the company's policy.
2. Elf autochem with commercial offices in Bombay, Delhi, Calcutta and industrial activity and investment in India are part of Indian industry. It is not the intention to cause injury to their own markets but rather support in order that Indian industry as a whole can flourish and expand.

5. Yanazi-BASF Styrencis Ltd. , Nanjina. China:

The exporters have stated that they have not exported Polystyrene to India during the period of investigation.

6. Hong Kong petrochemical Co. Ltd. Hong Kong:

The exporters have stated that they have not exported Polystyrene to India during the period of investigation.

7. M/s. SIAM Polystyrene Co. Ltd., Thailand:

On behalf of M/s SIAM Polystyrene Co. Ltd, Thailand, M/s Dow Chemical International Ltd. Mumbai have stated that the company have not directly exported any grade of Polystyrene to India during the period of investigation.

D. EXAMINATION OF THE ISSUES RAISED:

4 The submissions made by the exporters, importers, petitioners and other interested parties have been examined, considered and have been dealt at appropriate places hereinafter.

(1) Trade Department. Hong Kong Special Administrative Region, Hong Kong,

The Trade Department of HKSAR Government furnished with regard to exports of Polystyrene to India (source : Hong Kong Trade Statistics) for the period April 97 to March 98 along with the comments furnished with respect to non-confidential petition.

Authority's Position; .

The comments furnished mainly relate to 1997-98 and not the period of investigation. Dumping Margins are calculated based on comparison of normal value with export

price at same level of trade. For this purpose known producers/exporters in Hong Kong have been requested to furnish information in the form and manner prescribed by the Authority. Further, total exports to India may involve many exporters from Hong Kong and the Dumping Margins are exporter specific and not country specific, The information given by HKSAR is not sufficient to determine individual dumping margins.

E. PRODUCT UNDER CONSIDERATION

5. The product considered in the present investigations is Polystyrene. Polystyrene is a versatile thermoplastic resin available in wide range of formulations from general purpose crystal and impact grades to highly specialised resins. Polystyrene can be of various forms. However, crystal polystyrene (popularly known as general purpose polystyrene or GPPS) and impact polystyrene (popularly known as high impact polystyrene or HIPS) are the subject matter of the present investigations. GPPS is a clear, amorphous polymer and finds application in food packaging, food service items, medical care products and packaging for audio cassettes, compact discs, and other consumer electronic media. HIPS makes use of polybutadiene elastomers for impact modifications and finds applications in toys, furniture, house wares, food packaging, food service, medical care products, appliances, building materials, consumer electronics, and packaging for electronic media, GPPS and HIPS are different types of Polystyrenes and are not substituted with each other.

6. An exporter M/s Dow Chemicals have stated that the ESCR grade Polystyrene exported by them to India is a different product in terms of its technical specifications vis-a-vis the product manufactured by domestic producers in India. The product supplied by M/s Dow is commercially named as "Styrene * 469 R" which is Environmental Stress Crack Resistant (ESCR) High Impact Polystyrene Grade (HIPS). This grade has several distinct characteristic and technical specifications which are not matched by the local producers. The product is manufactured at the facility in Hong Kong using the latest technology.

7. With regard to the quality and technical specifications of the Polystyrene produced in India and Polystyrene Imported from the subject countries, the Authority notes that none of the interested parties have brought out any quantified differences. The evidence presented by the interested parties that particular consumer does not prefer to use Polystyrene produced in India and relies on particular source of import does not establish that the same is not technically or commercially substitutable with the polystyrene being exported from the subject countries.

8. In view of the above, the Authority confirms that Polystyrene produced in India is like article to the Polystyrene exported from the subject countries.

9. Polystyrene is classified under custom sub-heading 390319 of Schedule 1 of the Customs Tariff Act, 1975 and under 39031900 of the ITC. The description is, however, indicative only and is in no way binding on the scope of the present investigations.

F. LIKE ARTICLE

10. In order to establish that the polystyrene produced by the domestic industry is a Like Article to the Polystyrene exported from China PR, Hong Kong, Singapore, and Thailand characteristics such as physical characteristics (size, chemical, composition, raw material), manufacturing process and technology, functions and uses product specifications, pricing, distribution and marketing and tariff classification of the goods have been considered. There is no argument disputing that polystyrenes produced by the domestic industry in various forms are Like Articles to the polystyrene imported from the subject countries in various forms. Polystyrenes in various forms imported from the subject countries are interchangeable with Polystyrene produced by the domestic industry. The goods produced by the domestic industry have been treated as like article to the goods exported from the subject countries within the meaning of the Rule 2 (d).

G. DOMESTIC INDUSTRY

The petition has been filed by Polystyrene Producers' Association, Mumbai. The petition is supported by the following producers of Polystyrene in India, who are also members of the Association:

Supreme Petrochem Ltd. (SPL);

LG Polymers

Rajasthan Polymers and Resins Ltd. (RFRL).

There is no other producer of polystyrene in India. The petitioners satisfy the standing to the file the case. M/s. Supreme Petrochem Ltd., LG Polymers Ltd., and Rajasthan Polymers and Resins Ltd. account for total production of Polystyrene in India and, therefore, satisfy the definition of the domestic industry, in accordance with Rule 2(b), supra;

H. DUMPING

12. 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 sale 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 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 articles in the country of origin alongwith reasonable addition for administrative, selling and general cost, 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".

13. The Authority provided opportunity to the exporters from China PR, Hong Kong, Singapore and Thailand to furnish information relevant to the investigations and offer comments, if any, in accordance with the Section cited above. The Authority wrote to the Embassy of China PR, Thailand, Singapore High Commission and Trade Deptt. of HKSAR also, A number of companies requested for extension of time, which also allowed by the Authority on the basis of adequate justification provided.

I4. Dow Chemical Pacific Limited, Hongkong:

The company has furnished month wise information on export sale to India for the period of investigation. However, they have not furnished information on sales to Domestic Market and exports to Third Countries. Only sample invoice for Export to India and Domestic sales have been furnished.

Authority notes that M/s Dow Chemical International Ltd is a trader/exporter and not a producer. M/s Dow Chemical Pacific Limited Hong Kong who is the manufacturer

of the product under consideration has not furnished information. The manufacturer was required to furnish information in form and manner prescribed by the Authority. No information on normal value has been furnished and hence the dumping margin can not be assessed from the information filed by the company. Hence, M/s Dow Chemical Pacific Limited has been treated as non-cooperative exporter and no separate dumping margin has been worked out in respect of the exporter. For arriving at the dumping margin the information provided by the petitioner has been relied upon.

15. Hong Kong Petrochemical Co.Ltd. Hong Kong:

The exporters have stated that they have not exported Polystyrene to India during the period of investigation.

Authority notes that since M/s Hong Kong Petro Chemical Co. Ltd has not exported the product under consideration during the period of investigation , they may request separate assessment as per new shipper Rule 22 supra;

16. Thai Petrochemical Industry Public Co. Ltd. Thailand:

Scrutiny of the response filed by Thai Petrochemical Industry Public Co. Ltd (hereinafter referred as Thai Petro) reveals that the Thai Petro is a trader and not a producer. It procures from Thai ABC Company Limited who is the manufacturer of the product under consideration. However, the producers have not furnished any information. The manufacturer was required to furnish information on factory cost and profit for exports to India, domestic sales and exports to countries other than India for the period of investigation as prescribed in questionnaire. The information furnished by the trader is not complete and the details of raw material, direct labour, utilities etc. have not been furnished, as required in the proforma. Further, they have stated that according to the traditional business norm of their country they do not disclose confidential data as there is a chance that the data will be revealed to 3rd countries such as Europe and North America who are posing a threat to the region's industry growth Balance Sheet, Prom Loss Account of the Company have not been furnished.

Authority notes that M/s ABC Company Limited Thailand being the producer has not responded to the questionnaire, Hence the company has been treated a non-cooperative producer and no separate dumping margin has been worked out in respect of the exporter. For arriving at the dumping margin the available information on record has been relied upon.

17. M/s. SIAM Polystyrene Co. Ltd.. Thailand:

On behalf of M/s SIAM Polystyrene Co. Ltd. Thailand, M/s Dow Chemical International Ltd, Mumbai have stated that the company have not directly exported any grade of polystyrene to India during the period of investigation.

Authority notes that In case of goods were not directly exported, it attracts proviso to section 9A (1) C, which provides for determination of normal value in case of exports through third country. Since, no relevant information has been provided, the Authority has determined dumping margin based on available information. Further, margin worked out for any other exporter from Thailand is therefore applicable.

18. Denka Singapore Pvt. Ltd., Singapore:

The Authority finds that information furnished in the prescribed proforma is not complete. Documentary evidence in respect of domestic sales on different polystyrene grades has not been furnished. Information furnished in questionnaire "has been for particular month instead of the entire period of investigation. Non-confidential version of confidential version of submissions made has not been furnished. Exports of M/s. Denka Singapore Pvt. Ltd., seem to be bandied through traders viz, Mitsubishi Corpn. Singapore, Chori Co. Ltd. Japan, Nagase Singapore Pvt. Ltd, Singapore and also directly to the consumers in India, However, the invoice prices for the final independent customer through traders, dealers, completing the chain in the transaction has not been furnished. Documentary evidence in respect of the list price indicated in the questionnaire for grades MW 1 and GP 9 (vide Spec.) for the period of investigation has not been furnished.

Authority notes that the two grades of Polystyrene exported to India viz. MW 1 and GP (The exporter has claimed that GP 9 has been exported to India, However, the Authority finds that the exporter has exported the goods as GP 1) are comparable GPPS grades like SC 201 LV / SC 203 E grades produced by one of the domestic producers. Since the producer/ exporter has not furnished full information the Authority proposes to disregard the information for the purpose of preliminary findings. For arriving at the dumping margin the available information on record has been relied upon.

19. Elf Autochem South East Asia Pvt. Ltd. (elf Autochem) Singapore:

Though the company has furnished information, the information furnished in the prescribed proforma is not complete. Information to Appendix 4 A,B,C & D have not been furnished in the prescribed proforma. They have stated that the detailed information on cost structure is very sensitive and confidential. Information on proprietary technology knowhow, formulation and detailed cost allocation is

considered strictly confidential by the company, The details relating to sales of goods under consideration to Indian customers as per Appendix has not been furnished.

Since the exporter has not furnished full information the Authority has decided to disregard the information for the purpose of preliminary findings and for arriving at the dumping margin, the available information on record has been relied upon.

20. Yangzi-BASF Styrenics Co. Ltd. . Nanjing, China:

The exporters have stated that they have not exported Polystyrene to India during the period of investigation.

Authority notes that since M/s Yangzi-BASF Styrenics Co. Ltd. has not exported the product under consideration during the period of investigation, they may request separate assessment as per new shipper Rule 22 supra;

21. Electrolux Kelvinator Ltd., (Electrolux):

They have stated that the name of the company has changed from Maharaja International Ltd. to Ectrolux Kelvinator Ltd. They have stated that they are importers of special grade Polystyrene Styron 469 R from Hong Kong, The importers have not finished information In the form and manner prescribed by the Authority.

22. Authority notes that in the absence of reliable information on normal value by the exporters, the ICIS -LOR published prices have been relied upon for arriving at the normal value for subject countries. With respect to Thailand, ICIS-LOR published figures or detailed information with regard to the export price to third countries are not available. The normal value has therefore, been determined on the basis of constructed value i.e. cost of production plus administrative , selling & general expenses and reasonable profits on total costs.

23. The Rules relating to comparison provides comparison of normal value and export price provides as follows;

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

24. For the purpose of fair comparison between normal value and export price the Authority took into account the information furnished by the petitioners with regard to HIPS and GPPS based on dally custom list and other information available with the Authority. The normal value and export price determined, as detailed above are at ex-works level and. therefore, the normal value has been compared with weighted average, export price at ex-works level.

25. The dumping margins expressed as % of export price for the said countries is as under-

	GPPS	HIPS
CHINA	Import Volumes De minimus	
HONGKONG	25%	24%
SINGAPORE	24%	11%
THAILAND	67%	65%

I. INJURY

26 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.

Rule (iii) of the Annexure II to the Rules requires that in case imports of a product from more than one country are being simultaneously subjected to anti-dumping investigation, the Authority will cumulatively assess the effect of such imports. The such assessment can be, however, made only if it is determined that:

- a) the margin of dumping in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the import of the tike article in India, and
- b) the cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic article.

27. In the present case, the dumping margin in respect of each exporter as also each country is more than the limits prescribed. Further, cumulative assessment of the effect of imports is appropriate in the light of the conditions of competition between the imported article and the like domestic article. The Authority has, therefore, cumulatively assessed the effects of these imports on the domestic industry.

28. For the examination of the impact of the imports on the domestic industry in India the Authority may kindly consider both (a) volume of dumped imports and the effect of the dumped imports on prices in the domestic market for like article and (b) the consequent impact of these imports on domestic producers of such products. The Authority may, for the purpose of assessing the impact of the dumped imports on domestic producers, kindly consider such indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. in accordance with Annexure 11 (iv) of the rules supra:

29. Volume and Market share of Dumped imports:

Country	Imports during POI	Percentage
China	456.55	2.30
Hong Kong	1871.67	9.44
Singapore	923.89	4.66
Thailand	703.00	3.55
Sub Total	3955.11	19.95
Other Countries	15863.42	80.05
Grand Total	19818.53	100.00

Thus it is observed that the market share of imports of polystyrene from China, Hong Kong, Singapore and Thailand increased from 839 MT (1995-96) to 3955 MT during the period of investigation. The imports have increased significantly in absolute terms. The market share of imports, as a result, increased from 4.43% in 1995-96 to 17.68% in 1997-98 and 19.95% during the period of investigation.

As per the Rules, investigations against any country are required to be terminated if the volume of the dumped imports from the particular source are found to be below 3% of the total imports provided the cumulative imports from all those countries who individually account for less than 3%, are more than 7%. In view of the above provisions, the Authority decided to terminate the present investigations with reference to China PR as the volume of imports from that source during period of investigation was de-minimus.

30. Economic parameters affecting the domestic industry:

i) Production Land capacity Utilization:

Production of the domestic industry has increased over the years shown below. However, the increase in production has to be seen in the light of increase in capacity of the domestic industry and the capacity utilisation is more or less the same.

	1998-99 (6mth)	1997-98	1996-97	1995-96
INSTALLED CAPACITY	75000	144000	126000	116500
PRODUCTION (MT)	65302	120076	89139	96300
CAPACITY UTILIZATION %	90.69	83.39	70.75	82.66

ii) Sale in absolute terms:

Sales of the Domestic Industry has been increased in absolute volumes as shown below:

	1998-99 (6mth)	1997-98	1996-97	1995-96
SALES VOLUME (MT)	63280	105041	88141	79200

Though the sales volume has increased, the same has to be seen along with increase in capacity and production of the domestic industry.

iii) Stocks:

Stock of polystyrene with the domestic industry has been as under:

	1995-96	1996-97	1997-98	1998-99 (Apr-Sept)
Opening Stock	3350	16250	7361	11367
Closing Stock	16250	7361	11367	8577
Average Stock	9800	11805.5	9364	9972
Production	96300	89139	120076	65302
Stocks-number of days of production	36.64	47.68	28.07	27.49

The Authority notes that though stock position has improved (which has to be seen in the context of imposition of anti-dumping duty on a number of other countries earlier found to be dumping the subject goods), the stock levels are still very high.

iv) Average Sales Realisation:

Net average unit sales realisation of the domestic industry, after excluding excise duty, sales commissions paid (if any) and discounts on sales paid (if any) declined significantly as follows:

SELLING PRICE (Rs./MT)	1998-99 (6mth)	1997-98	1996-97	1995-96
TOTAL	26275	32821	32566	39460

The Authority finds that average sales realisation has been declining and moreover, the same is significantly below the non injurious price for the domestic industry.

v) **Profit/Loss:**

The domestic industry was making losses earlier too from its sales relating to Polystyrene. However, the losses being made in the past were on account of dumping from Japan, Taiwan, Republic of Korea and Malaysia. The Authority earlier recommended anti-dumping duty on imports from these countries in view of dumping of subject goods, causing material injury to the domestic industry. The Authority, however, notes that the dumping started from the subject countries with the imposition of anti-dumping on the countries earlier found to be dumping. The losses suffered by the domestic industry in the past have to be, therefore, seen in the context of injury suffered by the domestic industry from the dumping from the other countries. The Authority however, finds that the domestic industry still suffered losses in the investigation period and was thus not able to earn reasonable profits on its sales relating to Polystyrene.

31. Conclusion on injury:

- The imports of polystyrene increased significantly in absolute terms from the subject countries during the period of investigations;
- The share of the subject country in imports of Polystyrene in India increased significantly during the investigations period;
- Exports of polystyrene from the subject country forced the domestic industry to keep its prices to unremunerative levels, and prevented the domestic industry from recovering its fair selling price, resulting in financial losses to the domestic industry;
- Various indicators relating to domestic industry such as production capacity utilization, and sales quantities have not kept pace with the increase in installed capacity of the domestic industry. The average sales realisation has been declining and is significantly below the non injurious price for the domestic industry. As regard to losses the Authority, however, finds that the domestic industry still suffered losses in the investigation period and was thus not able to earn reasonable profits on "its sales relating to Polystyrene. Hence, various parameters relating to domestic industry, collectively and cumulatively indicate that the domestic industry has suffered material injury;

The Authority thus observes that the domestic industry has suffered material injury.

J. CAUSAL LINK:

32. In establishing that the material injury to the domestic industry has been caused by the imports from the subject countries, the Authority holds that increase in imports from the subject countries at prices significantly below the non injurious price forced the domestic industry to keep its price to unremunerative levels and prevented the domestic industry from recovering its fair selling price, resulting in financial losses to the domestic industry. Further, the Authority notes that lower prices offered by an exporter forced the domestic industry to match the prices of imported goods

K. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

33. 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 general interest of the country.

34. 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 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 polystyrene. Imposition of anti dumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers.

35. To ascertain the extent of Anti-dumping duty necessary to remove the injury to the domestic industry, the Authority may rely upon reasonable selling price of Polystyrene in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilization for the domestic industry.

L. LANDED VALUE :

36. The landed value have been determined on the basis of weighted average export price of polystyrene from China, Hong Kong, Singapore and Thailand after adding the prevailing level of customs duties and one percent landing and two percent handling charges.

M. CONCLUSIONS:

37. After considering the foregoing, it may be seen that:

- a. Polystyrene originating in or exported from Hong Kong, Singapore and Thailand 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.
- d. The volume of imports from China PR during the period of investigation is de-minimus and therefore the Authority does not consider appropriate to recommend anti dumping duty with respect to imports from China PR.

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

39. Authority considered to recommended 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.

Rule 4 supra as amended). 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 Polystyrene originating in or exported from Hong Kong, Singapore and Thailand falling under Chapter 39 of the Customs Tariff, pending final determination.

Sl. No.	Name of the Country	Name of the Exporter	Amount of Anti Dumping Duty (Rs./MT)
1.	Hong Kong	Any Exporter	2045
		GPPS HIPS	4996
2.	Singapore	Any Exporter	717
		GPPS HIPS	903
3.	Thailand	Any Exporter	5872
		GPPS HIPS	9354

40. Landed value of imports for the purpose shall be the assessable value as determined by the customs under the Customs Act, 1962 including 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:

41. 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 dispatch of the letter. Any other interested party may also make known its views forty days from the date of publication of these findings.
- c. The Authority would provide opportunity to all the interested parties for oral submissions.
- d. The Authority would conduct further verification to the extent deemed necessary.
- e. The Authority would disclose essential facts before announcing final findings.

RATHI VINAY JHA,
Designated Authority