

MINISTRY OF COMMERCE
(Directorate General of Anti-dumping & Allied Duties)

NOTIFICATION

New Delhi, the 4th October, 1999

PRELIMINARY FINDINGS

Sub: Anti-dumping investigation concerning imports of Barium Carbonate from Peoples Republic of China

36/1/98-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) Rule, 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 the Petitioner (s) M/s Kores India Ltd (also referred to as M/s Kores) and M/s TCM Ltd. (also referred to as M/s TCM) with registered offices at Or. E Moses Road, Worli, Mumbai-400007 and P.B. No. 19, Kalamaserry - 683104, Kerala respectively on behalf of domestic industry, alleging dumping of Barium Carbonate (hereinafter also referred to as subject goods) originating in or exported from Peoples Republic of. China (hereinafter referred to as subject country). The petition has been supported by M/s Bitospur Barytes P Ltd, Calcutta, M/s R K Industrial Chemicals, Hyderabad, M/s Victory Chemicals, Cuddalore T. Nadu.M/s Royalseema Chemicals, Cuddapoh & M/s Barytes Chemie India P. Ltd, Bangalore.
 - ii. Preliminary scrutiny of the application filed by 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 Peoples Republic of China. The authority notified the Embassy of Peoples Republic of China in New Delhi about the receipt of dumping allegation before

proceeding to initiate the investigation in accordance with sub-rule 5(5) of the Rule.

- iv. The Authority issued a public notice dt. 1.4.99 published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of Barium Carbonate classified under custom Code 2836.60 and ITC Code no. 28366000 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from Peoples Republic of China.
- v. The Authority forwarded a copy of the public notice to all the known exporters (whose details were made available by petitioner) and industry associations and gave them an opportunity to make their views known in writing 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 Barium Carbonate in India and advised them to make their views known in writing within forty days from the date of issue of the letter.
- vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of Barium Carbonate made in India during the past three years, including the period of investigation.
- viii. The Authority provided a copy of the petition to the known exporters and the Embassy of the subject countries in accordance with rules 6(3) supra. A copy of the 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, in accordance with the rule 6(4);
 1. M/s (Suangzhou Chemical Economy A Technology Development Corp., China
 2. M/s Hanoi Xinji Chemical Plant, China
 3. M/s Qingdao Red Star Chemical group Co, Ltd. China (former name Qingdao Red Star Chemical Factory)
 4. M/s San Yuan Chemical Co, Ltd., China
- x. The Embassy of the subject country in New Delhi was informed about the initiation of -me investigation 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 Setter, petition and questionnaire sent to the exporters was also sent to the Embassy, alongwith list of known exporters/producers.
- xi. A questionnaire was sent to the following known importers of Barium Carbonate for necessary information in accordance with rule 6(4);
 1. M/s Ashok Organic Industries Ltd, Ankleshwar
 2. M/s AVM Sales Corporation, Calcutta
 3. M/s Ballarpur Industries Ltd,, Haryana

4. M/s Citurgia Biochemicofs Ltd., Pandesara
5. M/s DCM Shrirom Consolidated Ltd., Ariktp.shwnr
6. M/s DGP Hinoday Industries Ltd., Pune
7. M/s G P Electronics Ltd., Nasik
8. M/s Gujarat Alakalies A Chemicals Ltd., Baroda
9. M/s Hotline Glass Ltd., New Delhi
- 10.M/s Indian Petrochemicals Corpn. Ltd.. Bharucn
- 11.M/s Indian Rayon & Industries Ltd., Verowal
- 12.M/s Magnetix India Ltd., Bhubaneshwar
- 13.M/s Mardia Chemicals Ltd., Ahmedabad
- 14.M/s Modi Alkalies & Chemicals Ltd., Alwar
- 15.M/s NRC Ltd., Distt. Thane
- 16.M/s Punjab Alkalies & Chemicals Ltd., Chandigarh
- 17.M/s Sameor Glass Ltd., Kota
- 18.M/s Shriram Vinyl & Chemicals Ltd.. Kota
- 19.M/s Southern Petrochemicals Industrial Corporation Ltd., Manali
- 20.M/s Shree Rayalseema Alkalies & Allied chemicals Ltd., Kurnool
- 21.M/s Standard Alkali, Mumbai
- 22.M/s Videocon Narmoda Electronics Ltd., Gujarat

Response to the questionnaire/notification was filed by the following exporters/traders;

1. M/s Qingdao Red Star Chemical Group Co. Ltd., China (Former name Qingdao Red Star Chemical Factory)

Response to the questionnaire/notification was filed by the following Importers/user Associations:

1. M/s DGP Hinoday Industries Ltd., Pune
 2. M/s G.P. Electronics Ltd., Nasik
 3. M/s Shree Rayolseema Alkalies & Allied chemicals Ltd., Kurnool
 4. M/s Videocon Narmoda Electronics Ltd., Gujarat
- xii. Additional information regarding injury and standing was sought from the petitioner, which was also furnished. The information on injury and cost of production was provided by M/s Kores, M/s TCM, M/s Athiappa Chemicals (P) Ltd., Chennai, Tamil Nadu, M/s Ellak Chemicals Industries (India) Pvt. Ltd, Anna Nagar, Chennai, Tamil Nadu, M/s Rama Krishna Chemicals Limited, Cuddapah, Andhra Pradesh, M/s Bilapur Barytes Chemicals Pvt. Ltd, M/s Amarovati Chemicals & Fertilisers (P) Ltd., M/s Swastik Products,

- Hyderabad, M/s ft K Industrial Chemicals, Medak, M/s Victory Chemicals Pvt. Ltd., Cuddalore and M/s Dasika Industrial Chemicals Pvt, Ltd., Bhimavaram,
- xiii. The Authority conducted on the spot investigation at the premises of the petitioner(s) to the extent considered necessary;
 - 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;
 - xv. Cost investigation were also conducted to work out optimum cost of production and cost to make and set! the subject goods in India on the basis of Generally Accepted Accounting Principles (6AAP) and the information furnished by the petitioners also.
 - 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 corned out for the period starting from 1.4.98 to 31.3.99.

B. VIEWS OF EXPORTERS, IMPORTERS AN0 OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

- a. There is no significant difference in the petitioner's product end Barium Carbonate exported by the Chinese producers. The two ore comparable in terms of physical characteristics (size, chemical composition, row material), manufacturing process/technology, functions and uses, product specifications, pricing, distribution and marketing end tariff classification of the goods,
- b. There may be some difference in the technology adopted by the Chinese producers and the technology adopted by the Indian producers. However, the goods produced by the Chinese producers have technically and commercially substituted the goods produced in India.
- c. The imports of Barium Carbonate have increased significantly in absolute terms; relative to total imports has also consumption of Barium Carbonate in India.
- d. The production the petitioner since 95-96 has declined from 9439 MT to 8616 MT in 98-99.
- e. There has been significant decline in the capacity utilization of domestic industry, which has declined from 96.52% in 96-97 to 8713 % in 98-99 (first nine months),
- f. There has been decline in sales volume from 9655 MT in 95-96 to 8145 MT in 98-99.
- g. The net sales realization has suffered when compared to the Increase in cost of production.

- h. The petitioners have lost some customers due to dumped price by the imports from Peoples Republic of China.
- i. The petitioners have been forced to take a decision to reduce their manpower due to tremendous pressure on margins. The employees have declined from 340 in 96-97 to 303 in 98-99.
- j. The petitioners have been incurring financial losses.

2. EXPORTERS VIEWS

M/s Qingdao Red Star Chemical Group Co., Ltd. China (former name Qingdao Red Star Chemical Factory) has made the following submissions:

- a. They are one of the biggest manufacturer and exporters for Barium Carbonate in Peoples Republic of China. They produce three types of Barium Carbonate i.e Calcined Granules, compacted granules and powder. The price of calcined granules is the highest and powder is lowest.
- b. Besides exporting to India, exports are made to Japan. Korea, USA, Europe etc and many other countries, among the exporters, the FOB price of same type is almost at the same level.

3. IMPORTER'S VIEWS

- a. World wide TV glass producers use prilled/small granules grade Barium Carbonate for manufacture of high quality (optical grade glass parts for CPTs). Indian manufacturers do not manufacture prilled (small granules grade) Barium Carbonate. They manufacture only powder grade Barium Carbonate that is also inconsistent in quality. Such low grade powder form Barium carbonate manufactured locally is not suitable and not acceptable for manufacture of colour TV gloss parts as per international standards because of the reasons like inconsistent quality, frequent change of batch recipe, bad effect of blending, optical defects, highly susceptible to handling losses and violation of pollution control norms. Barium Carbonate prilled/small granules imported for manufacture of colour TV glass parts must not be considered under anti-dumping.
- b. Indigenous suppliers are increasing the prices very frequently and also creating shortage of material. Because of this partly imports are being made from Peoples Republic of China to use these in brine purification for caustic soda plants. The quality and price delivery schedule of the imported product is to our satisfaction.
- c. There is no dumping taking place. If dumping was taking place, how come M/s Kores increased their price from Rs. 11/kg in 1994 to Rs. 15/kg in 1998. This price increase of 36% over four years when compared to the decrease in

domestic selling price of hard ferrite ring magnets from Rs. 65/kg in 1994 to Rs. 30/kg in 1998 does not depict dumping. In 1994, there was hardly any import of Barium Carbonate and custom duty protections were very high. If in that year, the price was reduced to 11/kg how come the price be at Rs. 15/kg.

- d. The minimum Sanded cost of the Chinese Barium Carbonate comes to Rs.15/kg.
- e. The domestic selling price of local companies should not be more than Rs. 11/kg. which is more than the international level of price.
- f. There has been recurrent shortage of Barium Carbonate in supplies from the Indian manufacturers on account of strikes and inadequate capacities. This situation forces us to consider import of Barium Carbonate.
- g. The competitors of loud-speaker magnets in overseas are using Barium Carbonate produced in Peoples Republic of China and other countries which is substantially cheaper than the procurement prices paid by us to Indian manufacturers. This makes our product less competitive and we are likely to lose the business,

C EXAMINATION BY AUTHORITY

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present investigation is Barium Carbonate classified under custom, sub-heading 2836.60 of the Custom Tariff Act, 1975, Barium Carbonate is classified under sub-heading no. 28366000 under the harmonized ITC system.

Barium Carbonate is an inorganic chemical in the form of a white powder and granules having chemical formula $BaCO_2$ manufactured out of Bastes a mineral product. Barium Carbonate is produced by reducing carbon in rotary furnace which converts barytes to Barium Sulphide known as black ash. Barium Sulphide is bleached using hot water to extract water soluble water barium sulphide which is then treated with soda ash to obtain Barium Carbonate,

Barium Carbonate is used for purification of brine solution in caustic soda industry. It is also used in production of hard Ferrite Ring Magnets, Television & Cass Shell, Neutral glass, Lamps, Heat treatment salts and other barium salts.

The manufacturing process functions and uses and custom classification indicated above are, however, indicative only and are in no way binding on the scope of the present investigations.

2. LIKE ARTICLE

In order to examine whether Barium Carbonate produced by the domestic industry is a Like Article to the Barium Carbonate exported from Peoples Republic of China characteristics sties such as physical characteristics (purity, density etc.) Manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing and tariff classification of the goods have been considered.

It has been argued by M/s Videocon Narmada Electronics Ltd, Gujarat that the powder form of Barium Carbonate manufactured locally is not suitable and acceptable for manufacture of colour TV glass parts as per international standards. It is noticed by the Authority that the differences pointed out are with reference to quality, losses end pollution control norms. The Authority notices that these differences do not imply that the two goods are not interchangeable. More difference in quality would call for price adjustment for the purpose of fair comparison, No price adjustment is however, feasible under the present circumstances in view of un-quantified claim. The Authority also notes that the domestic industry is manufacturing both granular and powder forms of Barium Carbonate, The Authority also notes that the two grades of Barium Carbonate can be used interchangeably. The Authority, therefore, holds that the goods exported from subject countries and goods produced by the petitioner have characteristics closely resembling each other and that the two are technically and commercially substitutable. The goods produced by the domestic industry are a like Article to the goods exported from subject countries within the meaning of the Rule 2(d).

3. DOMESTIC INDUSTRY

The petition has been file by M/s Korea and M/s TCM. The petition has been supported by M/s Bilaspur Barytes P Ltd, Calcutta, M/s R K Industrial Chemicals, Hyderabad, M/s Victory Chemicals, Cuddalore, Tamil Nadu M/s Rayalseema Chemicals, Cuddapah and M/s Barytes Chemie India P Ltd. Bangalore. The authority on the basis of the available information on the total domestic production of Barium Carbonate concludes for the purposes of preliminary finding that the petitioners qualify the test of standing as indicated in rule 5(3)(a) and 5(3)(b) and with the support of other producers represents domestic industry within the meaning of the rules 2(b).

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 Of 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 Authority if had sent exporters questionnaires to all the known exporters for the purpose of determination of normal value in terms of the section cited above. However, the Authority notes that none of the exporters except M/s Qingdao Red Star Chemical Group Co. Ltd. China (Former name Qingdao Red Star Chemical Factory) has furnished any information. Though M/s Qingdao Red Star Chemical (Group Co. Ltd. China (Former name Qingdao Red Star Chemical Factory) has furnished the information requested by the Authority, the domestic selling prices have not been supported by any evidence. In the absence of sufficient evidence from the exporter the Normal Value for the exporter cannot be determined on the basis of the home market prices or export price to third countries.

The Authority notes that the petitioner has not provided domestic prices of Barium Carbonate in the Peoples Republic of China pleading that no reasonable and authentic information is available. The petitioner(s) have provided export price of the product by Peoples Republic of China to Japan. The petitioner has also provided constructed cost of Barium Carbonate based on their own costs claiming that they are themselves exporting to a number of countries and, therefore, Their cost of production can be a good indicator of the costs which the producers in China must incur for production of Barium Carbonate.

The Authority has, therefore, constructed The Normal value on the basis of the cost data of the Indian industry with appropriate adjustments, in accordance with the rule 6(8) and Section 9A(l)(c) which authorises the authority to work out cost of production in the country of origin on the basis of the facts available with it.

The Authority has considered ex-factory export price for the cooperating exporter on the basis of the exporter's response and for other non-cooperating exporters on the basis of the port wise import data. furnished by the petitioner as also co-related with data furnished by DGCIS and response by various importers. Petitioner has claimed adjustments for Ocean freight ***, Ocean insurance***, Commission ***, Inland freight *** and port expenses***. The Authority has allowed adjustments on ocean freight, commission, Ocean insurance, inland freight and port expenses to an extent of ***, ***, ***,*** and ***.

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."

For the purpose of fair comparison between the normal value and the export price, the Authority has considered taking into account the normal value and export price determined, as detailed above at ex-works level.

The dumping margin for exporter's comes as under:

Exporter	Normal Value	Export Price	Dumping Margin
Qingdao Red Star Chemical Group Co. Ltd., China (former name Qingdao Red Star Chemical Factory)	*****	*****	135.55%
Any other exporter	*****	*****	129.65%

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 produces of article..." In considering the effect of the dumped imports on prices, it, considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree.

For the examination of the impact of the imports on the domestic industry in India, we may consider such indices having a bearing on the state of the industry 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.

CONCLUSION ON INJURY:

The Authority concludes that

- i. The imports of Barium Carbonate from Peoples Republic of China have increased in absolute terms from 1142 MT in 96-97 to 8157 MT in 97- 98 and further to 9778 MT in 98-99 (POI).
- ii. The share of the subject country in the total imports in the country has increased significantly i.e. from 55.5% in 96-97 to 89% in 97-98 and further to 96.75% in 98-99 i.e. the period of investigation.
- iii. Exports of Barium Carbonate from the subject country has prevented domestic industry from recovering its cost of production and earn a fair return on its investment resulting in financial losses to the domestic industry. The net average sales realisation for M/s Kores and M/s. TCM has been lower than their cost of production in the period of investigation.
- iv. Various economic indicators relating to domestic industry such as production, average sales realisation and financial losses collectively and cumulatively established at the domestic industry has suffered material injury.

It is, therefore, seen that the domestic industry has suffered material injury from dumped imports. In establishing that the material injury to the domestic industry has been caused by the imports from the subject country, the Authority holds that dumped exports from Peoples Republic of China have depressed the prices of subject goods in the domestic market and forced the domestic industry to self at unremunerative prices, resulting in financial losses to the domestic industry. The domestic industry has suffered injury on account of loss in production, sales volume and decline in net sales realisation.

7. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

The Authority holds that the purpose of anti dumping duties, in general, is to eliminate dumping, which is causing injury to the domestic industry and to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

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 Barium Carbonate. Imposition of anti dumping measures would not restrict imports from the subject country in any way, and therefore' would not affect the availability of the product to the consumers.

To ascertain the extent of Anti-dumping duty necessary to remove the injury to the domestic industry, the authority has relied upon a non- injurious selling price of Barium Carbonate in India for the domestic industry, by considering the optimum cost of production for the domestic industry.

8. LANDED VALUE

The landed value has been determined on the basis of weighted average export price of Barium Carbonate from China determined separately for the granular and powder grade of Barium Carbonate after adding The applicable level of customs duties, one percent to words landing charges, and two percent handling charges,

9. CONCLUSIONS:

It is seen, after considering tile foregoing, that-

- a. Barium Carbonate originating in or exported from Peoples Republic of China 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 by the imports from the subject country.

It is considered necessary to impose anti dumping duty, provisionally, pending final determination, on all imports of Barium Carbonate originating in or exported from the subject country

The Authority considered to recommend the amount of anti-dumping Duty equal to the margin of dumping or less, which if levied would remove the injury to domestic industry. The average Landed value of the imports for individual exporters, for the purpose, were compared with the non-injurious selling price of the domestic industry, determined for the period of investigation. It is proposed that provisional anti dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on all imports of Barium Carbonate originating in or exported from Peoples Republic of China falling under Chapter 28 of the Customs Tariff, pending final determination. The anti-dumping duty shall be the difference between the amounts mentioned in column 3 below and the landed value of imports per MT.

S.No.	Name of the Company	Amount (Rs./MT)
1	Qingdao Red Star chemical Group Co. Ltd., China (former name Qingdao Red Star chemical Factory)	17894
2	Any Other exporter	17894

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

E. FURTHER PROCEDURE

The following procedure would be followed subsequent to notifying the preliminary findings;

- a. The Authority invites comments on these findings from oil 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 within forty days from the date of publication of these findings;
- c. The Authority would conduct verifications to the extent deemed necessary. No fresh evidence will be accepted at this stage;
- 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.

RATHI VINAY JHA...
Designated Authority