

# MINISTRY OF COMMERCE

## NOTIFICATION

New Delhi, the 13th October, 1999

**Subject:-** Anti-Dumping investigation concerning imports of Acrylic Fibre from Turkey, Hungary and EU- Preliminary Findings,

34/1/98/DGAD- Having regard to the Customs Tariff (Amendment) Act 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 given below has been followed with regard to the investigations;
  - i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from M/s Indian Acrylics Ltd., Chandigarh, M/s. Pasupati Acrylon Ltd, New-Delhi and M/s Consolidated Fibre and Chemicals Ltd., Calcutta, alleging dumping of Acrylic Fibre originating in or exported from Turkey, Hungary and EU.
  - ii. The preliminary scrutiny of the application 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 investigations against alleged dumped imports of acrylic fibre originating in or exported from Turkey, Hungary and EU. The Authority notified the Embassies of the subject countries about the receipt of dumping allegation before proceeding to initiate investigations in accordance with sub rule 5(5) of the Rules;
  - iv. The Authority issued a Public Notice dated 26th March, 1999, published in the 'Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of Acrylic Fibre classified under Chapter-55 of the Customs Tariff Act, 1975, originating in or exported from Turkey, Hungary and EU.
  - v. 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 within forty days from the date of the letter;
  - vi. The Authority forwarded a copy of the Public Notice to the known importers ( whose details were made available by the petitioner) of acrylic fibre and advised them to make their views known in writing within forty days from the date of the letter;
  - vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of acrylic fibre;
  - viii. The Authority provided copies of the Petition to the known exporters and the Embassies of the subject countries in accordance with Rule 6(3) supra;
  - ix. The Authority sent a questionnaire, to elicit relevant information to the following known exporters, from the subject countries, in accordance with Rule 6(4);

**Turkey**

AK-PA Tekstil Ihracat Pazarlama A.S.  
Miralay Sefik Bey Sok, AK-ilan No. 15-17,  
Kat 1-2  
80090 Gumussdya,  
Taksim/Istanbul.

**Hungary**

Zoltek.  
Zoltek Rt., Nyergesujfalu.

**Germany**

Bayer Foser GmbH  
Dormagen.  
Accordis Fibre,  
Kelheim.  
Markische Faser,  
Premnitz

**U. K.**

ccordis Fibre,  
Courtaulds,  
Grimsby,  
Montefibre (UK) Ltd.,  
Coleraine.

**France**

Courtaulds Fibre  
Calais.

Responses were received from the following exporters:

- AK-PA Tekstil, Turkey, who responded to the questionnaire forwarded by the Authority.
  - Markische Faser AG
  - Accordis UK Ltd.
- x. The Embassies of the subject countries were informed about the initiation of the 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 letter, petition and questionnaire sent to the exporters was also sent to them, alongwith a list of known exporters/producers,
- xi. A questionnaire was sent to the following known importers of acrylic fibre in India calling for necessary information in accordance with Rule 6(4);
- Vardhman Spg and Gen Mills  
Ludhiana
  - Nahar Spinning Mills Ltd.  
Ludhiana

- Malwa Cotton Spinning Mills Ltd.  
Ludhiana
- Rajasthan Spinning & Weaving Mills Ltd.  
New-Delhi
- Winsome Textile Industries Ltd.  
Chandigarh
- Siddhartha Super Spinning Mills Ltd.  
New-Delhi
- Bhiwani Textile Mills  
Haryana
- Adhinath Textiles Ltd.  
Ludhiana
- Shruti Synthetics Ltd.  
Udaipur

Responses were received from the following:

- Nahar Spinning Mills
  - Shruti Textiles.
- xii. Two of the exporting parties requested for extension of time to submit the responses, which was, upon good cause shown, allowed by the Authority.
- xiii. The Authority made available the non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties,
- 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,
- xv. It was decided to exclude the EU from the scope of these investigations as sufficient time had not elapsed that would warrant a review of the duties that are currently in force against imports of the subject goods from EU member countries such as Spain, Portugal and Italy.

The scope of the present investigations had included the EU as a single customs union and distinct economic entity. The recommendation (if any) of anti-dumping measures would imply that two regions/areas of the same territory have been treated differently for the purpose of investigations involving the same Like Article, although the period of investigations in the two cases vary. The previous case involved EU member-states such as Spain, Portugal and Italy and the present investigations cover the entire territory of the EU. The Authority notes that this varying treatment in the handling of investigations concerning a common territory and the recommendation and imposition of duties would not be in keeping with the concept of a single economic entity that the EU represents. In view of the reasons cited above, the Authority decided not to proceed with its investigations against the EU.

- xvi. The producer/exporter from Turkey has informed the Designated Authority of their willingness to execute a price undertaking, which is being examined separately;
- xvii. \*\*\* in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules;

- xviii. Investigations were carried out for the period starting from 1st April, 1998 to 31st December, 1998.

## **B. PETITIONERS VIEWS**

2. The Petitioner has raised the following major issues in their petition :-

- i. The Petitioner has stated that acrylic fibre is being produced in India by the following companies;

Name of Company Production (MT) 1997-98 1998-99(Apr-Dec)

- a. Indian Acrylics Ltd. 27,183 19271
- b. Pasupati Acrylon Ltd. 18,485 14794
- c. Consolidated Fibre and Chemicals Ltd. 13,001 10583
- d. J.K. Synthetics Ltd. 593 ---
- e. Indian Petrochemical Corporation 20,800 15680

The Petitioner has stated that J.K Synthetics Ltd. Is presently not in operation and its plants are closed. It was clarified by the Department of Chemicals and Petrochemicals in response to the Authority's request seeking clarification on the status of J.K. Synthetics Ltd, in an earlier case, that this company has a total installed capacity of 24000 MT of acrylic fibre at Kota and Jhalawar. The production of acrylic fibre by them came down to 593 Mt in 1997-98 on account of lock-out and working capital shortage at both the units, which are not in operation at present. The petitioners have stated that production by M/s J.K. Synthetics during the present period of investigation has been nil.

The petitioner companies account for 74% of the total Indian production. Further, the Forum of Acrylic Fibre Manufacturers supports the petitioners. The petitioners therefore satisfy the standing to file the present petition on behalf of the domestic industry,

- ii. Acrylic fibre is being produced in a number of countries throughout the world in large capacities, which exceed the global demand for the product. Many producers are consequently faced with surplus capacity.
- iii. It is stated that the Petitioner companies are dependent upon imported Acrylonitrile, which is the main raw material for the product. They are therefore subject to international vagaries.
- iv. Domestic industry, it is claimed, has enough capacity to satisfy current and future demand. Efforts have been made by them to increase the level of awareness about the product under consideration amongst potential customers and in new areas of the country.
- v. The imports from the subject countries have increased tremendously. As per official statistics, total imports from Turkey which were at 119.505 Mt in 1997-98 increased to 5395.390 Mt in the first seven months of the period of investigation.
- vi. Acrylic fibre is highly price sensitive. Even a small difference in prices may result in loss of sales. The domestic industry has been forced in the face of severe price undercutting from imports, to either reduce their selling prices or lose market share.
- vii. The claim of injury to the Petitioners from the dumped imports is based on the following factors:

- a. Increase in actual imports from the subject countries.
- b. Increase in market share of imports.
- c. Sales of the domestic industry would have declined had the domestic industry not reduced the selling price to prevent dumped imports.
- d. Due to tremendous pressure on margins, the petitioners have been forced to reduce manpower to the extent possible. It is stated that as on 31/3/98 the manpower strength was 608 while as on 31/12/98 the strength was reduced to 593 employees.
- e. The industry is finding it difficult to expand in view of severe financial constraints arising out of sustained dumping resulting in losses and poor market conditions.
- f. The Petitioners are unable to fund research and development efforts directed towards finding new areas of use of acrylic fibre.
- g. Investments in the domestic acrylic fibre industry are to the extent of Rs 1000 crores. The imports from the subject countries have caused significant price depression in the market and prices have not increase the extent they should have considering the investments made.
- h. The marginal profit earned by the domestic industry in 1997- 98 vanished in the current year and losses were to the extent of Rs 19 crores in the first nine months of the current year.

### **C. 3. VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES**

#### **i. Importers Views**

1. M/s Shruti Textiles has not imported the product under consideration from the subject countries during the period of investigation.
2. M/s Nahar Spinning Mills has also not imported from the subject countries during the period investigated, They have submitted that their purchases of the subject goods from the domestic industry during May '98 to July'98 of the period of investigation were to the extent of \*\*\*kg of a net value of Rs \*\*\*after rebate/commission/discount. The average rate of acrylic fibre purchased by them from the domestic industry was Rs \*\*\*/kg.

#### **ii. Exporters Views**

##### AK-PA Tekstil Turkey

1. ACN and acrylic fibre are commodities. Their prices fluctuate in accordance with supply and demand of world producers and consumers.
2. As a general rule, a big purchaser pays less. Akxa's the world's biggest ACN buyer. Therefore purchases by Akxa are cheaper than the average.
3. Akxa is the most economical fibre producer in the world with a plant capacity of 230,000 MT. It purchases its steam and electricity from its sister company, which is a power plant.
4. Akxa-s location by the sea and its own port facilities provide it with a competitive logistics advantage.

5. A market price, whether domestic or overseas is determined by market demand, Turkey is the world's second biggest acrylic market next to China. Turkey is also one of the lowest priced markets in the world. Therefore the Authority's assumption that the normal value of the subject goods in Spain is a good indicator of the normal value of acrylic fibre in Turkey is incorrect.
6. The petitioner has stated that there is a slow down in the Indian domestic market. However, production figures all over the world has been low. It is therefore wrong to accuse a specific import and neglect the global crisis.
7. The statement made in the petition that "the domestic industry has been forced to either reduce their selling prices or lose the market" is not an India specific statement. It is impossible disregard worldwide changes. Acrylic Fibre prices are coming down from USD 2.20/kg in 1995 to 80 cents/kg and even farther below as a result of a global slowdown.
8. Being the leader of the industry and a global seller, the respondent has no intention of competing with other producers of the article under investigation in an illegal manner. They are also confronted with similar difficulties in the Turkish local market on account of the pressures of the global slow-down.

### **iii. Views Expressed by Delegation of the European Commission in India**

1. Since the new investigation applies to imports from the European Community as a whole, anti-dumping duties which may be imposed at its outcome should logically apply to acrylic fibre imports originating from all European Community Member-States including Italy, Spain and Portugal. In such case, the imposition of a new duty to acrylic fibre originating from these three Member States would de facto coincide with a review of the anti-dumping duty already applying to the same products, comparable to the procedure provided for by Article 11.2 of the WTO Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Anti-Dumping Agreement),
2. However, any review of pending anti-dumping duties must be made exclusively on the basis of Art 11.2 of the Anti-Dumping Agreement, and in full accordance with the conditions imposed therein. In the present case, the investigation of imports of acrylic fibre from the Community as a whole should therefore be initiated expressly in combination, and in conformity with said provision.
3. Therefore either the present investigation acts as a de facto review of the duties imposed on Spain, Italy and Portugal, which would constitute an infringement of the WTO rules on anti-dumping or these countries are excluded from the investigation, in which case the investigation does not cover the EC as a whole.
4. The European Commission would also like to know on which basis the Indian Government decided to open an investigation into imports of acrylic fibre from the European Community as a whole, while, when confronted with a similar request last year, it limited its investigation to certain Member States.

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

4. The forgoing submissions made by the petitioner, exporters, importers and other interested parties, to the extent these are relevant as per Rules and to the extent these have a bearing upon the case, have been examined and considered and have been dealt with at appropriate places in these findings,

## **E. PRODUCT UNDER INVESTIGATION**

5. The product under consideration in the present investigation is Acrylic Fibre in both shrinkage and non- shrinkable forms. Acrylic fibre is a synthetic polymer composed of at least 85 per cent by weight of Acrylonitrile (ACN), a colourless liquid from petroleum bi-product. The balance components are comonomers, which are required to improve dyeability, moisture absorption etc. The term acrylic fibre includes Staple, Tow and Top. The range of acrylic fibre is stated to extend from 1.5 Denier to 8.0 Denier.

Acrylic fibre is classified under Chapter 55 of the Customs Tariff Act 1975 under tariff classification H.S. Code No.5501,5503. The classification is however indicative only and in no way binding on the scope of the present investigations.

## **F. LIKE ARTICLES**

6. Acrylic Fibre is produced and sold in various specifications/grades, which depict the properties of the fibre and may result in varying end uses. There is however no significant difference in terms of process, equipment or technology for the production of different varieties of acrylic fibre. Each range of fibre (denier) caters broadly to different market segments and is substitutable with one another.

The petitioners have the capacity to produce all types of fibre in their plants and possess both the technologies that are in use worldwide. The domestic industry is producing acrylic fibre under collaboration with world leaders such as Dupont (USA), Exlan (Japan) and Snea (Italy). In order to establish that the acrylic fibre produced by the domestic industry is a like article to the fibre exported from the subject countries, characteristics such as technical specifications, manufacturing process, plant and equipment, technology, functions and uses, marketing and customer perception and tariff classification have been considered.

Acrylic fibre (staple, tow and tops) is produced and sold in different deniers ranging from 1.5, 2.0, 3.0 to 8.0 and consist of both shrinkable and non-shrinkable forms. Acrylic fibre is produced either through wet spun or dry spun technology and the process of manufacture is broadly similar throughout the world, Acrylonitrile is the basic raw material that goes into the production of acrylic fibre.

Acrylic fibre is soft and fluffy, light weight and warm and is an economical substitute of wool which is more expensive. It is used in making apparel and has household and industrial applications too. It is preferred in view of its low maintenance cost, high resistance to abrasion, easy dye ability, high lustre and better resistance to sunlight and chemicals etc. In India however, the uses are limited due to lack of R&D facilities.

There is no argument disputing that acrylic fibre produced by the domestic industry in various deniers has characteristics closely resembling the imported fibre and is substitutable by the acrylic fibre imported from the subject country both commercially and technically. Acrylic fibre produced by the domestic industry has been treated as like article to the product exported from Turkey and Hungary, within the meaning of Rule 2(d).

## **G. DOMESTIC INDUSTRY**

7. M/s Indian Acrylics Ltd., Chandigarh, Pasupati Acylon Ltd., New-Delhi and Consolidated Fibre and Chemicals Ltd., Calcutta have jointly filed the petition. It is stated by the petitioner that Indian Petrochemical Corporation Ltd., at Vadodara is the other company producing acrylic fibre and the fifth company M/s J.K. Synthetics Ltd., is presently closed. It is also stated that these five units have a combined capacity of 108,000 MT. The total production of acrylic fibre in 1998-1999 (April-December) was 60,328 MT. The production of the petitioner companies was 44648 MT.

The Forum of Acrylic Fibre Manufacturers wherein all the petitioner companies are members has supported the petition. Thus the petitioner accounts for more than 25% of domestic production and therefore has the required standing to file the petition on behalf of domestic industry under the rules.

## **H. DUMPING**

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

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

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:

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 . .

the cost of production of the said article in the country of origin alongwith 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 transhipped 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 sent questionnaires to the exporters from the subject countries in terms of the section cited above. However only the exporter from Turkey responded to the questionnaire.

Therefore there are no claims by the exporters from the other subject countries with regard to normal value and export price. In view of the non-submission of information by producers/exporters from Hungary, the Authority has been constrained to rely upon best

available information w-ith regard to normal value and export price as provided by the petitioner,

## **I. CLAIMS OF THE EXPORTERS**

Country: Turkey

AK-PA Tekstil.

9. The exporter has claimed that they have shipped 100% Acrylic Dyed Tow, 100% Acrylic Dyed Staple Fibre, 100% Acrylic Raw White Staple Fibre and 100% Acrylic Raw White Tow of \*\*\*kg,\*\*\*Kg, \*\*\*kg and \*\*\*kg respectively. The range of unit prices is as follows;-

- 100% Acrylic Dyed Tow - USD\*\*\* - \*\*\*
- 100% Acrylic Dyed Staple Fibre - USD \*\*\*
- 100% Acrylic Raw White Staple Fibre - USD\*\*\* - \*\*\*
- 100% Acrylic Raw White Tow - USD\*\*\* - \*\*\*

They have submitted copies of two invoices of exports made by them to buyers in India during the period investigated. The cif prices indicated therein is \*\*\*USD for 100% Acrylic Staple Fibre and \*\*\*USD for 100% Acrylic Dyed Tow,

Details of their total quantum of domestic sales in the above grades during the period investigated and the range of unit prices thereof have been submitted by them. They have stated that their quantum of domestic sales in the specified grades during the period of investigation and the range of unit prices were as follows:-

- 100%Acrylic Dyed Tow -\*\*\*Kg USD \*\*\*
- 100%Acrylic Dyed Staple Fibre- \*\*\*Kg USD \*\*\*
- 100%AcrylicRaw White Staple Fibre -\*\*\*Kg USD \*\*\*
- 100%AcrylicRawWhite Tow -\*\*\*Kg USD \*\*\*

No adjustments have been claimed.

## **J. EXAMINATION OF NORMAL VALUE AND EXPORT PRICE BY THE AUTHORITY BASED ON EXPORTERS RESPONSE AND AVAILABLE INFORMATION.**

10. On the basis of the facts available with the Authority it is observed that the various deniers of Acrylic Fibre do not display any significant difference in terms of the costs or prices and are in the same range. Moreover, there is a considerable amount of substitutability among the different varieties. The Authority has therefore, grouped all fibres (described as product under consideration) for these investigations.

### **A. NORMAL VALUE**

Based on exporters response:-

**a. Turkey**

The examination of the response by AK-PA Tekstil Turkey shows that information against Appendices 3A, B and C, which concerns price structures and sales arrangements for both domestic sales and for exports has not been filed. Consequently, details on unit prices charged for like goods sold on domestic and export markets indicating the details of the nature and amount of each charge beyond ex-factory level are not available. Copies of price lists or domestic invoices showing domestic sales prices have not been submitted. Information on licensed/installed capacity, production and sales as per Appendix 4A and cost of production/unit cost to make and sell and profit in domestic and export markets as per Appendices 4 B,C and D has not been furnished. Some general information on cost of production, which is not supported by relevant data, has been provided. From the information relating to exports to India, the commission amount is seen to be \*\*\*% and ocean freight and ocean insurance have been worked out at an average of \*\*\*% and \*\*\*%, respectively.

From the response filed by the exporter it is seen that domestic sales of the product under investigation in terms of KG and value thereof in terms of USD were as follows:-

Grade	Normal Value		Price/kg
	Unit (kg)	Value (\$)	
Acrylic Dyed Tow	***	***	***
Acrylic Raw White Tow	***	***	***
Acrylic Dyed Staple Fibre	***	***	***
Acrylic Raw White Staple Fibre	***	***	***

The total quantum of domestic sales amount to \*\*\*kg against a total value of USD \*\*\*/. The average price per kg works out to USD \*\*\*/kg,

**b. Hungary**

Normal value in Hungary has been based on the prices of acrylic fibre in the domestic market in Hungary as evidenced by an invoice raised for sale by the Hungarian manufacturer Zoltek to a local buyer in Hungary dated \*\*\* indicating domestic prices at Hungarian Forint \*\*\*/kg which comes to USD \*\*\* at an exchange rate of 1USD=208HUF.

The exporter from Hungary has not replied to the questionnaire.

**B. EXPORT PRICE**

**a. Turkey**

The quantum of exports (in KG) by AK-PA, Turkey and value thereof in USD was as follows:-

Grade	Export Price		Cif Price/kg
	Unit (kg)	Value (\$)	
100% Acrylic Dyed Tow	***	***	***

100% Acrylic Raw White Tow	***	***	***
100% Acrylic Dyed Staple Fibre	***	***	***
100% Acrylic Raw White Staple Fibre	***	***	***

The cif value of exports made during the period of investigation is Rs \*\*/. The average fob export price has been determined after taking \*\*\*% as ocean freight, \*\*\*% as ocean insurance charges and \*\*\*% as commission amount. After adjustments on these accounts the total fob value comes to Rs \*\*\*/- against total quantity of exports of \*\*\*kg and the average fob export price works out to USD \*\*\*/kg.

#### b. Hungary

The petitioner has determined the export price from Hungary based on an offer made by the manufacturer from Hungary dated\*\*\*. The export price as per offer is USD \*\*\*/kg i.e., USD \*\*\*/MT or Rs \*\*\*/kg at an average exchange rate of Rs. 42.1=1USD It is stated that Hungary has not exported any quantity of acrylic fibre to India. However producers from Hungary are offering acrylic fibre at dumped prices. Article 2.4.1 of the Agreement on Anti-Dumping (footnote 8) states as follows:-

"Normally, the date of sale would be the date of contract, purchase order, order confirmation, or invoice, whichever establishes material terms of sale".

## K. DUMPING MARGIN

### A. Turkey

11. Considering the normal value at USD \*\*\*/kg and the fob export price at USD \*\*\*/kg, the dumping margin determined by the Authority comes to USD \*\*\*/kg (which is 13% of export price).

### B. Hungary

12. Considering the normal value at USD\*\*\*/kg and the fob export price at \*\*\*/kg after adjustments on account of ocean freight (1 %), insurance charges (0.29%) and packing costs (0.5%) the dumping margin comes to USD \*\*\*/kg (which is 64.3% of export price).

## L. INJURY

13. Under Rule 11 supra, Annexure-11, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, "taking into account all relevant facts including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such article... "In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree.

Annexure II(iii) under rule 11 supra further provides that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigation, the Designated Authority will cumulatively assess the effect of such imports, only when it determines that the margin of dumping established in relation to the imports from each country is more than two per cent expressed as a percentage of export price and the volume of the imports from each country is three per cent of the imports of the like article or where the export of the individual countries is less than three per cent, the imports cumulatively account for more than seven per cent of the imports of the like article, and 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.

The Authority notes that the margin of dumping and quantum of imports from Turkey are more than the limits prescribed above.

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

#### **a. Quantum of Imports**

The total imports of acrylic fibre were 21,114 Mt, 26,422 Mt and 45837.310 Mt during 96-97, 97-98 and 98-99 (as available from official statistics upto Oct'98). Thus the increase was 25.13%. In 97-98 over 96-97 and 73.48% in 98-99 over 97-98. The increase was 117% in 98-99 over 96-97. Thus the quantum of imports have gone up significantly during the period of investigation.

The quantum of imports from Turkey were 199.949 Mt 119.505 Mt and 5395.390 Mt during 1996-97, 97-98 and 98-99 (as available in official statistics upto Oct'98) respectively. Thus imports declined by 40.23% in 97-98 over 96-97 and increased by 4414.7% in 98-99 over 97-98. The increase was 2598.38% in 98-99 over 96-97 Thus the quantum of imports from Turkey have gone up significantly during the period of investigation.

The quantum of imports from other countries was 21114 Mt, 26422 Mt, and 45837.310 Mt in 96-97, 97-98 and 98-99 (as available in official statistics upto Oct'98) respectively. The share of Turkey in total imports was 0.9%, 0.45% and 11.77% in 96-97, 97-98 and 98-99 respectively.

It is seen that Hungary has effected physical shipments of acrylic fibre to India at time of finalisation of these provisional findings during April to December'98. DGCIS data has reflected only the value of these imports at Rs 3,29,169/- The quantity of these imports is not known. These imports constitute only 0.02% of total value of imports of acrylic fibre during the period of investigation,

On the basis of the import data as available till date the Authority determines that the actual volume of imports from Hungary is de-minimis at present. The Authority has therefore decided to exclude Hungary from the scope of these provisional findings pending further investigations,

## **b. Production and Capacity Utilisation**

It is observed that the production capacity, production and capacity utilisation of the petitioner companies (viz., Indian Acrylic, Pasupati Acrylon and Consolidated) were as under:

Year Capacity (MT) Production (MT) Capacity Utilisation

1995-96 50000 42309 84.62%

1996-97 55000 55808 101.47%

1997-98 55000 58669 106.67%

POI- 98-99 42750 44648 104.44%

The capacity utilisation of Pasupati was 76%, 98% and 103% in 95-96, 96-97 and 97-98 respectively. During the POI it was 98.63%. The capacity utilisation of Indian Acrylics was 93%, 107% and 109% in 95-96, 96-97 and 97-98 and 103% in the POI. The capacity utilisation of Consolidated Fibres was 82.89%, 103% and 108% in 95-96, 96-97, 97-98 and 118% in the POI. It is seen that the capacity utilisation of the petitioner companies has been high. It is stated that the production of acrylic fibre involves continuous process technology and the petitioners have no option but to maximise production once the plant is started. Restricting production would result in increase in unit cost of production by way of material and utilities wastage and higher incidence of overhead costs per unit of production. Resultantly all the companies have ensured maximum production, Although the higher capacity utilisation has helped the petitioners to reduce their incidence of overhead expenditure per unit of the fibre produced, it has resulted in increasing stock situation, distress selling by the petitioners and financial losses. Closing stocks amounted to 367 MT, 1785 MT, 3402 MT and 4150 MT during 95-96, 96-97, 97-98 and the POI.

## **c. Sales and Market Share**

It is observed that demand of acrylic fibre was 75511, 81047 Mt and 88261 MT in 96-97, 97-98 and 98-99 respectively (import figures are available till October'98 only as per DGCIS data). The share of imports in total demand was 28%, 33% and 51.9% in 96-97, 97-98 and 98-99, respectively. The share of the petitioner companies was 72%, 70% and 48% respectively in 96-97, 97-98 and 98-99 respectively. Thus the share of imports are rising in total demand whereas the share of Indian industry has been declining. Sale of acrylic fibre has resulted in loss of profit to the petitioners. The selling prices in Rs per kg were \*\*\*, \*\*\* and \*\*\* respectively in 96-97, 97-98 and the POI (Apr'98-Dec'98).

## **d. Closing stocks**

It is observed that the closing stocks of the petitioner were 1785 MT, 3402 Mt and 4150 Mt in 96-97, 97-98 and 98-99 (POI) respectively. Closing stocks went up by 90% in 97-98 over that of 96-97 and by 15.8% in 98-99 (POI) over that of 97-98. It is observed that out of 4150 MT of closing stock, 995 MT was held by Pasupati Acrylon, 2820 MT by Indian Acrylic and 335 MT by Consolidated Fibres. The process of manufacturing acrylic fibre involves a short

cycle time, which is typically less than a week. The average stock carried by the petitioner companies amounts to 25.92 days production.

**e. Price undercutting and price depression**

The petitioner companies have stated that imports from the subject countries have been undercutting the prices of the fibre being sold by the domestic producers. The petitioners have been constantly forced to offer discounts in view of the threat posed by the dumped imports. The dumped imports from the subject countries have suppressed the prices of the fibre in the Indian market and caused losses to the petitioners. The average realisation per kg of acrylic fibre in 1996-97 was \*\*\* per kg, which dropped to Rs. \*\*\* per kg in 97-98 and to \*\*\* during the POI. It is also shown that the losses of the petitioner companies were Rs. 39.62 crores and 13.33 crores during 95-96 and 96-97. In 97-98, the petitioner companies earned a meager profit of 4.06 crores whereas it is stated that industry should have made a minimum profit of above Rs 100 crores in 97-98. During the POI (April'98-Dec'98) the petitioner companies incurred losses of Rs 16.08 crores. However it is observed that different selling prices and profit/loss of the different companies vary. The selling prices charged were Rs. \*\*\* per kg, Rs. \*\*\* per kg and Rs. \*\*\* per kg by Pasupati Acrylon, Consolidated Fibres and Indian Acrylics respectively. At this price level, Pasupati Acrylon incurred a loss of Rs. 3.59 crores, Consolidated Fibres incurred a loss of Rs. 8.68 crores and Indian Acrylics incurred a loss of Rs. 3.81 crores during the period of investigation.

**f. Expansion of Capacity**

It is stated that Indian Acrylics designed their plant in such a way that the capacity of the same was to be increased from 12000 Mt to 35000 Mt in stages. The company is however finding it difficult to expand on account of financial constraints and poor market conditions.

**g. Inability to raise funds**

The petitioner companies have found it difficult to repay the loans and the interest on the loans taken from financial institutions. This has prevented the companies from procuring further loans from the financial institutions and consequently affected their future plans for expansion.

**h. Inability to fund research and development activity**

Worldwide, acrylic fibre has numerous applications, which include hosiery items, home furnishings (carpet market) and industrial usage too. The fibre can also be used for some specialty areas such as upholstery. However usage of the fibre in these areas requires investment in extensive R&D efforts which is difficult for the Indian industry in a situation where its survival is at stake on account of continuous dumping. It is stated that when losses are incurred, the scope for providing funds for R&D activities does not exist as effort is made predominantly to pay back the interest and the capital borrowed from the financial institutions and to provide expenses for running the plant.

## **M. CONCLUSION ON INJURY**

14. In view of the foregoing it is observed that:-

- a. the quantum of imports from Turkey has increased in absolute terms;
- b. the market share of the petitioner companies has gone down;
- c. the domestic industry has been forced to sell at prices that have resulted in losses or low returns on investments;
- d. imports are undercutting the prices of the domestic industry;
- e. closing stock of the domestic industry has gone up;

The Authority therefore concludes that the domestic industry has suffered material injury.

## **N. CAUSAL LINK**

15. In establishing that the material injury to the domestic industry has been caused by the imports from the subject country, the Authority holds that the increase in market share of imports from Turkey resulted in decline in the market share of the petitioner, These imports undercut the prices of the domestic product forcing the domestic industry to sell at unremunerative prices, Resultantly, the domestic industry incurred losses. The material injury to the domestic industry was, therefore, caused by the dumped imports from the said country.

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

16. The purpose of anti-dumping duties, in general, is to eliminate dumping which is causing injury to the domestic industry and to reestablish a situation of open and fair competition in the Indian market, which is in the general interest of the country.
17. It is recognised that the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition in the Indian market will not be reduced by the anti- dumping measures, particularly if the levy of the anti- dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of acrylic fibre. 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.
18. To ascertain the extent of anti-dumping duty necessary to remove the injury to the domestic industry, the Authority relied upon reasonable selling price of Acrylic Fibre in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.

## **P. LANDED VALUE**

19. The landed value of imports is determined on the basis of export price of Acrylic Fibre, determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one per cent landing and two per cent handling charges.

## Q. CONCLUSIONS

20. It is seen, after considering the foregoing, that;
- Acrylic Fibre described under Para 5 originating in or exported from Turkey has been exported to India below normal value, resulting in dumping;
  - the Indian industry has suffered material injury;
  - injury has been caused by imports from the subject country.
21. It is considered necessary to impose anti-dumping duty, provisionally, pending final determination, on all imports of Acrylic Fibre originating in or exported from the subject country, pending investigations.
22. It was decided to recommend the amount of anti-dumping duty equal to the margin of dumping or less, which if levied, would remove the injury to the domestic industry. The landed price of imports was also compared with the fair selling price of the domestic industry, determined for the period of investigations. Accordingly, it is proposed that provisional anti-dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on all Acrylic Fibre originating in or exported from Turkey falling under Customs sub-heading 5501.30 and 5503.30 of the Customs Tariff Act, pending final determination. The anti-dumping duty shall be the difference between the amount mentioned in Col.3 and the landed price of imports per kg.

Country	Name of the Producer/ Exporter	Amount (Rs.)
Turkey	AK-PA Tekstil Ihracat Pazarlama A.S Taksim, Istanbul & all other Producers/exporters	71

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

## R. FURTHER PROCEDURE

notifying the preliminary findings;

The Authority invites comments on these finding from all interested parties and the same would be considered in the final findings;

Exporters, importers, petitioner and other interested parties known to be concerned are. being addressed separately by the Authority, who may make known their views, within forty days of the dispatch of this notification, Any other interested party may also make known its views within forty days from the date of publication of these findings.

The Authority would provide opportunity to all interested parties for oral submissions;

The Authority would disclose essential facts before announcing the final findings.

**RATHI VI NAY JHA...**  
Designated Authority

