

Ministry of Commerce and Industry

Notification

New-Delhi, the 17th September, 2003

Subject: Anti-Dumping investigations concerning imports of Hexamine from Iran - Suspension of Investigation on acceptance of Price Undertaking.

14/35/2002-DGAD – Having regard to the Customs Tariff Act 1975 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 Kanoria Chemicals & Industries Ltd., Mumbai alleging dumping of Hexamine from Iran.
 - ii. The preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the petitioners. The petition was thereafter considered as properly documented.
 - iii. The Authority on the basis of sufficient evidence submitted by the petitioners decided to initiate investigations against alleged dumping of imports of Hexamine from Iran. The Authority notified the Embassy of the subject country 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 18th September 2002, published in the Gazette of India Extraordinary initiating anti-dumping investigations concerning imports of Hexamine classified under customs sub-heading no. 2921.2901 of Chapter 29 of the Customs Tariff Act, 1975, originating in or exported from Iran.
 - v. The Authority forwarded a copy of the Public Notice to the known exporters (whose details were made available by the petitioners) 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 petitioners) of Hexamine 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 the subject goods from the subject country.
- viii. The Authority provided copies of the non-confidential Petition to the known exporters and the Embassy of the subject country in accordance with Rule 6(3) supra.
- ix. The Authority sent a questionnaire, to elicit relevant information to the following known exporters in Iran in accordance with Rule 6(4);
 - M/s Sina Chemical Industries Co.,
No. 25, 17TH Street,
Khalid Eslamabooli Area,
Tehran, 1515
 - M/s Iran Petrochemical Commercial Company
No. 1339, Vai asr Ave. Vanak Sq.
Teheran-Iran
Zip Code- 19697
P.O. Box 19395/4619

On request, both exporters were granted a three week extension in time limit by the Designated Authority to respond to the exporters questionnaire.

The Embassy of the Islamic Republic of Iran 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, non-confidential petition and questionnaire sent to the exporters was also sent to them, alongwith the name and addresses of the exporters.

- x. A questionnaire was sent to the following known importers of Hexamine in India calling for necessary information in accordance with Rule 6(4);

IMPORTERS

- National Chemical Industries
Kota, Rajasthan
- Mauri Chemicals,
Mumbai
- Rajasthan Coatings & Chemicals,
Rajasthan
- Demaco Polymers P.Ltd.,
Faridabad

- Indogulf Industries Ltd.,
New Delhi –66
- IVP Ltd (J),
Jamshedpur
- IVP Ltd. (T),
TA.Palghar, Distt. Thane
- Getwell Chem,
Mumbai
- Modichem Plast Materials P.Ltd.,
Mumbai
- Rupani Chemical Agencies,
Madras
- X 'Pro India Ltd.,
Mumbai
- Goodwill Rasayan,
Mumbai
- United Meta Chem Pvt. Ltd.,
P.O.Pune
- Prima Recipoles (Pune) P. Ltd.,
Maharashtra
- Surya Polymers,
Taloja, Dist. Raigad
- Resins & Plastics Ltd.,
Maharashtra
- Pragati Chemicals P.Ltd.,
Dist. Bharuch (Gujarat)
- Foseco India Ltd.,
Dist Pune
- Dujadwala Paperchem,
Bombay
- Jespco,
Sangli
- National Techno Industries,
Kota, Rajasthan
- Dattatarya Chemical Industries,
Dist. Valsad
- D.C.Chemicals,
Calcutta
- Promis Industries,
Jamshedpur

- Techno Waxchem P. Ltd.,
Calcutta
- Backeland India,
Calcutta
- P.Kumar & Co.,
Calcutta
- A.V.M. Sales Corpn.,
Calcutta
- T.R. Chemicals P.Ltd.,
Orissa
- Ordnance Factory Nagpur,
Bhandra
- Gova Chem Plastic P.Ltd.,
Rajasthan
- S.R.Plastics,
Delhi

No response to the questionnaire was filed by the importers/user industry.

- xi. 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.
- xii. Cost investigations were 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) on the information furnished by the petitioners
- xiii. Some of the interested parties requested for extension in time to file their responses to the importers questionnaire which was granted upon due cause shown.
- xiv. *** In this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xv. The Authority conducted the Oral Hearing on 8th July, 2003. In a meeting chaired by the Designated Authority on 9th August, 2003, the Price Undertaking offered by M/s Sina Chemical Industries Co., Iran was discussed and accepted by the Designated Authority.
- xvi. Investigations were carried out for the period 1st April 2001 to 30th June 2002 (15 months).

B. PRODUCT UNDER CONSIDERATION

2. Hexa Methylene Tetramine is known as Hexamine in market parlance. Hexa Methylene Tetramine is a white crystalline powder with a sweet metallic taste. In the pure form, it is colourless and odourless. It crystallizes in rhombic dodecahedrons. Hexa Methylene Tetramine compound is also known as Ammoform, Methenamine, Cystamine, Cystogen, Urotropine. It is classified under Chapter 29 of the Customs Tariff Act, 1975 and ITC no. 2921.2901.

The most important industrial use of Hexamine is for the manufacture of solid phenolic resins. The other important use is for the manufacture of a high explosive cyclonite. Hexamine being anti-bacterial in action is used as a urinary antiseptic. It is also used for-

- Adhesives
- Coatings
- Sealing compounds
- In the preservation of hides
- As a rubber vulcanization accelerator
- As a corrosion inhibitor for steel
- Dye fixative
- Fuel tablet for camping stoves
- Stabiliser for lubricating and insulating oils

C. LIKE ARTICLES

3. In order to establish that Hexamine produced by the domestic industry is a Like Article to that exported from Iran, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

The Authority also finds that there is no argument disputing that Hexamine produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Hexamine imported from the subject country both commercially and technically. Hexamine produced by the domestic industry has been treated as Like Article to the product exported from Iran within the meaning of Rule 2(d).

D. DOMESTIC INDUSTRY

4. The petition has been filed by M/s Kanoria Chemicals & Industries Ltd., Mumbai alleging dumping of Hexamine originating in or exported from Iran.

The production of Hexamine by the petitioner has been as under:-

	1998-99	1999-2000	2000-2001	Apr. 2001-June 2002
Petitioner				
Kanoria	3141	3821	3067	2868
Other producers				
Simalin	2167	2693	2255	3617
Rockhard	864	1053	137	589
Newton	730	651	814	977
Total Indian production	6902	8218	6273	8051

The petitioner account for 35.62% of the total production in the POI. All the other three producers have supported the petition. The Authority notes therefore that the petitioner constitutes “domestic industry” and has the required standing to file the present petition under the Rules.

E. Response received from M/s Sina Chemical Industries Co, Iran:

5. The Authority sent questionnaires to the known exporters from the subject country in terms of section 9 A (1). While Sina Chemical Industries Co gave a partial response which was not as per the specified format, M/s Iran Petrochemical Commercial Company did not respond to the exporters questionnaire. The Authority observed that the exporters from Iran had not responded to the questionnaire in the prescribed format and had not furnished information relating to normal value. In respect of Sina Chemical Industries Co, the Authority noted the following in the Preliminary Findings:

1. The Authority notes that the information provided is not strictly as per the questionnaire or in the same order as in the questionnaire. No supporting documents have been attached.
2. No evidence has been attached to claims made with regard to the price adjustments claimed from the export price. The exporter has exported Unstabilised Hexamine to India and to third countries. It is further noted that the selling price to India is lower than the selling price to third countries. The overseas freight shown for exports to third countries is also unusually high.
3. The confidential information is not accompanied by a non confidential summary.
4. General information under part (A) of the exporters questionnaire has not been provided.

5. There is no information relating to sales in the home market (Appendix 1). The Authority notes, therefore, that there is no information and no claim with regard to normal value in the domestic market in Iran.
6. The Authority further notes that the no information on licensed capacity , installed capacity, production and sales have been provided (as per Appendix 7). The information/data required under part 'D' of the questionnaire response has not been furnished.
7. In Appendix 8 (Factory Cost and Profit of Exports to India) the quantity consumed per unit of raw materials, utilities and overheads, the rate thereof and the total cost has not been specified.

There is no information on profit determination (part 'E', customer information (in the format set out in Appendix 5) and third country information as required under part 'H' of the questionnaire . Copies of the trading and profit and loss account and balance sheet for the period of investigation and previous two years showing the determination of gross profit, details of selling and administration and other costs and net profit have not been furnished.

The Authority therefore considered the exporters to be non-cooperative and proceeded on best available information.

Therefore, since there are no claims made by the exporters with regard to Normal Value, the Authority has been constrained to rely upon constructed price and best available information with regard to Normal Value.

As regards export price, the Authority notes that the export price claimed by M/s Sina Chemicals, Iran, has not been supported with documentary evidence which is also lacking in respect of the adjustments claimed from the export price. However, the export price claimed was accepted for the purpose of the preliminary findings subject to verification and submission of documentary evidence by M/s Sina Chemicals.

M/s Sina Chemicals has exported a quantity of ***MT of Unstabilised Hexamine to India during the period of investigations at a weighted average cif price of USD ***/Mt or Rs ***/MT. As per adjustments claimed by the exporter, the ex-factory export price has been determined after taking packing charges at USD ***/MT , inland freight at USD ***/MT, insurance at USD ***/MT, storage cost at USD ***/MT and handling charges at USD ***/MT before fob and USD ***/MT (ave.) as ocean freight, USD ***/MT as overseas insurance, USD ***/MT for clearance and handling after fob thereby bring the total cost on account of adjustments claimed by the export to USD ***/MT. After adjustments on these accounts the ex- factory fob export price is USD ***/MT or Rs ***/MT at an average exchange rate of Rs 48.02 =1USD.

Considering the constructed normal value at USD ***/MT and the ex-works export price at USD ***/MT, the dumping margin determined by the Authority came to USD ***/MT (which is 67.75 % of export price) for the purpose of the preliminary findings.

F. Clarification given by M/s Sina Chemical Industries Co. (SCIC) of Iran:

6. Vide letter dated 15th July, 2003 Sina Chemicals has confirmed that they are the only manufacturers of Hexamine in Iran and as per information available to them no other industry is engaged in the manufacturing of this product in Iran.

G. Clarification given by Petrochemical Commercial Company of Iran:

7. The company has clarified that they do not produce any Hexamine and as a result cannot export it anywhere. If this material has been imported from Iranian origin to India market, it may have been done by other company (ies) which have no connection with IPCC.

H. Price Undertaking:

8. Rule 15 relating to suspension or termination of investigation on price undertaking provides that the Designated Authority may suspend or terminate an investigation if the exporter of the Article in question furnishes an undertaking in writing to the Designated Authority to revise the prices so that no exports of the said Article are made to India at dumped prices, or in the case of imports from specified countries undertake to revise the prices so that injurious effect of dumping is eliminated and the Designated Authority is satisfied that the injurious effect of dumping is eliminated.

M/s Sina Chemical vide their letter dated 15th July, 2003 had extended its willingness to offer price undertaking. They stated that subsequent to initiation of proceedings for levy of anti dumping duty on Sina Chemical Industries Co. they submitted the price undertaking to the Authority.

The offer of M/s Sina Chemical Industries Co. of Iran was examined in detail and the Designated Authority noted that the price undertaking offered by the exporter can be accepted since it eliminates the injurious effect on dumping. The exporter has also agreed to provide all reasonable information which the Designated Authority considers relevant and necessary.

M/s Sina Chemical Industries Co. has offered a Price Undertaking to the Designated Authority, Ministry of Commerce, Government of India and has agreed not to sell the subject goods i.e. Hexa Methylene Tetramine (also known as Hexamine) for export to India at prices lower than the price stipulated in the grid in Appendix 'A' of the Price Undertaking. In accordance with para 3 of the price undertaking, M/s Sina Chemical Industries Co. has agreed not to sell the subject goods to any importers in India at prices lower than CIF Indian Customs Frontier, basic customs duty paid price of USD 700. This Price Undertaking has been accepted by the Designated Authority in terms of Rule 15 of the Anti Dumping Rules and accordingly no anti dumping duty would apply in the case of exports of all types of Hexamine by this company. However, in the case of any violation in the execution of this undertaking by the exporter, the duties, as set out in the preliminary findings, would provisionally apply, pending specific recommendations by the Designated Authority in this regard.

I. Suspension of Investigation on Price Undertaking:

9. In view of the above, the Authority hereby suspends the present investigations in terms of the provisions of Rule 15 of the Anti Dumping Rules which was initiated vide Notification No. 14/35/2002-DGAD dated 18th September 2002 against imports of Hexamine from Iran.

L.V.SAPTHARISHI
DESIGNATED AUTHORITY