

No. 15/21/2008-DGAD
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES

NOTIFICATION

Udyog Bhavan, New Delhi the 31st August,2009

Final Findings

Sub : Mid-term anti-dumping review investigations in the matter relating to Sodium Hydrosulphite originating in or exported from China PR.

No.15/21/2008- DGAD : Having regard to the Customs Tariff Act, 1975 as amended in 1995 (hereinafter referred to as Act) and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as Rules);

A BACKGROUND OF THE CASE

1. The Designated Authority, having regard to the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Duty or Additional Duty on Dumped Articles and for Determination of Injury) Rules, 1995, recommended imposition of provisional Anti Dumping duty on imports of Sodium Hydrosulphite (hereinafter referred to as subject goods) originating in or exported from China PR (referred to as subject country) falling under Sub-heading 2831.10.10 and 2832.10.20 . The preliminary findings were published vide Notification No 39/1/2000-DGAD dated 2/1/2001 and provisional duty was imposed on the subject goods vide Customs notification No. 28/2001-Customs dated 12th March 2001. The Designated Authority came out with final findings on 13th September 2001 vide notification no 39/1/2000-DGAD and definitive anti dumping duty was imposed by Customs as per notification No. 114/2001-Customs dated 2nd November 2001.

2. The Designated Authority initiated the sunset review investigation of anti-dumping duty imposed on imports of Sodium Hydrosulphite (SHS) originating in or exported from China PR vide notification No. 15/16/2005-DGAD dated October 5, 2005 in accordance with Section 9A(5) of the Act, read with Rule 23 of Antidumping Rules, to review the need for continued imposition of duties in force and whether the expiry of the duty would be likely to lead to continuation or recurrence of dumping and injury. While extending anti dumping duties for a further period of five years in the sunset review, the form of duty was modified from fixed to variable in the form of reference price. The final findings in the sunset review investigation were issued vide notification no 15/16/2005 – DGAD on 06.09.06 and anti dumping duty in the form of reference price was imposed by Customs as per notification No. 108/2006-Customs dated 16.10.2006.

3. The domestic industry made a request for review of antidumping duty based on the reference price (as imposed after the sunset review). The applicants claimed that the duty was modified from fixed duty to variable duty in the sunset review. However, the prices of the raw material increased significantly after the period of the review, resulting in increase in the cost of production and the non injurious price of the domestic industry. Import prices of the subject product from china PR have not moved in proportion to the increases in the input prices, justifying the need for review of anti dumping duty based on the reference price. The request to this effect have been made by the Domestic Industry comprising of M/s Transpek Silox Industry Ltd (TSIL) and supported by M/s Demosha Chemicals Pvt Ltd and M/s TCP Ltd.

4. Having satisfied on the basis of the positive evidence submitted by the domestic industry substantiating the need for a review, the Authority initiated midterm review vide notification No.15/21/2008 -DGAD dated 01.10.2008 in accordance with Section 9A(5) of the Act, read with Rule 23 of Antidumping Rules.

B. PROCEDURE

5. The procedure described below has been followed with regard to this investigation:

i) After initiation of the review investigation, the Authority notified the domestic industry, all known exporters/producers in the subject country and known importers, calling for questionnaire responses and necessary information in accordance with Rule 6(4);

ii) The Embassy of the subject country in New Delhi was informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in their country to respond to the questionnaire within the prescribed time.

iii) The Authority sent questionnaires, to elicit relevant information, to the following known exporters from China PR.

S.N.	Company's Name
1.	Jinhe Sodium Hydrosulfite Factory Co., Ltd
2.	Guangdong Zhongcheng Chemicals Co, Ltd.
3.	Hainan Zhongxin Chemical Co., Ltd.
4.	Jinhe Sodium Hydrosulfite Factory Co., Ltd.
5.	Jiangsu Yongxin Co., Ltd.
6.	Zhejiang Huidelong Chemical Co., Ltd.
7.	Zhejiang Runtu Co., Ltd.
8.	Anhui Chloro Alkali Chemical Group Co., Ltd

iv) None of these exporters responded to the questionnaire in response to the above notification.

v) The period of investigation for the purpose of the present review is 1st April 2007 to 31st March, 2008 (POI). However, injury analysis covered the periods April 2004-March 2005, April 2005-March 2006, April 2006-March 2007 and the POI.

vi) Request was made to the Central Board of Excise and Customs (CBEC) and Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, and the period of investigations. Information has been received from the DGCI&S. The information about exports from China, based on China Customs data have also been provided by the petitioners.

vii) The following domestic producers of the subject goods have provided their cost and injury information for investigation.

- M/s Transpek-Silox Industry Ltd. (TSIL)
- M/s TCP Ltd.

viii) A copy of initiation notification along with the importers questionnaire was also sent to the following known importers and users of subject goods in India calling for necessary information in accordance with Rule 6(4)

S.N.	Company's Name
1.	<i>Morarjee Brembana Ltd.</i>
2.	<i>Modern Denim</i>
3.	<i>S. Kumars Ltd.</i>
4.	<i>Orchid Chemicals & Pharmaceuticals Ltd.</i>
5.	<i>Madura Coats Limited</i>
6.	<i>Mafatlal Burlington Ind. Ltd.</i>
7.	<i>GSI (India) Limited</i>
8.	<i>Gianchand Ramji Dass</i>
9.	<i>Raymond Denim Ltd.</i>
10.	<i>Reliance Textile Industries, Ltd.</i>
11.	<i>Birla VXL Limited</i>
12.	<i>Welspun Terry Towels (A Unit of Welspun Indian Ltd.)</i>
13.	<i>Andhra Pradesh Paper Mills Ltd.,Unit – CP</i>

In response to the above notification, none of the importers or users has filed response to the questionnaire.

ix) The Authority has considered all views expressed and submissions made by various interested parties to the extent they are relevant for the present investigation.

x) The Authority verified the information furnished by the domestic industry to the extent possible to examine the injury suffered and 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 applicants so as to ascertain if Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry.

xi) In accordance with Rule 6(6), the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 3rd July 2009. Only the domestic industry and an importer participated in the aforesaid hearing. The parties were requested to file written submissions of the views expressed orally. The written submissions have been filed by the domestic industry only.

xii) In accordance with Rule 16 of the anti-dumping Rules, the essential facts/basis considered for these findings were disclosed to the known interested parties by issuing a disclosure statement on 28th July 2009.

xiii) Only the Domestic Industry has responded to the Disclosure Statement and submitted as follows:

- a) Product under consideration continues to be dumped in to India by China.
- b) Domestic Industry has suffered continued material injury.
- c) The material injury has intensified further.
- d) Injury to the domestic industry has been caused by the dumped imports from various sources.
- e) Significant dumping and injury margins exist inspite of current levels of anti dumping duties.
- f) Anti dumping duties are required to be enhanced further .
- g) The duties may be expressed in US\$.

xiii) The Authority kept available the 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.

xiv) Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has granted confidentiality, wherever warranted and such information has been

considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.

xv) Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigations, or has significantly impeded the investigation, the Authority has recorded these findings on the basis of the facts available.

xvi) **** In this finding represents information furnished by interested parties on confidential basis and so considered by the Authority under the Rules.

xvii) The exchange rate of US\$/ Rs has been adopted as Rs 40.75=1US\$ for the purpose of this POI.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE:

C.1 Views of the Domestic Industry

6. Following issues raised by the domestic industry with regard to product under consideration and like article:

(i) Present review investigation is a mid-term review investigation; product under consideration remains the same as has been defined in the previous investigations.

(ii) There is no material change or development in the product characteristics between the original investigation and product being produced and sold world-over at present..

(iii) The goods produced by the domestic industry are like article to the imported product. The Issue of product under consideration and like article was examined in detail by the Designated Authority in the original investigations and is required to be confirmed.

C.2 Views of the importers, consumers, exporters and other interested parties

7. None of the exporters, importers, consumers and other interested parties has filed any comment or submissions with regard to product under consideration and like articles.

C.3 EXAMINATION BY THE AUTHORITY

8. The product under consideration in the present investigations is Sodium Hydrosulphite (also referred to as subject goods hereinafter). The product under

consideration is also known by a number of alternate names, which includes Hydrosulphite Concentrate, Sodium Dithionite or Sodium Hydrosulfite.

9. Sodium Hydrosulphite is a white or grayish crystalline powder, free from visible foreign particles with pungent odour. It has been imported under Chapter 28 of the Customs Tariff Act. Though the classifications sub-headings 2831.1010 and 2832.1020 suggest description as Sodium Hydrosulphite but correct Custom classification may be treated under 6 digit heading 2831.10 as Sodium Sulphites. The classification is, however, indicative only and is in no way binding on the scope of the present investigation. The Authority notes that the investigation covers all forms of Sodium Hydrosulphite within the scope of the product under consideration.

10. There is no significant difference in Sodium Hydrosulphite produced by the Indian industry and Sodium Hydrosulphite exported from China PR, which can have an impact on price. Sodium Hydrosulphite produced by the Indian industry and imported from China PR are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used the two interchangeably. Sodium Hydrosulphite produced by the domestic industry and imported from China PR is being treated as like article in accordance with the anti dumping Rules. The authority therefore confirms the product under consideration as above.

D. Domestic Industry

D.1 Views of the domestic industry

11. (i) There are four producers of subject product in India. The Petition for review, enhancement and modification in the form of anti dumping was filed by M/s. Transpek Silox Industry. Other three producers M/s. Demosha Chemicals, M/s T C P Limited and M/s Gulshan Chemicals Ltd. have supported the petition. Domestic industry submits that the petition is supported by 100% of Indian Producers and therefore, petition satisfies the requirement of standing within the meaning of the anti dumping rules.

(ii) Subsequent to initiation, M/s TCP Ltd. has provided injury information. Thus, the Authority has information for "*a major proportion*" in Indian production. The petitioner should therefore be treated as "domestic industry" within the meaning of the Rules.

D.2 Views of the importers, consumers, exporters and other interested parties

12. None of the exporters, importers, consumers and other interested parties has filed any comment or submissions with regard to "domestic industry"

D.2 Examination by the authority

13. There are four producers of the subject product in India, namely M/s Transpek Silox Industry Ltd., Demosha Chemicals Pvt. Ltd., TCP Ltd. and Gulshan Chemicals Ltd. Petition for review, enhancement and modification in the form of anti dumping duty was filed by Transpek Silox Industry Ltd. and supported by Demosha Chemicals Pvt. Ltd. and TCP Ltd. M/s Gulshan Chemicals Ltd. supported the petition later on. Subsequent to initiation, TCP Ltd., provided all relevant information with regard to injury and costing. The Authority directed M/s Demosha Chemicals Pvt. Ltd. and Gulshan Chemicals Ltd. to provide relevant information regarding injury and costing. However, no information has been provided by these companies. The production of M/s Transpek Silox Industry Ltd. and TCP Ltd. command more than 50% share in Indian production.

14. Rule 2(b) under the Rules provides as follows:-

"(b) "domestic industry" means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in which case [such producers may be deemed] not to form part of domestic industry"

15. Thus, in a situation where information with regard to domestic producers as a whole is not available, the Rules require the Authority to consider those producers whose collective output constitutes a major proportion of the total domestic production. Therefore, having regard to the legal provisions and facts & circumstances of the present case, the Authority considers that Transpek Silox Industry Ltd., and TCP Ltd. constitute domestic industry for the purpose of the present investigations within the meaning of the Rules.

E. DUMPING DETERMINATION

E.1 Views of the domestic industry

Normal Value

16. Efforts were made to obtain information about the prices of Sodium Hydrosulphite prevailing in the domestic markets of China PR. The evidence of normal value has been provided on the basis of prices prevailing in the EU, based on invoices for sale of the product under consideration in the EU. The Designated Authority is requested to kindly consider the same. In the alternate, the information based on estimates of cost of production has also been provided. The Authority may determine normal value on the basis of cost of production.

Export Price

17. The export price has been claimed on the basis of either (a) the prices reported in China Customs; or (b) prices reported in the Indian newspaper (Economic Times). The following adjustments have been claimed in this regard –

China customs	China port expenses, China inland freight, VAT loss to Chinese seller, Sea freight, marine insurance, China port expenses, China inland freight,
DGCI&S/IBIS	VAT loss to Chinese seller, ➤ Customs duty, Countervailing duty, SAD, Inland freight, Margin of first importer Freight - Mumbai-Delhi, Retailer margin, VAT
Newspaper	➤ Sea freight, marine insurance, China port expenses, China inland freight, VAT loss to Chinese seller,

E.2 View of exporters/importers and other interested parties

18. None of the exporters, importers, consumers and other interested parties has filed any comment or submissions with regard to export price, normal value and determination of dumping margin

E.3 Examination by the Authority

19. Under section 9A(1)(c), normal value in relation to an article means:

(i) *the comparable price, in the ordinary course of trade, for the like article, when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6), or*

(ii) *when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either*

(a) *comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or*

(b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6);

Normal Value in China PR

20. The Authority has treated China as non-market economy unless the responding exporters satisfy each & every of the conditions prescribed in the Anti-dumping Rules. Since none of the exporter from China PR responded to the initiation notification and provided information in the form and manner prescribed, the Authority has determined the Normal Value in respect of China PR under para 7 of Annexure I of Anti-dumping Rules, considering China PR as non-market economy.

21. The Authority has not considered the prices in EU as suggested by the petitioner for determination of Normal Value in view of the fact that the same would lead to determination of higher dumping margin and would be less favorable to Chinese companies. The Authority has therefore determined the normal value in China PR based on international prices of inputs and conversion cost of one of the domestic producer, duly adjusted for selling, general & administrative expenses and reasonable profit. Accordingly, the normal value at ex-factory level has been worked as US\$ *** per MT.

Export price

22. The petitioner has provided the information in respect of exports made of this product from China based on the data of China Customs. The details are as follows:

**China - Exports -Total-
28311010 Dithionites
Of
Quantity**

Rank	Country -	KG Apr 06-Mar 07	KG Apr 07-Mar 08
0	--World-- -	12,14,09,708	13,57,53,970
1	Canada -	1,30,05,600	2,33,84,400
2	United States -	67,50,200	86,42,700
3	Japan -	1,01,11,240	1,12,25,515
4	Taiwan -	80,68,000	1,05,54,100
5	Thailand -	72,00,200	76,49,400
6	Mexico -	42,99,450	69,24,600
7	Indonesia -	57,38,200	69,02,400

8	Bangladesh	-	56,16,900	32,63,500
9	Brazil	-	49,27,300	42,59,100
10	India	-	24,96,540	26,97,151
11	Turkey	-	58,00,600	50,42,700
12	New Zealand	-	38,95,000	28,44,000
13	South Africa	-	18,65,900	35,85,400
14	Australia	-	40,03,500	35,81,800
15	Pakistan	-	38,17,415	40,93,150

Source of data: China Customs

Millions of US Dollars				
Rank	Country	-	Apr 06-Mar 07	Apr 07-Mar 08
0	--World--	-	71.465456	101.497257
1	Canada	-	8.257842	16.549694
2	United States	-	4.186377	5.939690
3	Japan	-	5.584125	7.749221
4	Taiwan	-	4.539162	8.167958
5	Thailand	-	4.163094	6.068378
6	Mexico	-	2.445696	5.038722
7	Indonesia	-	3.448146	5.527990
8	Bangladesh	-	3.367089	2.506854
9	Brazil	-	2.793645	3.105163
10	India	-	1.457694	2.037350
11	Turkey	-	2.971805	3.852445
12	New Zealand	-	2.339688	1.972764
13	South Africa	-	1.157395	2.702984
14	Australia	-	2.426728	2.599444
15	Pakistan	-	2.143717	3.097229

Source of data: China Customs

				Price US\$ per Mt	
Rank	Country	-	Apr 06-Mar 07	Apr 07-Mar 08	
0	--World--	-	588.63	747.66	
1	Canada	-	634.95	707.72	
2	United States	-	620.19	687.25	
3	Japan	-	552.27	690.32	
4	Taiwan	-	562.61	773.91	
5	Thailand	-	578.19	793.31	
6	Mexico	-	568.84	727.66	
7	Indonesia	-	600.91	800.88	
8	Bangladesh	-	599.46	768.15	
9	Brazil	-	566.97	729.07	
10	India	-	583.89	755.37	
11	Turkey	-	512.33	763.96	
12	New Zealand	-	600.69	693.66	
13	South Africa	-	620.29	753.89	
14	Australia	-	606.15	725.74	
15	Pakistan	-	561.56	756.69	

As per DGC&IS, the imports during POI were 2311 MT at CIF price of US \$ 944.61 per MT.

23. None of the exporter from China PR responded to the initiation notification and provided information in the form and manner prescribed. None of the other interested parties have provided any other information which can be used for determination of export price. The Petitioner has shown with evidence that the prices at which the material has been reported for customs clearance are not the prices at which the goods have been exported from China. In absence of cooperation from Chinese producers and information in the prescribed format, the Authority proposes to rely upon the facts available as per Rule 6(8) of the Anti-dumping Rules to determine the export price. Accordingly, the data reported by the China Customs for exports of the product under consideration from China PR to India has been relied upon to determine weighted average export price. Since this price is at FOB level, adjustments have been made on account of inland freight, port expenses and bank charges to determine ex-factory

export price. The ex-factory export price has been determined as at US\$ 755.37 per MT.

Particulars	Unit	Price/MT
Export Price FOB	USD/MT	755.37
Inland Freight - 1%	USD/MT	7.55
Port Expenses - 0.5%	USD/MT	3.78
Bank Charges - 0.5%	USD/MT	3.78
Net Export Price	USD/MT	740.26

Dumping margin

24. Considering the normal value and export price determined as detailed above, dumping margin has been determined in respect of imports reported in India during the investigation period. The dumping margin has been determined as US\$*** Per MT or ***.

Particulars	Unit	Price/MT
Normal Value	US\$/MT	***
Export Price	US\$/MT	740.26
Dumping Margin	US\$/MT	***
Dumping Margin %	%	50-60

F. Injury

F.1 Views of exporters, importers, users etc

25. There has been no response from any producer/exporter in China PR. Nor has any arguments been advanced on any aspect of the present investigations, including on injury & causal link from any exporters.

F.2 Views of the domestic industry

26. The domestic industry has raised a number of arguments with regard to injury and causal link, which are summarized below. The main arguments are that

- (a) The domestic industry added capacity in 2005-06 and thereafter in 2006-07 in response to present and anticipated increase in demand.

- (b) Production of the petitioner increased over the injury period. However, increase in production was far lower than increase in capacity. In other words, petitioner has been prevented from utilizing its production capacities, resulting in idling of production capacities.
- (c) Capacity utilization continuously declined upto 2006-07. Even though capacity utilization increased in 2007-08, the increase is still below the levels registered in 2004-05 and 2005-06.
- (d) Sales volumes show an improvement. However, the increase in sales was far lower than the increase in demand.
- (e) Market share of the domestic industry declined and that of China increased even after imposition of anti dumping duties. In a situation where (a) the market share of the domestic industry declined due to presence of dumped imports; (b) the market share increased thereafter with the imposition of anti dumping duties; (c) the market share has now once again declined with the increase in dumped Chinese imports, the only inescapable conclusion is that the present anti dumping duties are inadequate to address the injury to the domestic industry.
- (f) Profitability of the domestic industry was quite adverse in 2004-05. The improved in 2005-06 and thereafter in 2006-07. Profitability has however once again deteriorated materially in 2007-08.
- (g) Whereas the domestic industry considers changes in input prices & cost of production as a parameter for pricing, it is forced to consider import prices from various sources and sell the product accordingly. The imports from China PR are undercutting the prices of the domestic industry. However, with price undercutting becoming positive inspite of present anti dumping duty in proposed investigation period and with consequent increase in import volumes, the domestic industry was forced to once again offer such prices that the domestic industry suffered financial losses in the proposed investigation period.
- (h) Return on investments and cash profits shows the same trend as that of profits. Further, both these parameters were negative in 2004-05, because positive in 2005-06 and improved further in 2006-07. However, the position once again deteriorated in 2007-08.
- (i) Growth of the domestic industry was positive in terms of volume and price parameters till 2006-07. The same however became negative in terms of price parameters in 2007-08.

Examination by the Authority

27. Article 3.1 of the WTO Agreement and Annexure-II of the Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been

significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

28. As regards the impact of the dumped imports on the domestic industry para (iv) of Annexure-II of the Anti Dumping Rules states as follows.

“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the Industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of margin of dumping actual and potential negative effects on cash flow, inventories, employment wages growth, ability to raise capital investments.”

29. The Authority has taken note of the arguments on injury examination and addressed the issues raised at appropriate places. The Authority has examined the injury parameters objectively taking into account the facts and the arguments of the interested parties.

30. For the purpose of current injury analysis the authority has examined the volume and prices effects of dumped imports of the subject goods from the subject country on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal link between dumping and injury, if any. Accordingly the volume and price effects of dumped imports have been examined as follows:.

a) Assessment of Demand

31. For the purpose of assessment of the domestic consumption/demand of the product under consideration, the Authority added the sales volume of the domestic industry (M/s TSIL and TCP) and other Indian producers to the total imports into India, which has been summarized as under:

Unit in MT	2004-05	2005-06	2006-07	2007-08 (POI)
Sales of domestic industry	19560	20736	22765	23567
Sales of supporter	4454	4980	3397	4911
Sales of Other Indian Producers	7501	9022	8596	8000
Total Imports	1365	987	3925	4422
Demand	32880	35725	38683	40900

The Authority notes that the demand has shown a positive trend and grew over the injury period. The growth in demand during period of investigation over base year was about 24%

b) Import volumes and market share

32. With regard to the volume of the dumped imports, it has been examined whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. Annexure-II (ii) of the Anti-dumping rules provides as under :-

“While examining the volume of dumped imports, the said authority shall consider whether there has been a significant increase in the dumped imports, either in absolute term or relative to production or consumption in India”

33. The Authority has determined the volume of imports based on only DGCI&S source.

	2004-05	2005-06	2006-07	2007-08 (POI)
Imports (Unit in Mt)				
China PR - Subject Country	765	545	2075	2311
Other countries attracting ADD	222	338	1469	1678
Other countries	378	103	380	433
Total imports	1365	987	3925	4422
Market share in imports as %				
China PR - Subject Country	56.01	55.29	52.88	52.27
Other countries attracting ADD	16.29	34.26	37.44	37.95
Other countries	27.69	10.44	9.68	9.78
Demand in Mt	32880	35725	38683	40900
Market share in demand as %				
Domestic Industry	59.49	58.04	58.85	57.62
Supporter	13.55	13.94	8.78	12.01
<i>Other producers</i>	22.81	25.25	22.22	19.56
Indian Industry	95.85	97.24	89.85	89.19
<i>China PR (Subject country)</i>	2.33	1.53	5.37	5.65
Other countries attracting ADD	0.68	0.95	3.80	4.10
Other Countries	1.15	0.29	0.98	1.06
Production of Indian Industry.	34578	36172	35736	38541
Dumped imports in relation to production of Indian Industry as %				
<i>China PR (Subject country)</i>	2.21	1.51	5.81	6.00
Other countries attracting ADD	0.64	0.93	4.11	4.35
Other Countries	1.09	0.28	1.06	1.12

34. From the above, the Authority observes that

- a) The volume of dumped imports from China PR has increased significantly both in absolute and relative terms over the injury period except 2005-06.
- b) The market share in demand in respect of subject imports, which was only 2.33% during 2004-05 reached to level of 5.65% in the period of investigation. At the same time, share of other countries, which are already attracting anti dumping duties has also increased over this period. As a result, share of domestic industry, which was 59.49% during 2004-05 declined to 57.62% during POI.
- c) The import from subject countries in relation to Indian production declined in 2005-06 but went up thereafter and reached to a level of 6% during period of investigation as compared to 2.21% during 2004-05.
- d) Even when the subject imports are attracting anti dumping duties, the imports have increased in absolute terms as also in relation to production and consumption in India.

35. Based on above, the Authority observes that even when the subject imports are attracting anti dumping duties, the imports have increased in absolute terms as also in relation to production and consumption in India.

Price effect of the dumped imports on the Domestic Industry

36. The price effect of imports from the subject country has been examined as under:

CIF export price Rs/MT	2004-05	2005-06	2006-07	2007-08 (POI)
Exports from subject country	25024	22633	37349	38493
Other Countries attracting Anti Dumping Duty	34392	42946	42340	38267
All Imports	26206	29690	37596	37001
Net sales realization	***	***	***	***

37. The Authority observes that the movement in the selling price of the domestic industry was in tandem with the import price in India. It is also noted that the price difference between other countries attracting anti dumping duty and subject country was high in 2004-05 and 2005-06, thus resulting in low volume of imports from subject country. However, with the price difference reducing in POI, the volume of subject imports increased significantly.

Price undercutting

38. In order to ascertain the price undercutting being caused by the dumped imports, the Authority has compared net sales realization of the domestic industry with the landed price of imports. The net sales realization was arrived after deducting all rebates and taxes. Landed value of imports has been calculated by adding 1% handling charge and applicable basic customs duty to the CIF value of subject imports. The landed value

of imports was compared with net sales realization of the domestic industry and it was found that the dumped imports are undercutting the prices of the domestic industry.

	2004-05	2005-06	2006-07	2007-08 (POI)
CIF export price Rs/MT				
China PR - Subject country	25024	22633	37349	38493
Other Countries attracting duty	34392	42946	42340	38267
Customs duties	20%	15%	11.25%	7.5%
Landed price of imports				
Subject countries	30329	26288	41967	41793
Other Countries attracting duty	41684	49881	47574	41549
Net sales realization (Rs/Mt)	***	***	***	***
Cost of sales (Rs/Mt)	***	***	***	***
Price undercutting price Rs/MT				
Exports from China PR	***	***	***	***
Other Countries attracting duty	***	***	***	***
Price undercutting price (%)				
Exports from China PR	20-30	30-40	0-10	0-10
Other Countries attracting duty	Negative	Negative	Negative	0-10
Non Injurious price Rs/Mt				***

39. It is observed that the dumped imports from China PR are undercutting the prices of the domestic industry during POI as well as in the previous years. It is also observed that during POI price undercutting is quite significantly positive from other countries, which are at present attracting anti dumping duties.

40. Price suppression/depression

	Unit	2004-05	2005-06	2006-07	2007-08 (POI)
Selling price	Rs/Mt	***	***	***	***
Trend	Indexed	100	108	113	115
Cost of sales	Rs/Mt	***	***	***	***
Trend	Indexed	100	94	96	110

In order to assess whether the imports from the subject country were suppressing/depressing the prices of the domestic industry, the Authority compared the trends in selling prices and cost of production, as seen in the table above. It is noted that selling prices of the domestic industry increased over the injury period. However, in the current POI, where the volume of imports increased very significantly from the China PR as compared to previous year, the increase in the selling price was less than increase in

the cost of production. The imports were thus suppressing the prices of the domestic industry whenever the volume of dumped imports was significant.

Economic Parameters relating to the Domestic Industry

41. Examination of the consequent impact of these imports on domestic producers of such products. With regard to consequent impact of these imports on domestic producers of such products, the Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow inventories, employment, wages, growth, ability to raise capital investments.

Production, sales, capacity and capacity utilization

42. Production, sales, capacity & capacity utilization of the domestic industry(M/s TSIL and TCP) moved as shown below.

	Unit	2004-05	2005-06	2006-07	2007-08 (POI)
Capacity	Mt	24000	25625	30500	30500
Production	Mt	21831	22241	24038	26026
Domestic sales	Mt	19560	20736	22765	23567
Capacity utilization	%	91	87	79	85
Unutilized Capacity	Mt	2169	3384	6462	4474

It is observed that capacity, production and sales of the domestic industry increased but capacity utilization declined over the period. Thus, the domestic industry has been able to improve its volumes after imposition of anti dumping duties. It is however found that the subsequent increase in import volumes prevented further growth in production, sales. Consequently, capacity utilization declined.

43. Profit, return on capital employed and cash flow

	Unit	2004-05	2005-06	2006-07	2007-08 (POI)
Profit/(Loss) per unit	Rs/Mt	***	***	***	***
Trend	Indexed	-100	89	123	-50
Profit/(Loss) (PBT)	Rs/Lacs	***	***	***	***
Trend	Indexed	-100	94	143	-60
Profit/(Loss) (PBIT)	Rs/Lacs	***	***	***	***

Trend	Indexed	100	-146	-216	28
Return on investment(NFA)	%	***	***	***	***
Trend	Indexed	100	-108	-143	22
Cash profits	Rs/Lacs	***	***	***	***
Trend	Indexed	100	-145	-230	19
Imports volume from China PR	Mt	765	545	2075	2311

The profit of the domestic industry declined up to 2004-05, the investigation period of the China sunset review case. Profits improved thereafter with decline in import volumes. However, profitability deteriorated once again in current POI with significant increase in the imports.

44. The domestic industry was faced with low return in 2003-04, which turned negative in 2004-05. The domestic industry could significantly improve its return on investments in 2006-07. However, with decline in profits in POI as a result of increase in imports once again, return on capital employed declined in POI. In any case, the return on investments was substantially lower than the reasonable levels.

45. All the domestic producers are multi product companies and cash flow situation of the company would not be indicative of the situations in the subject product. Hence the Authority has examined cash profits over the years and the same is as shown above. The position with regard to cash flow shows the same trend as that of profits and return on investments. The domestic industry was faced with low cash flow in 2003-04, which turned negative in 2004-05. The domestic industry could significantly improve its cash profits in 2006-07. However, with decline in profits in POI as a result of increase in imports once again, cash profits declined in POI.

46. Employment, wages and productivity

	Unit	2004-05	2005-06	2006-07	2007-08 (POI)
Number of employees	Nos.	***	***	***	***
Wages	Rs/Lacs	***	***	***	***
Productivity	MT/person	***	***	***	***

The Authority observed that no significant changes in employment level. Wages have shown normal increases. Productivity, expressed in terms of production per employee shows some improvement.

Inventories

47. Average stock of finished products with the domestic industry showed declining trend.

	Unit	2004-05	2005-06	2006-07	2007-08 (POI)
Average stock	Mt	***	***	***	***
Trend	Indexed	100.00	87.71	96.61	86.24
No. of days sales in stock	Mt	***	***	***	***
Trend	Indexed	100.00	82.74	83.01	71.58

Growth

48. Large number of the injury parameters show adverse trend during the period under examination. While there was substantial improvements and positive growth in 2005-06, the same once again became negative in respect of a number of parameters, even though this was positive in respect of production, sales volumes and inventories.

G. FINAL FINDINGS:

49. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current and likely dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:

- i) The subject goods are entering the Indian market at dumped prices and dumping margins of the subject goods imported from the subject country is substantial and above de-minimis.
- ii) The Authority notes that during the sunset review, the duty was recommended in the form of reference price. It has been the contention of the domestic industry that this product is landing in India almost at the reference price recommended during the sunset review and the duty should be in fixed form. In respect of export price, as noted at para 22/ 23 of the Disclosure statement, the petitioner has highlighted (based on the DGC&IS information and of China Customs data) that the prices at which the material has been reported for customs clearance (in India) are not the prices at which the goods have been exported from China. As per the DGC&IS data, the imports during POI were 2311 MT at CIF price of US \$ 944.61 per MT whereas the China Customs shows

FOB export price of US \$ 755.37 per MT. After adjusting for ocean freight, insurance and other expenses, there still remains a gap of hundred plus US \$. Therefore, the domestic industry contended that the majority of the imports have landed at prices just to match the bench mark price. In view of this position, the Authority notes that the duty in the form of reference price has not been able to provide the desired relief.

iii) Although the production capacity, production, and sales of the domestic industry have gone up and the profitability has become less negative during the POI vis-à-vis the base year, significant increase in import volumes at dumped prices has resulted in substantial price undercutting and price suppression. The situation of domestic industry continues to be vulnerable and dumped imports from the subject country continue to cause a substantial injury to the domestic industry. Should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify.

H. Indian industry's interest and other issues

50. The Authority recognizes that the imposition of anti dumping duties might affect the price levels of the product in India. However, fair competition on the Indian market will not be reduced by the anti dumping measures. On the contrary, imposition of anti dumping measures would remove the unfair advantages gained by dumping practice, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. The Authority notes that the imposition of the anti dumping measures would not restrict imports from subject countries in any way, and therefore, would not affect the availability of the products to the consumers. The consumers could still maintain two or even more sources of supply.

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

I. Recommendations

52. Having concluded that the situation of the domestic industry continues to be vulnerable and there is likelihood of continuation or intensification of dumping and injury on account of imports from China PR if the duties are revoked, the Authority is of the opinion that the measure is required to be extended. Further, in view of the landed prices matching the reference price recommended in the sunset review, the Authority recommends imposition of duty in the fixed form.

53. Having examined the current dumping and likelihood of continuation, the Authority recommends continued imposition of Anti-Dumping Duty in place as recommended earlier by the Authority vide Final Findings Notification No. 15/10/2005-DGAD Dated 06.09.2006 published in the Gazette of India, Extraordinary, Part-I, Section-I, Dated 07.09.2006 and notified by the Central Government vide Notification No. 108/2006-Customs Dated. 16.10.2006, an anti-dumping duty equal to the amount mentioned in the corresponding entry in column (9) in the currency as specified in the corresponding entry in column (10) and as per the unit of measurement as specified in the corresponding entry in column (10) of the Table given as per like unit of measurement:

Duty Table									
Sl. No	Tariff Item	Description of Goods	Specification	Country of Origin	Country of Export	Producer	Exporter	Amount (in USD)	Unit of Measurement/Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	2831 and 2832	Sodium Hydrosulphite	All Grades	Peoples Republic of China	Any	Any	Any	372.19	Mt/US\$
2.	2831 and 2832	Sodium Hydrosulphite	All Grades	Any	Peoples Republic of China	Any	Any	372.19	Mt/US\$

54. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

R. Gopalan
Designated Authority