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No. 14/10/2010-DGAD
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)
NOTIFICATION

New Delhi the 6th May, 2011

Final Findings

Subject: Antidumping investigations involving imports of Sewing Machine Needles, originating in or exported from China PR.

No. 14/10/2010-DGAD: - Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules thereof, as amended from time to time (hereinafter referred as the AD Rules);

Initiation

2. The Designated Authority (hereinafter referred to as the Authority), having regard to 'the AD Rules', received a written application from M/s Altek Beissel Limited, Kelambakkam, alleging dumping of Sewing Machine Needles (hereinafter referred to as subject goods); originating in or exported from China PR (hereinafter referred to as the subject country).

3. Having been satisfied on the basis of positive evidence submitted by the domestic industry, the Authority vide Notification No.14/10/2010-DGAD dated 19th May 2010 published in the Gazette of India, Extraordinary, initiated Anti-dumping Investigation concerning imports of Sewing Machine Needles, originating in or exported from China PR.

Procedure

4. The procedure described herein below has been followed:

- i. The Authority notified the Embassies/Representatives of the subject country in India about the receipt of application made by the petitioner seeking investigation into dumping of the sewing machine needles, before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra;
- ii. The Designated Authority sent copies of initiation notification dated 19.05.2010 to the Embassy of the subject country in India, known exporters from the subject country, importers, consumers and the domestic industry as per the addresses made available by the applicant and requested them to make their views known in writing within 40 days of the initiation notification.

- iii. The Authority provided copies of the non-confidential version of the application to the known exporters and to the Embassy of subject country in accordance with Rule 6(3) supra.
- iv. The Embassy of the subject country in India was 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 and questionnaire sent to the exporters were also sent to them, along with the names and addresses of the exporters.
- v. The Authority sent questionnaires, to elicit relevant information to the following known exporters in subject country in accordance with Rule 6(4).

S. N.	Name of Producer/ Exporter
1	Haimen City Meitu Needlemaking Co Ltd
2	Jiangsu Mais Sewing Machine Needles Co Ltd
3	Haimen Dali Sewing Machine Needles Co Ltd
4	Sword Machine Needle Co Ltd
5	Flying Tiger Needles Co Ltd
6	Nan Fang Needle Co Ltd

- vi. In response to the above notification, none of the exporters/ producers has responded to the initiation.
- vii. Questionnaire was sent to the following known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4). However, no questionnaire response has been received from any importer of the subject goods.

S. N.	Name of Importer
1	Madura Coats Private Ltd
2	Aswin Intercontinental
3	Groz Beckert Asia Private Ltd
4	Kohinoor Impex
5	Sunny International
6	Paul Bros Company Pvt Ltd
7	Sleek Corporation
8	Needle Industries (India) Private Limited

- viii. The Authority made available non-confidential version of the evidence presented by the interested parties in the form of a public file kept open for inspection by the interested parties;
- ix. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCIS) to make available details of imports of subject goods for the past three years and period of investigation.

- x. Optimum cost of production and cost to make and sell the subject goods in India based on the information furnished by the applicant on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if Anti-Dumping duty, lower than the dumping margin, would be sufficient to remove injury to Domestic Industry.
- xi. Investigation was carried out for the period starting from 1st January 2009 to 31st December 2009 (POI). The examination of trends, in the context of injury analysis, covered the periods April 2006-March 2007, April 2007- March 2008, April 2008-March 2009 and the POI.
- xii. In accordance with Rule 6(6) of the AD Rules, the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 1st December 2010. None of the parties except the applicant presented their views in the public hearing, and were requested to file written submissions of the views expressed orally.
- xiii. The arguments made in the written submissions/ rejoinders received from interested parties have been considered, wherever found relevant.
- xiv. In accordance with Rule 16 of the AD Rules, the essential facts considered by the Authority being disclosed to the known interested parties in the present disclosure and comments received on the same have been duly considered in the final findings.
- xv. Information provided by interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, 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.
- xvi. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded this finding on the basis of the facts available.
- xviii. *** In this notification represents information furnished by an interested party on confidential basis, and so considered by the Authority under the AD Rules.

Product under Consideration and Domestic Like Article

5. The product under consideration is Sewing Machine Needles. The scope of the product under consideration includes sewing machine needles meant for both household and industrial purposes. Under each of the two groups of Sewing machine needles, there are various sizes, and point style (normal, ball point, leather point etc.) There are many types of needles, which are used for sewing woven, knit garment, leather, embroidery etc. The different needles are known by "Systems". Within each System, there are many sizes of needles. For each size there could be many point styles. Sewing Machine Needles are classified under Chapter 84 of Custom Tariff Act under the sub-heading 8452.30. The customs classification is however, indicative only and in no way binding on the scope of the present investigation.

6. Sewing Machine Needle is fitted into a sewing machine and used for sewing a number of products. Needles are used for a large variety of applications, important among them being sewing of woven garments, knit garments, embroidery, and leather. Besides, there are a number of other applications such as furnishings, doll making, book sewing, vehicle seat covers etc.

Views of the Importers, Consumers, Exporters and Other Interested Parties

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

Examination by the Authority

8. With regard to like articles, Rule 2(d) of the AD Rules provides as under: -

"like article " means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation;"

9. With regard to the possible difference between the product sold by the exporters in the Indian market and the product sold by the domestic industry, the Authority notes that none of the interested parties has disputed that there is any difference in the two products. After considering the information on record, the Authority holds that there is no known difference in product under consideration exported from the subject country and the product produced by the Indian industry. The domestic like article produced by the domestic industry is comparable to the imported subject product in terms of characteristics such as physical & chemical characteristics, functions & uses, product specifications, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.

10. Thus, the Authority holds that Sewing Machine Needles produced by the applicant domestic industry is like article to the subject goods imported from the subject country in accordance with the AD Rules.

Scope of Domestic Industry & Standing

11. The application has been filed by M/s Altek Beissel Ltd., Kelambakkam.

Views of the Domestic Industry

12. Following submissions have been made by the domestic industry with regard to standing of the domestic industry:

- i. Apart from the petitioner M/s Altek Beissel Ltd., Kelambakkam, there are three more producers of the product under consideration in India. M/s. TVS Sewing Needles Limited has suspended operations, allegedly as a result of continued dumping. The other two producers, M/s. Schmetz India Private Ltd and M/s. Groz Beckert Asia Private Ltd. are: -
 - a) 100% subsidiaries of their parent company in Germany,
 - b) export their entire production to their parent company, and,
 - c) import all needles from their respective German parent companies for re-sale in India.
- ii. Therefore, M/s Altek Beissel Ltd. is the only eligible domestic producer of the subject goods in India and constitutes domestic industry under Rule 2(b) of the Rules, 1995.
- ii. Production of petitioner constitutes a major proportion in Indian Production and therefore petitioner should be treated as “domestic industry” within the meaning of the Rules.

Views of the Importers, Consumers, Exporters and Other Interested Parties

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

Examination by the Authority

14. With regard to standing of the domestic industry, Rule 2(b) states as under:

“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 such case the term ‘domestic industry’ may be construed as referring to the rest of the producers only”.

15. The application has been filed by M/s Altek Beissel Ltd., Kelambakkam. Other known producer, M/s. TVS Sewing Needles Limited has suspended operations. M/s. Schmetz India Private Ltd. and M/s. Groz Beckert Asia Private Ltd. are 100% subsidiaries of their parent company in Germany, export their entire production to their parent company, and import all needles from their respective German parent companies for re-sale in India. Therefore their operations in the domestic market are essentially based upon imports and not from domestic production. The Authority also wrote to these manufacturers to provide inputs relating to the investigation. The Authority also wrote to the Administrative Ministry i.e DIPP to provide inputs on these or any other manufacturers manufacturing the PUC. However no response has been received either from these manufacturers or the Administrative Ministry. Thus, the Authority concludes that the applicant constitutes “domestic industry” for the purpose of the present investigations. Further, the applicant has the standing to file the case for anti dumping investigation on behalf of domestic industry as per Rule 2(b) and Rule 5(3)(a) of Anti Dumping Rules.

Normal value, Export Price and Dumping Margin

Normal Value for China PR

Views of the Domestic Industry

16. Applicants have claimed that China PR is a non-market economy. No country has granted market economy country status to China PR after following detailed evaluation procedure, examination and evaluation. They have further claimed that even China PR agreed in the accession treaty that WTO Members could use an NME antidumping methodology through December 11, 2016. China PR has been treated as non-market economy by European Commission and United States in the past three years. European Union and United States are members of World Trade Organization. In India also, the Designated Authority has treated China PR as non-market economy. The Designated Authority has treated China PR as non-market economy in practically all the investigations initiated against China PR after the amendment dated 31st May, 2002. Even after the amendment dated 4th Jan., 2003, the Designated Authority has treated China PR as a non-market economy.

Views of Producers/ Exporters from China

17. None of the producers/ exporters from China has filed any response to the investigation.

Examination by the Authority

18. The Authority notes that in the past three years, China PR has been treated as a non-market economy country in the anti-dumping investigations by other WTO Members. Therefore, in terms of para 8 (2) of the annexure 1 of AD rules, China PR has been treated as a non-market economy country subject to rebuttal of the above presumption by the exporting country or individual exporters in terms of the above Rules.

19. As per Paragraph 8, Annexure I to the Anti Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provides information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove to the contrary. The cooperating exporters/producers of the subject goods from China PR are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether:-

- a. The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
- b. The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
- c) Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
- d) The exchange rate conversions are carried out at the market rate

20. The Authority notes that none of the exporters from China PR have filed any response. As information about domestic sales price, exports to third country, cost of production in China PR and other information as per prescribed questionnaire have not been furnished by any producer/exporter in China PR. The Authority therefore holds China as Non-Market Economy for the purposes of the present investigation.

Normal Value

21. The Authority indicated, in the initiation notification that the applicant has claimed that China PR is a non-market economy. The Authority invited comments from the interested parties in accordance with para 7 of Annexure I of the AD Rules. The Authority notes that none of the producer/exporter from China PR has responded to the initiation notification. Thus, none of the Chinese producers have claimed market economy treatment. Further, none of the interested parties have offered any comment on the choice of appropriate third country for determination of Normal Value.

In view of the above, the Authority has proceeded to determine the Normal value in case of China PR in terms of para-7 of Annexure-I to the AD Rules and has determined it on the basis of "any other reasonable basis". The normal value so determined works out to Rs. 162586 (equivalent to US \$ 3325) per lac pcs of needles (Conversion rate of INR being Rs. 48.9 = 1 US \$). The Normal Value so determined in the present case is mentioned in the dumping margin table.

Export Price for China

22. With regards to imports from China PR, because of non cooperation from producers/exporters the Authority, has examined transaction wise data from Info drive and China Customs as submitted by the petitioner as also DGCI&S data obtained from DGCI&S by the Authority. The Authority notes that exports from China PR as reported by Info drive are 5,377 Lac pcs, whereas China Customs reports 5,510 Lac pcs. Further, the quantum of imports, as reported in DGCIS report was 3920 Lac pcs of product under consideration in the POI. The Authority, however, has considered information available on DGCI&S data source for determination of the net export price and consequent dumping margin. After making adjustments on account of ocean freight and overseas insurance the ex-factory export price is calculated at US\$ 148 per Lac pcs.

Dumping Margin

23. On the basis of normal value and export price as determined above, the dumping margins for exporters from subject country are determined as per table below;

Dumping Margin Calculation (Per Lac Pcs):

Source of Data	DGCI&S
Normal value(US\$)	3325
Export price(US\$)	148
Dumping margin(US\$)	3177
Dumping Margin %	2151
Import volumes (Lac pcs)	3920

24. The dumping margins so determined are significant and above de-minimis level.

Injury Determination And Examination Of Causal Link

Views of the domestic industry

25. The followings are the views of domestic industry: -

- a. The product under consideration has a long history of dumping. An investigation was earlier conducted however, no definitive duties were imposed.
- b. Gradually, imports of sewing needles from China have so significantly increased that imports from China now command practically majority of total imports into India.
- c. Export price from the subject counties has remained at dumped level during POI.
- d. Production and capacity utilization of the domestic industry declined over the injury period whereas sales volumes increased in POI after showing a decline in 2007-08 and 2008-09.

- e. Profit/Loss (PBT, PBIT and PBDIT) of the domestic industry have all shown significant decline even become negative in 2008-09 and POI.
- f. Market share of the domestic industry has remained insignificant throughout the injury period. This is due to the fact that dumped imports have remained dominant.
- g. Imports from the subject country have been undercutting the prices of the domestic industry to a significant degree.
- h. Imports from the subject country have forced the domestic industry to reduce the price steeply during investigation period. Thus, the imports were depressing the prices in this period.
- i. Employment levels with the domestic industry have declined as compared to base year.
- j. Salary & wages: - Salary and wages level with the domestic industry has increased over the injury period.
- k. Demand and market share: -Whereas the imports from China have retained a significant market share in demand, the market share of domestic industry has remained insignificant throughout the injury period.
- l. Growth: - Growth of the domestic industry in a number of parameters shows negative trend.
- m. Domestic industry has suffered material injury and is trapped in a vicious cycle of volume effect and price effect. With increase in volume of imports of the subject goods from the subject country into the Indian market as a result of excess capacity with the Foreign Producers, the domestic industry suffered from loss of sale and loss of market share. This resulted in adverse volume effect. Loss of sale forced the domestic industry to reduce their domestic selling price in order to sell the subject good in the domestic market thus resulting in adverse price effect. Resultantly, domestic Industry faced adverse volume effect and adverse price effect as a result of unfair trade practices of the exporting country.
- n. There is significant increase in the import volumes in absolute terms. This increase in imports is in spite of best efforts of the domestic industry to sell their material even at sub-optimal prices. The increase in imports would have been more, had the domestic industry not made efforts to curtail the same by offering lower prices.
- o. Price undercutting is significant. In spite of offering matching prices, there is a positive price difference between the domestic product and imported product. Given nature of the product involved, any price difference between the domestic product and imported product is not acceptable to the consumers and the domestic industry is under constant pressure for price reductions. As a result, one of the Indian producers has already suspended production after nearly three decades of operations.
- p. Should the current dumping continue, the petitioner would also be forced to suspend the production.

Views of Responding Producers / Exporters

26. None of the importers, consumers, exporters and other interested parties have raised any issues regarding injury to the domestic industry and causal link.

Examination by the Authority

27. The Authority has taken note of submissions on injury to the domestic industry and has analyzed injury considering the verified data, facts available on record and the applicable law. Injury analysis has been carried out during injury period and POI as per practice and as mandated by the Rules.

28. Annexure-II of the AD Rules provides for an objective examination of:

- a. The volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like articles; and
- b. The consequent impact of these imports on domestic producers of such articles.

29. 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.

30. 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.”

Volume Effect of dumped imports and Impact on domestic Industry

31. The Authority collected transaction wise details of imports of subject goods from DGCI&S, as also from World Trade Atlas. The Authority also examined the data as per Info-drive data source as provided by the applicant. It is noted that the imports reported in Info drive and WTA are higher than those reported in DGCI&S data source. However, for the purpose of Volume analysis and price effect of dumping in the present investigation, the analysis has been done based upon the DGCIS data, as under.

Import Volumes and share of subject country

Import Volumes and share of subject country	Units	2006-07	2007-08	2008-09	Jan09-Dec09
China(Subject country)	In Lacs	2,942	2,935	2,655	3,920
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>100</i>	<i>90</i>	<i>133</i>
Others	In Lacs	1,126	950	924	913
Total Imports	In Lacs	4,068	3,885	3,571	4,833
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>95</i>	<i>88</i>	<i>119</i>
Market Share in Imports					
China(Subject country)	%	72.30	75.55	74.18	81.11
Others	%	27.68	24.45	25.82	18.89
Production of DI	In Lacs	347	307	226	158
Imports from Subject country	In Lacs	2,942	2,935	2,655	3,920
Imports from Subject country as a %age of production	%	847.83	956.02	1174.78	2481.01

Market Share in Imports

32. As per the data shown in the above table:

- a. Imports from the subject country have increased significantly in absolute terms and in relation to imports in India when the comparison is done with the imports in the immediate preceding year i.e., 2008-09. However, when compared to the base injury period the imports volumes have gone up by around 33%.
- b. Imports from subject country have been significant in relation to production and consumption in India throughout the injury period.

Demand, Output and Market shares

Demand, Output & Market Share	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Sales of Domestic industry	In Lacs	90	61	49	70
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>67</i>	<i>55</i>	<i>77</i>
Sales of other Indian producer	In Lacs	249	255	253	-
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>102</i>	-
Imports - Subject country	In Lacs	2,942	2,935	2,655	3,920
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>100</i>	<i>90</i>	<i>133</i>
Imports - Other Countries	In Lacs	1,126	950	924	913
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>95</i>	<i>88</i>	<i>118</i>
Total Demand	In Lacs	4,407	4,201	3,881	4,903
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>95.32</i>	<i>88.06</i>	<i>111</i>
Market Share in Demand					
Domestic industry	%	2.05	1.45	1.27	1.42
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>70</i>	<i>62</i>	<i>69</i>
Other Indian Producer	%	5.64	6.07	6.52	-
Subject country	%	66.76	69.87	68.40	79.96
Other countries	%	25.55	22.61	23.81	18.62

33. The Authority notes that after determining the demand for the subject goods by addition of domestic sales and all imports from all the countries, the demand for subject goods declined during the years 2007-08 and 2008-09 over the base year. However, the demand for the subject goods increased during the POI. The increase in the demand during the POI was by around 11.25 % over the base year. Further, the market share of imports from the subject country have also increased significantly. On the other hand, the market share of the domestic industry in the total demand has declined. The share of domestic industry which was indexed at 100 in 2006-07 declined to 69 during the POI, representing a decline of as much as 31%. On the other hand, during the same period the share of imports from the subject country increased from 66.76% to 79.96%. The Authority therefore, notes that the imports from the subject country have continued to capture a significant portion of the Indian demand resulting in injury to the domestic industry during the POI.

Capacity, production and capacity utilization of the Domestic Industry

Capacity, production and capacity utilization	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Installed Capacity	In Lacs	900	900	900	900
Production	In Lacs	347	307	226	158
Capacity Utilization	%	38.53	34.15	25.13	17.60

34. Data of domestic industry on capacity, production and capacity utilization reveals that the capacity of the domestic industry remained unchanged at 900 lac pieces during the injury period. The production of subject goods shows a consistent decline throughout the injury period. The capacity of domestic industry remained under-utilized. The capacity utilization which was 38.53% during 2006-07, declined significantly to 17.60 % during the POI.

Sales volume of Domestic Industry

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Sales Volume	In Lacs	90.39	60.99	49.41	69.53
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>67</i>	<i>55</i>	<i>77</i>

35. The above data on the sales of domestic industry shows that there was a fall in the sales up to 2008-09 and then an increase in the POI. However, the level of sales in the Poi is still lower than the base year.

Price Effect of the Dumped imports on the Domestic Industry

36. With regard to the effect of dumped imports on prices as referred to in sub-rule (2) of rule 18, the Designated Authority shall consider whether there has been a significant price undercutting by the dumped imports as compared to the price of like product in India or whether 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.

37. The impact on the prices of the domestic industry on account of the dumped imports from the subject country have been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis the cost of production, Net Sales Realization (NSR), Non-injurious Price (NIP) of the Domestic industry and the landed cost of imports from the subject country have been examined.

Price suppression and depression effects of the dumped imports:

38. The price suppression and depression effect of the dumped imports has also been examined with reference to the cost of production and net sales realization of the domestic industry.

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Cost of Sales	Rs/Lac Units	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>109</i>	<i>161</i>	<i>157</i>
Selling Price (NSR)	Rs/Lac Units	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>109</i>	<i>107</i>	<i>113</i>

39. It is seen from the above table that the cost of sales increased more than selling prices of domestic industry during POI as compared to the base year. The trend shows that cost of sales increased significantly by 57% during POI as compared to base year whereas the selling price had increased by 13% during POI indicating that the domestic industry could not realize the selling price commensurate with the cost of sales, thereby causing significant price depression. The position is similar in 2008-09.

Price undercutting and underselling effects

Price Undercutting

Source of Data		DGCI&S
NSR of DI	Rs/Lac Units	***
Landed Value	Rs/Lac Units	7,993
Price Undercutting	Rs/Lac Units	***
Price Undercutting	Times	38

40. While working out the weighted average net sales realization of the domestic industry, the rebates, discounts and commissions offered by the domestic industry and the central excise

duty paid have been deducted. The weighted average landed value of imports has been calculated by adding 1% landing charge for determination of Basic Customs Duty and then adding this Basic Customs Duty to the average export / CIF prices from the subject country, as reported by DGCI&S data source.

41. It is seen that the landed price of imports of the subject goods are significantly below the selling prices of the domestic industry, resulting in significant price undercutting.

Injury Margins

Source of Data		DGCI&S
NIP of DI	Rs/Lac Units	***
Landed Value	Rs/Lac Units	7,993
Injury Margin	Rs/Lac Units	***
Injury Margin	%	2,000-2,500

42. For the purpose of Injury margin calculations, as above, the landed price of imports from subject country as reported in DGCI&S data has been compared with the NIP.

Examination of other Economic Parameters of Domestic Industry

43. After having examined the effect of dumped imports on the volumes and prices of the domestic industry and major injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other economic parameters which could indicate existence of injury to the domestic industry have been analyzed hereunder as follows:

Profits and actual and potential effects on the cash flow

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
44. Cost of Sales	Rs/Lac Units	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>109</i>	<i>161</i>	<i>157</i>
Selling Price (NSR)	Rs/Lac Units	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>109</i>	<i>107</i>	<i>113</i>
Profit/Loss	Rs/Lac Units	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>110</i>	<i>(181)</i>	<i>(125)</i>
Profit/Loss before Tax	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>74</i>	<i>(99)</i>	<i>(96)</i>
Profit before interest & tax	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>76</i>	<i>(99)</i>	<i>(96)</i>
Cash Profit	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>75</i>	<i>(32)</i>	<i>(10)</i>

The Authority notes that there has been significant deterioration in the profitability of domestic industry over the injury period. It is observed that in view of long history of dumping of the product in the Country, the profitability position of the domestic industry has remained

quite adverse. In fact, the domestic industry has been suffering financial losses in 2008-09 and the POI. As a result of financial losses, cash losses have been suffered in this period.

Return on investment and ability to raise capital

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Profit before interest & tax	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	76	(99)	(96)
Net Fixed Assets	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	67	63	107
Working Capital	Rs.Lacs	-	-	-	-
<i>Trend</i>	<i>Indexed</i>	-	-	-	-
Capital Employed	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	67	63	107
Return on Capital Employed(NFA basis)		***	***	***	***
<i>Trend</i>	<i>Indexed</i>	100	114	(158)	(90)

45. The Authority notes that the return on capital employed earned by the domestic industry followed the same trend as that of profitability and was negative in 2008-09 and POI.

Productivity

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Productivity per employee	Lac Units	2.19	2.21	1.80	1.20
<i>Trend</i>	<i>Indexed</i>	100	101	82	55
Productivity per Day	Lac Units	0.95	0.84	0.62	0.43
<i>Trend</i>	<i>Indexed</i>	100	89	65	46

46. The data on productivity per employee shows that it decreased by nearly 50% in POI from the base year.

Employment and wages

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Employment (Manpower strength)	Nos.	158	139	126	132
<i>Trend</i>	<i>Indexed</i>	100	88	80	84
Wages	Rs.Lacs	129.62	142.75	131.08	155.63
<i>Trend</i>	<i>Indexed</i>	100	110	101	120

47. The employment level has declined as the petitioner is finding it very difficult to carry on the employment and pay wages to the workers in view of continued adverse performance of the

product. In indexed form the employment declined by 16% during POI from base year. However, the wages increased by 20% in the POI as compared to base year.

Inventories

	Units	2006-07	2007-08	2008-09	Jan09-Dec09
Opening Stock	Lac Units	179.66	153.93	153.60	215.54
Closing Stock	Lac Units	153.93	153.68	230.49	209.02
Average Stock	Lac Units	166.80	153.81	192.05	212.28
Average Stock in terms of No. of Days' sales	Days	175.55	182.65	309.90	489.10
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>104</i>	<i>177</i>	<i>279</i>

48. The information about the inventory levels of subject goods is contained in the above table. It is seen that the inventory levels for the subject goods have increased as compared to the base year and previous year, 2008-09. It is noted that the petitioner was holding stock of nearly 500 days in hand in the POI. This is in spite of the fact that the petitioner has been producing at the levels significantly below the capacities installed.

Growth

49. The growth in production and capacity utilization has shown a constant decline. Though the domestic industry has shown a positive growth in sales in the POI as compared to previous year 2008-09, the capacity has remained under utilized. The profitability of domestic industry has significantly declined during the POI. The performance of the domestic industry has also deteriorated during the period of investigation in terms of return on investment and cash profit. It is also seen that the selling price is significantly lower than the cost of sales during POI, thereby causing significant price depression. Besides, the imports of subject goods are significantly undercutting the prices of the domestic industry. The price underselling was also significant.

Ability to make Investment

50. The authority notes that the domestic industry had not changed the capacity of subject goods from base year to POI. No evidence of any plans for further investment has come to the notice of the Authority.

Magnitude of Dumping

51. Magnitude of dumping as an indicator of the extent to which the imports can cause injury to the domestic industry shows that the dumping margins determined against the subject country, for the POI, are above de-minimis and significant.

Factors affecting prices

52. As already seen in the foregoing paragraphs, the imports from the subject country are undercutting the domestic prices. Comparison of cost of production and selling price of the domestic industry shows that the imports are also depressing prices of the domestic industry. It was found that the landed value per lac pieces in POI was lower than both the net selling price and non-injurious price of the product under consideration causing price undercutting and price underselling in the Indian market. As a result of price difference between the imported product's price and domestic industry's price, the imports have taken a major share in the growth in Indian demand for the subject goods.

Analysis and conclusion of Injury

53. The examination of above injury parameters indicates that the financial performance of domestic industry, which was already quite adverse even in the base year declined significantly in POI.

54. The examination of the imports of the product and performance of domestic industry clearly shows that the imports of the product under consideration have increased in absolute terms and also in relation to production and consumption in India. The imports are significantly undercutting the prices of the domestic industry in the market and the effect of the dumped imports has resulted in depression of the prices of the domestic industry in the market. Although the cost of sales has declined, the domestic selling prices have declined more than the decline in cost of sales. Further, there has been a significant price under cutting by the dumped imports as compared with the price of like product in India and the effect of such imports is to prevent price increase which otherwise would have occurred to a significant degree. With regard to consequent impact of the dumped imports on the domestic industry, performance of the domestic industry deteriorated from the base year in terms of sales, production, capacity utilization, market share, profits, cash profits & return on investments. Imports are affecting the domestic prices indicating the material injury suffered by the domestic industry as is evident by analyzing the trends from the base year. On the basis of above it is concluded that the DI has suffered material injury within the scope of AD Rules.

Causal Link and other factors

55. Having examined the existence of material injury and volume and price effects of dumped imports on the prices of the domestic industry, in terms of its price undercutting, price underselling and price suppression, and depression effects, other indicative parameters listed under the Indian Rules and Agreement on Anti Dumping, the Authority is required to examine whether any other factor, other than the dumped imports could have contributed to the injury to the domestic industry. Factors which may be relevant in this respect include, inter alia, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It was examined whether these other parameters listed under the AD Rules could have contributed to injury to the domestic industry. It was noted that:

Volume and Prices of imports not sold at the dumped prices

56. It is noted from import data that 79.96% imports as a percentage of domestic demand, are from the subject country during POI and the imports from other countries are 18.62%. Further, the imports from other countries are at a significantly higher price. Therefore, the imports from other countries do not affect the prices in the domestic market.

Contraction in demand and / or change in pattern of consumption

57. Based on quantum of imports from all sources, including the subject country and after taking into account the total production of the domestic industry and the production of other Indian producers, the authority notes that although during the years 2007-08 and 2008-09, there was marginal decline in the demand for the subject goods, during the POI the total demand for the subject goods has shown a significant increase. The increase in the demand for the subject goods during the POI was as much as 11.25% over the base year. In view of the growth in the demand for the subject goods during the POI over the base year, the Authority notes that the changes in the consumption and demand for the subject goods have not been a factor causing injury to the domestic industry.

Trade restrictive practice and competition between the foreign and domestic producers

58. The goods are freely importable. No evidence of conditions of competition or trade restrictive practices has come to the knowledge of the Authority. The Authority also notes that the imported subject goods and domestically produced goods are like articles and the imported product is sold to meet the similar applications/ end uses as domestically produced subject goods.

Development of technology

59. On the basis of examination of the records of the petitioner, the Authority concludes that development in technology has not been a relevant factor for the injury to domestic industry.

Export performance

60. The Authority notes that the petitioner has provided information with regard to domestic operations separately. Claimed injury to the domestic industry is on account of domestic operations. Hence, the Authority concludes that material injury suffered by the domestic industry may not be as a result of the export performance of the domestic industry.

Productivity of the Domestic Industry

61. Productivity of the domestic industry in terms of production per employee has shown decline in 2008-09 and during POI as compared to preceding year because of the decline in total production during the same period.

62. No other factor, which could have possibly caused injury to the domestic industry, has been brought to the knowledge of Authority.

Conclusion on Causation

63. The Authority notes that while listed known other factors do not show injury to the domestic industry, following parameters show that injury to the domestic industry has been caused by dumped imports:

- a. The landed price of imports was significantly lower than the selling price of the domestic industry. As a result of price undercutting, the consumers have resorted to higher volume of imports, thus leading to decline in market share of the domestic industry.
- b. Decline in market share has prevented the domestic industry from increasing their production and capacity utilization.
- c. Landed price of imports was undercutting the prices of the domestic industry. The imports from subject country have caused price underselling in the Indian market. Resultantly, lower import prices appear to have prevented the domestic industry from increasing their prices.
- d. Price depression effect of the imports has directly resulted in deterioration in profitability of the domestic industry and consequently the return on investment and cash profits. Thus, the decline in profits, return on investments and cash profits is apparently due to presence of dumped imports in the market.
- e. Significant deterioration in performance of the domestic industry in the period of investigation is apparently due to presence of dumped imports in the market.

Submissions made by the domestic Industry

64. The Domestic Industry has made the following post hearing written submissions:

- a. There is significant difference between the prices offered by the domestic industry and Foreign Producers. Even when the domestic industry has been offering sub-optimal prices, it is unable to enhance sales volumes to the extent of demand. Thus, low sales volumes is a direct consequence of dumped Chinese imports;
- b. An effort to enhance sales volumes resulted in reduction in the selling prices. As a direct consequence, the profits of the domestic industry declined so rapidly that

- the domestic industry went into a situation of financial losses from a situation of profits;
- c. Reduction in profits directly resulted in deterioration in return on capital employed and cash flow. Thus, deterioration in profits, return on capital employed and cash flow is directly due to dumped imports;
 - d. Consistent low volume of sales has adversely affected the production and capacity utilization. Thus, decline in production and capacity utilization is due to dumped imports.
 - e. Consistent dumping of the product and reduction in production has adversely affected employment and wages.
 - f. Persistent dumping has lead to plant closure by M/s. TVS Needles. Should the situation be allowed, domestic industry would be swiped off.
 - g. Normation: Normation may be done as per accepted costing principles.
 - h. The condition of the domestic industry is so pathetic that in case immediate relief in the form of anti dumping measure is not recommended, it would be difficult for the domestic industry to survive.
 - i. Duty be imposed as fixed quantum of duty denominated in US \$.

Examination by the Authority

65. The Authority after having examined the submissions made by the domestic Industry seeks to address the same as follows.

- a. to f. The Authority after having undertaken verification visit of the petitioner's plant concludes that material injury has been inflicted on the domestic industry as a result of severe and unprecedented dumping.
- g. The Authority takes note of these submissions and concludes that NIP has been correctly worked out in line with the consistent practice being followed by the authority in all AD Cases.

Views of other interested parties

66. None of the other interested parties have responded to the investigations.

67. However, the Authority has concluded on Causal link based on comments furnished by the interested parties.

68. The Authority would conclude its determination, after examining the submissions made by the interested parties and issues raised therein, including on this disclosure statement; and considering the facts available on record.

Magnitude of injury and injury margin

69. The Authority has determined non-injurious prices of subject goods for the domestic industry taking into account the cost of production of the domestic industry. This non-injurious price of the domestic industry has been compared with the landed values of the subject imports to determine the injury margin. The injury margins have been worked out as follows:-

	Unit	China PR
NIP	Rs./Lac Needles	***
Landed Price	Rs./Lac Needles	7,993
Injury Margin	Rs./Lac Needles	***
Injury Margin (%)	%	2000-2500%

Conclusions:

70. After examining the submissions made by the interested parties and issues raised therein; and considering the facts available on record, the Authority concludes that:

- (a) The product under consideration has been exported to India from the subject country below associated Normal values, thus resulting in dumping of the product under consideration.
- (b) The domestic industry has suffered material injury in respect of the subject goods.
- (c) The material injury and threat thereof has been caused by the dumped imports from subject country.

Indian industry's interest & other issues

71. The Authority notes that 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 product to the consumers.

72. It is recognized that the imposition of anti-dumping duties might affect the price levels of the product 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 antidumping 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 the subject goods.

Recommendations

73. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and the causal link thereof in terms of the Act and the AD Rules and having established definitively positive dumping margins concerning imports of the subject goods originating in or exported from the subject country and as well as material injury thereof to the domestic industry caused by such dumped imports; the Authority is of the view that imposition of definitive duty is required to offset the dumping and 'injury' in the instant matter. Therefore, the Authority considers it necessary to recommend imposition of definitive anti-dumping duties concerning imports of the subject goods from China PR in the form and manner described hereunder.

74. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, the antidumping duty equal to the amount indicated in Col 8 of the table below is recommended to be imposed concerning all imports of the subject goods originating in or exported from China PR:-

Duty Table

Sl. No	Heading / Sub heading	Description of goods	Country of Origin	Country of Exports	Producer	Exporter	Duty Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	8452.30	Sewing Machine Needles	China PR	China PR	Any	Any	1,55,362	Per lakh needles	Indian Rupee

Further Procedure

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

76. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Vijay Laxmi Joshi)
The Designated Authority