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**Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti-Dumping & Allied Duties
Udyog Bhavan, New Delhi – 110011**

INITIATION NOTIFICATION

Dated the 21st June, 2013

Subject: Initiation of anti-dumping investigation concerning imports of Pentaerythritol originating in or exported from Russia.

No. F.No.14/26/2012-DGAD - WHEREAS M/s. Kanoria Chemicals & Industries Ltd. (hereinafter referred to as the applicant) has filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975, as amended in 1995 (hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as the Rules), alleging dumping of Pentaerythritol (hereinafter referred to as the subject goods), originating in or exported from Russia (hereinafter referred to as the subject country), for initiation of anti-dumping investigation and for levy of anti-dumping duties on the imports of the subject goods, originating in or exported from the subject country.

2. AND WHEREAS, the Authority finds sufficient prima facie evidence of dumping of the subject goods originating in or exported from the subject country and injury to the domestic industry and causal link between dumping and injury and hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry, in terms of Rule 5 of the Anti-dumping Rules, to determine the existence, degree and effect of the alleged dumping and to recommend the amount of anti-dumping duty, which, if levied, would be adequate to remove the injury to the domestic industry.

PRODUCT UNDER CONSIDERATION

3. The product under consideration in the present investigation is Pentaerythritol. Pentaerythritol is an organic compound. The term “erythritol” indicates the presence of four hydroxyl groups, and the prefix “penta” indicates that there are five carbon atoms in the molecule. As stated by the applicant, Pentaerythritol can be produced using electro dialysis separation technology or fractional crystallization technology. There is no difference in the product properties produced through the two technologies.

Pentaerythritol produced can be of technical grade or nitration grade. The principal difference in the two grades is in purity, crystal size and uniformity of crystals. Both the grades are produced out of the same process. Pentaerythritol having purity above 98% and better crystal formation can be used in the explosive industry and therefore, this grade has been designated as "Nitration Grade" in commercial parlance. However, Pentaerythritol considered as "Nitration Grade" can be used for production of Alkyd Resins and other products (where the other grade "Technical Grade" Pentaerythritol is used). Production process, however, largely results in production of "Technical Grade". Less than 2% production results in nitration grade whereas the production of Di-Pentaerythritol is less than 0.5%. More than 97% production is of technical grade. Further, imports are primarily in technical grade. Di-Pentaerythritol and Pentaerythritol are two different kinds of products. Di-Pentaerythritol is beyond the scope of the product under consideration.

4. Pentaerythritol is mostly used in the manufacture of Alkyd Resins, Resin Esters, Plasticizers, Printing inks, Synthetic rubber, Stabilizers for plastics, Modified drying oils, Detonators, Explosives, Pharmaceuticals, and Core oils and Synthetic lubricants, etc. Pentaerythritol is classified under Chapter 29 of the Customs Tariff Act, 1975 under the Customs Code 29054200. However, Customs classifications are indicative only and in no way binding on the scope of the investigations.

DOMESTIC INDUSTRY STANDING

5. The application has been filed by M/s. Kanoria Chemicals & Industries Ltd, the major producer of the subject goods in India. The applicant has claimed that there are two more producers of the subject goods in the country namely M/s Asian Paints (India) Ltd (APL) and M/s Perstrop Chemicals India Pvt Ltd (PCIL). While APL is claimed to be primarily engaged in producing the subject goods for captive consumption purposes, PCIL is claimed to have switched over to importing subject goods in significant volumes and closed the production during POI. On the basis of information available, Authority notes that the applicant company constitutes a major proportion in Indian production. The Authority, therefore, determines that the applicant industry constitutes domestic Industry within the meaning of the Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5 of the anti-dumping Rules supra.

LIKE ARTICLE

6. The applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods. The two are technically and commercially substitutable and hence should be treated as 'like article' under the Anti-dumping Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the Indian industries are being treated as 'Like Article' to the subject goods being imported from the subject country for the purpose of the present investigation.

COUNTRY INVOLVED

7. The country involved in the present investigation is Russia.

NORMAL VALUE

8. The applicant has claimed that it has made efforts to get evidence of the actual selling price of the product concerned in the domestic market of Russia, including evidence of the price from published sources. The applicant has claimed, however, that it has not been able to procure any such information. In view of this, the applicant has claimed normal value on the basis of estimates of cost of production, duly adjusted to include selling, general & administrative costs and reasonable.

EXPORT PRICE

9. The applicant has claimed export prices on the basis of data obtained from International Business Information Services (IBIS). The data from the same source has been taken into consideration for the injury period including the POI. Price adjustments have been allowed on account of ocean freight, marine insurance, commission, port expenses and bank charges to arrive at the net ex-factory export price.

DUMPING MARGIN

10. Based on the normal value and export price, the applicant has determined dumping margin for the product. It is found that the normal value of the subject goods in the subject country is significantly higher than the net export prices, prima-facie, indicating that the subject goods originating in or exported from the subject country are being dumped, to justify initiation of an antidumping investigation. The dumping margins are estimated to be above *de minimis*.

INJURY AND CAUSAL LINK

11. The applicant has furnished evidence regarding the 'injury' having taken place as a result of the alleged dumping in the form of increased volume of dumped imports, price undercutting, price suppression and decline in profitability, return on capital employed and cash flow for the domestic industry. There is sufficient evidence of the 'injury' being suffered by the applicant caused by dumped imports from subject countries to justify initiation of an anti-dumping investigation.

PERIOD OF INVESTIGATION

12. The Authority has considered the period of investigation (POI) for the purpose of the present investigation is 1st January 2012 to 31st December 2012 (12 months). The

injury investigation period will however cover the periods April 2009-March 2010, April 2010-March 2011, April 2011-March 2012 and the POI.

SUBMISSION OF INFORMATION

13. The exporters in the subject country, Government through the Embassy, importers in India known to be concerned with this investigation and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

**The Designated Authority
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti-Dumping & Allied Duties (DGAD)
Room No. 240, Udyog Bhavan,
New Delhi-110011**

Any other interested party may also make its submissions, relevant to the investigation, within the time limit set out below.

TIME LIMIT

14. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than 40 (forty) days from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately. If no information is received within the prescribed time limit or the submitted information is incomplete, the Designated Authority may record its findings on the basis of the facts available on record in accordance with the Rules. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

SUBMISSION OF INFORMATION ON NON-CONFIDENTIAL BASIS

15. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.

16. Information supplied without any mark shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies each of the confidential version and the non-confidential version must be submitted.

17. For information claimed as confidential, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such

information cannot be disclosed and/or why summarization of such information is not possible.

18. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out / summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible of summary; a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.

19. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

20. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such confidential information.

INSPECTION OF PUBLIC FILE

21. In terms of Rule 6(7), the Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by the interested parties.

NON-COOPERATION

22. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may treat such interested parties as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(J.S. Deepak)
The Designated Authority