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

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Dated the 22<sup>nd</sup> May, 2012

**Initiation Notification**

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

**No. 14/11/2011-DGAD** - Whereas M/s Kanoria Chemicals & Industries Ltd 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 (hereinafter referred to as the Rules), alleging dumping of “Pentaerythritol” (hereinafter referred to as subject goods) originating in or exported from Saudi Arabia (hereinafter referred to as subject country) and requested for initiation of anti-dumping investigation for levy of anti-dumping duties on the subject goods.

**PRODUCT UNDER CONSIDERATION**

2. The product under consideration in the present investigation is Pentaerythritol (also referred to as subject goods hereinafter). Pentaerythritol is claimed to be an organic compound. The name “erythritol” is claimed to have been derived from “Pentaerythritol” which indicates presence of four hydroxyl groups, and the prefix “Penta” indicates that there are five carbon atoms in the molecule.

3. As stated by the applicant, Pentaerythritol can be of technical grade or nitration grade. The principal difference in the two grades is claimed to be in purity, crystal size and uniformity of crystals. Both the grades are claimed to be produced out of the same process. It has been submitted that gradation comes into picture only after production and at the stage of analytical testing of the

product. Pentaerythritol having purity above 98% and better crystal formation is stated to 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 also be used for production of Alkyd Resins and other products (wherever the other grade “Technical Grade” Pentaerythritol is used).

4. The product 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. The product falls under customs classification 29054200. However, Customs classifications are indicative only and in no way binding on the scope of the investigations.

### **Like Articles**

5. 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.

### **DOMESTIC INDUSTRY STANDING**

6. 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.

### **COUNTRY INVOLVED**

7. The country involved in the present investigation Saudi Arabia.

### **NORMAL VALUE**

8. The applicant has constructed normal value based on estimates of cost of production of domestic industry, due to unavailability of the evidence of the price at which the material is being sold in the subject country. The Authority has therefore considered prima facie the normal value of subject goods in the subject country on the basis of constructed value for the purpose of initiation of investigation.

### **EXPORT PRICE**

9. Export price of the subject goods from the subject countries has been estimated by the applicant considering transaction-wise import data collected from Secondary Sources, after making price adjustments on account of Ocean Freight, Marine Insurance, Inland Freight and Port expenses.

### **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 antidumping investigation.

### **INITIATION OF ANTI DUMPING INVESTIGATIONS**

12. In view of the above the Authority finds that sufficient prima facie evidence of dumping of the subject goods from the subject country , injury to the domestic industry and causal link between the dumping and injury exist and therefore the Authority , in terms of Rule 5 of the Anti Dumping Rules hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry, to determine the existence , degree and effect of any alleged dumping and recommend the amount of anti dumping duty , which, if levied , would be adequate to remove the injury to the domestic industry .

### **PERIOD OF INVESTIGATION (POI)**

13. The petitioner had proposed 1st April, 2010 to 30th June, 2011 (15 months) as the POI. However, for ensuring fair analysis on the basis of updated data, the Authority determines the Period of Investigation (POI) for the purpose of the present investigation as 1st January, 2011 to 31st December, 2011 (12 months). The injury investigation period will, however, cover the period 2008-09, 2009-10, 2010-11 and the POI.

### **14. SUBMISSION OF INFORMATION**

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 it's submissions, relevant to the investigation, within the time limit set out below.

15. **TIME LIMIT**

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.

16. **SUBMISSION OF INFORMATION ON NON-CONFIDENTIAL BASIS**

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

17. **INSPECTION OF PUBLIC FILE**

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.

**Vijaylaxmi Joshi**  
Designated Authority