

14/41/2010-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 7th December 2010

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping Duty investigation concerning imports of ‘Morpholine’ originating in or exported from China PR, European Union and USA.

No.14/41/2010-DGAD: M/s. Balaji Amines 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 from time to time (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 AD Rules) for initiation of Anti-Dumping Duty investigation concerning imports of ‘Morpholine’ (hereinafter also referred to as the subject goods) originating in or exported from China PR, European Union and USA (hereinafter also referred to as the subject countries).

2. AND WHEREAS, the Authority finds that sufficient evidence of dumping of the subject goods originating in or exported from the subject countries, ‘injury’ to the domestic industry and causal link between the alleged dumping and ‘injury’ exist to justify initiation of an anti-dumping investigation; the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the AD Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the ‘injury’ to the domestic industry.

Domestic Industry & ‘Standing’

3. The Application has been filed by M/s. Balaji Amines Ltd. on behalf of the domestic industry. As per information available on record, M/s. Balaji Amines Ltd. is the sole producer of the subject goods in India. Thus, the production of M/s. Balaji Amines Ltd. accounts for a major proportion of the total domestic production of the like article and is more than 50% of Indian production of the like article. The application thus satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD Rules.

Further, M/s. Balaji Amines Ltd. is proposed to be treated as “domestic industry” within the meaning of Rule 2(b) of the AD Rules.

Product under consideration

4. The product under consideration is 'Morpholine'. It has been stated that Morpholine is an extremely versatile chemical and is used as a chemical intermediate in the rubber industry, in corrosion control, and in the synthesis of a large number of drugs. It is also used for crop protection agents, dyes and optical brighteners. Morpholine is a solvent for a large variety of organic materials, including resins, dyes and waxes. It can be used as a catalyst.

Morpholine is used in the in toiletry and cosmetic products at concentrations up to 5% (Cosmetic Ingredient). It can be use for in the several direct and indirect food additive applications. Morpholine is used as intermediates for rubber accelerators and as corrosion inhibitor in steam boiler systems. It is used for optical brighteners in detergent formulations. Morpholine derivatives are used in rubber vulcanization, stabilization and the manufacture of special high-speed tyres. Morpholine may be released during rubber processing. Morpholine has volatility similar to water. Morpholine derivatives such as *N*-methyldmorpholine and *N*-ethylmorpholine are used as Catalysts for the production of polyurethane foams. Morpholine derivatives are also used as analgesics and local anesthetics, antibiotics, antimycotics and for plaque control in dentistry. Morpholine is used in several direct and indirect food additive applications. Morpholine is used by the cosmetic industry also.

The product falls under customs classification 2933.39.17. It has, however, been contended that Morpholine has been imported under several Customs Tariff-head's classifications. Thus, the Customs classification is indicative only and is in no way binding on the scope of the present investigation.

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 AD Rules.

Therefore, for the purpose of the present investigation, the subject goods produced by the applicant in India is being treated as 'Like Article' to the subject goods being imported from the subject countries.

Subject Countries

6. The countries/territory involved in the present investigation are China PR, European Union and USA.

Normal value for China PR

The Applicant has submitted that China PR is a NME. Further, Normal value could not be determined on the basis of price or constructed value in a market economy third country by them for the reason that the relevant information is not available to the Applicant. It has been further submitted that India is an appropriate surrogate country for Chinese producers. For the purposes of initiation, the Normal value claims have been moderated by resorting to the Constructed method of determination of Normal value for exporters/producers from China PR.

Normal value for EU and USA

7. The applicant has constructed the normal values in respect of subject countries stating that neither they were able to get any documentary evidence or reliable information with regard to domestic prices of the subject goods in the subject countries nor the same are available in the public domain. The Authority has prima-facie considered the normal value of subject goods in subject countries on the basis of constructed values as made available by the applicants for the purpose of this initiation.

Export Price

8. The applicant has claimed export prices on the basis of data obtained from IBIS. Price adjustments have been allowed on account of Ocean Freight, Marine Insurance, Inland Freight and Port expenses to arrive at the net export price.

Dumping Margin

9. The applicant has provided sufficient evidence that the normal values of the subject goods in the subject countries are significantly higher than the net export prices, prima-facie indicating that the subject goods originating in or exported from the subject countries are being dumped, to justify initiation of an antidumping investigation.

Injury and Causal Link

10. 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 industries. 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.

Period of Investigation

11. The period of investigation (POI) for the purpose of present investigation is **1st July 2009 to 30th June 2010 (12 months)**. The injury investigation period will however cover the periods April 2006-March 2007, April 2007-March 2008, April 2008-March

09, April 2009–March 2010 and the POI. For threat of material injury, the data beyond the POI would also be examined.

Submission of information

12. The known exporters in the subject countries and their Governments through their Embassies in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

**The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
Room No.243, Udyog Bhawan,
New Delhi -110107.**

Time limit

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of publication of this notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the 'facts available' on record in accordance with the AD Rules.

Submission of Information on Non-Confidential basis

14. All interested parties shall provide a confidential and non-confidential summary in terms of Rule 7 (2) of the AD Rules for the confidential information provided as per Rule 7 (1) of the AD Rules. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

Notwithstanding anything contained in para above, 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 authorise its disclosure in a generalised or summary form, it may disregard such information.

Inspection of Public File

15. In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

Non-cooperation

16. 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 record its findings on the basis of the facts available to it and make such recommendations to the Central Governments as deemed fit.

(P. K. Chaudhery)
The Designated Authority