

F.No.14/10/2007 –DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti dumping & Allied Duties
Udyog Bhavan, New Delhi

Dated, the 23rd September, 2008

Notifications

PRELIMINARY FINDINGS

Subject: Anti-Dumping investigation concerning the imports of Cable Ties originating in or exported from China PR and Taiwan.

1. **NO.14/10/2007-DGAD:-** Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the 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) thereof:

2. Whereas M/s. Surelock Plastics Pvt. Ltd, Mumbai (hereinafter referred to as the Applicant) 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 the 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 Cable Ties (hereinafter referred to as subject goods) originating in or exported from China PR and Taiwan (herein after referred to as subject countries) and requested for initiation of Anti Dumping investigations for levy of anti- dumping duties on the subject goods.

3. And whereas the Authority on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, after examination of the same with regard to adequacy and accuracy issued a public notice dated 1st January 2008 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods originating in or exported from the subject countries in accordance with the Rule 6 (1) of the Rules to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which, if levied, would be adequate to remove the injury to the domestic industry.

A. PROCEDURE

4. The procedure described below has been followed with regard to this investigation by the Authority.

- i) The Authority notified to the Embassies of subject countries in India about the receipt of dumping application made by the Applicant before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra;
- ii) The Authority sent copies of initiation notification dated 1st January, 2008 to the Embassies/Trade Representatives of the subject countries/territories in India, known exporters from the subject countries, importers and the domestic industry as per the addresses made available by the applicants and requested them to provide relevant information and 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 Embassies/Trade Representatives of China PR and Taiwan in accordance with Rule 6 supra.
- (iv) The Embassies/trade representatives of China PR and Taiwan in India were informed about the initiation of the investigation in accordance with Rule 6 with a request to advise the exporters/ producers from their countries to respond to the questionnaire within the prescribed time. A copy of the letters and questionnaire sent to the exporters/producers was also sent to them, along with the names and addresses of the exporters.
- (v) The applicant requested the Authority to treat China PR as a non-market economy country for the purpose of present investigations. The Authority informed the known exporters from China PR that it proposes to examine the claim of the applicant in the light of para (7) & (8) of Annexure-I of the Anti-Dumping Rules as amended. The concerned exporters / producers of the subject goods from China PR were therefore advised to furnish necessary information/ sufficient evidence, as mentioned in sub-paragraph (3) of paragraph 8 to enable the Designated Authority to consider whether market economy treatment should be granted to cooperating exporters/producers who could demonstrate that they satisfy that market conditions prevail in their case.
- (vi) The Authority sent questionnaire, to elicit relevant information to the following known exporters in subject countries in accordance with Rule 6(4);
 - 1. Hua Wei Industrial Co.Ltd. (Giantlok)
1048, Xiang Da Rd, Zhaotun Town
Qingau Country, Shanghai , China PR
 - 2. (Yueqing) Gaulin (Huaxin) Electricappratus Factory
`Zhuyang Industrial Zone
Yueqing, Yuecheng, Zhejiang
China PR

3. Power Industry Part Book Enterprise
ZKE JIANG PHOENIX ELECTRIC POWER FITTING CO. LTD.
Zhejiang Liushi Jiayi.
4. Co- Talent n Limited (CTNL)
Unit No. 4, 3/F1, WlinFu Centre,
30, Shiag Yip Street
Kwun Tong, Kowloon, Hong Kong
China Factory: Meizhou, Guangdong,
China PR
5. Kaygo Plastics Manufacturing Co.Ltd.
No. 58, Liule Road, Liushi Town
Wenzhou, Zhejiang
China PR
6. Zhejiang Giujing Meters Co.Ltd.
No.18 Fenjin Road,
Dongfeng Ind Zone
Liushi Tower,
China PR
7. Yueging Qiligang Plastics Manufacturers Co.ltd.
Huaxi Indl. District Huanghua Town
Yueging, Zhejiang
China PR
8. Wenzhou Yongji Electric Equipments
R.No. 2515-16, Harbor Mansion No.12 Changjieng Road, Dlian
China PR
9. V.Y.Cables Accessories Co.Ltd.
88, Sheng Li Road, Jen-The Hsiang Taiwan HsieTaiwan
- 10.Kai Sun Suh Enterprise Co.Ltd.
38, Yeh Ping N.Road, Sec.1, Taipei
Taiwan R.O.C
- 11.Giantlok1,20th Road, Taichung Industrial Park
Taichung, Taiwan ROC
- 12.AVC
No. 248-27, Hsin Sheng Road
Chien Zhen District, Kaoshiung City
Taiwan

(vii) In response to the initiation notification no exporter/producer from china PR and Taiwan has responded to the questionnaire.

(viii) A questionnaire was sent to the following known importers/user associations of the subject goods for necessary information in accordance with Rule 6(4):

1. Krishna Electronics,
2, Digambar Jain Temple Road, 4th Floor
Kolkata.
2. Anandi International , Kolkatta
1, Netai Halder Street
Kolkata –7
3. Multi Impex, Chennai
145 Linghi Chetty Street
1st Floor,
Chennai – 600 001
4. P.S. Enterprise,Kolkatta
32, Ezra Street,
Room No. 518,
Calcutta (W.B) – 700 001
5. Sumati Chand Bothra,Kolkatta
32, Ezra Street, 2nd floor,
Room No. 272(N)
Calcutta (W.B) – 700 001
6. Wire & Cable Corporation, New Delhi
4, Sona Bazar, Bhagirath Palace, Delhi – 110 006
7. Choudhary International
KD-47A Ashok Vihar,
Phase-I, Delhi – 110 052
8. B.B. Corporation, Chennai
No.3, Davidson Street,
Ground Floor,
Chennai – 600 079
9. Hirawat Marketing Services,Kolkatta
32, Ezra Street,
Room No. 518
Kolkata - 700 001

10. Jeetendra Kumar Modi,
2, Digamber Jain Temple Road,
4th Floor, Kolkata – 700 007.
11. Shah Enterprises, Mumbai
147, Lohar Chawl
Tawawala Bldg.
2nd Floor, R.No.45
Mumbai – 400 002
12. Krishna Commercial Corpn.Chennai
#2, Venkatachala
Mudali Lane, 2nd Floor
Chennai – 600 003
13. Pranav Electricals, Vadodara
C/o. Ashish Electricals & Electronics
13, Rajlaxmi Complex
Old Padra Road
Vadodara – 390 007
14. Modi Industrial Interface
82/1-2, 2nd Floor, Prabha Market
A.M.Lane Chickpet Cross
Bangalore – 560052

(ix) In response to the above notification the following importers/interested parties have filed their submissions.

- (a) M/s. P.S. Enterprise(The Electrical People)
32, Ezra Street, Kolkata-700001.
- (b) M/s. Hirawat Marketing Services,
32, Ezra Street, Kolkata-700001.
- (c) M/s. Anixter India Pvt. Ltd.,
163, Luz Church Road, Mylapore,
Chennai-600004
- (d) M/s. Modi Industrial Interface,
82/1-2, 2nd Floor, Prabha Market,
A.M. Lane, Chickpet, Bangalore-560 053.
- (e) M/s. Talawat Trading Co.,
145-F, NSC Bose Road, Chennai-600079.

(f) M/s. Yash Syndicate Pvt. Ltd.
194/4, Bangur Avenue, 2nd Floor, 'B' Block,
Kolkata-700 055.

(g) M/s. Anandi International
1, Netai Halder Street
Kolkata –700 007

(h) M/s. Shefali Enterprises,
11, Yusuf Building, Ground floor,
70, Mangaldas Road, Lohar Chawl, Mumbai-400002

- (x) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years and for the period of investigations. Information received from the DGCI&S, has been relied upon in the present findings;
- (xi) The Authority kept available 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 as per Rule 6(7).
- (xii) 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 dumping margin would be sufficient to remove injury to the Domestic Industry. For the purpose, domestic industry was directed to provide its cost of production duly certified by a practicing cost accountant.
- (xiii) *** in this Notification represents information furnished by the applicant on confidential basis and so considered by the Authority on merits under the Rules.
- (xiv) The Period of Investigation for the purpose of the present investigation is 1st April, 2006 to 30th June, 2007 (15 months). The examination of trends in the context of injury analysis covered the period from 1st April 2003 to the end of the POI.
- (xv) The Authority provided opportunity to the importers/ industrial users of the product under consideration to furnish information considered relevant to the investigation regarding dumping, injury and causality.

- (xvi) The Authority satisfied itself with regard to accuracy of the information provided by the interested parties to the extent considered necessary at this stage.
- (xvii) A copy of the non-confidential application was also provided to other interested parties, wherever requested.
- (xviii) The Authority in this case has considered the data relating to customers' price and costing as confidential as the disclosure of the same may give the competitive advantage to the other interested parties. The data relating to volumes of domestic industry has not been treated as confidential.

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

5. The product under consideration in the present petition is Cable Ties. Cable Ties consists of sturdy nylon tape with an integrated gear rack and on one end a ratchet within a small open case. This is an economical and versatile method of Cable/Wire bunching systems. Cable Ties are known by several names e.g. non-releasable or releasable (reusable) tags, straps, zip ties, tie wrap, rat belt etc. and produced & sold in different sizes as per requirement of the customers. Cable Ties are a one piece moulded mechanism with no metal barbs or cumbersome wedges having fastening and self locking device. Once a non-releasable cable tie is pulled through, it prevents from being pulled back allowing tighter pulling only. Cable ties are generally single use devices. However reusable Cable Ties are also produced according to the demand of the customers.

6. The subject goods are made of Nylon falling under chapter 39.26 of the Customs Tariff Act, 1975, under Subheading 39.2690/3926.9010. However the customs classification is indicative only and is in no way binding on the scope of the present investigation

7. Rule 2(d) of AD Rules defines Like Article as "*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*".

8. The Applicant claimed that there is no significant difference in the subject goods produced by the domestic industry and exported from the subject countries. Subject goods produced by the domestic industry are comparable to the imported ones from subject countries 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. Both are technically and commercially substitutable and hold close resembling characteristics. It has been claimed that the consumers have used the two interchangeably. The investigation has not shown any possible significant difference between the imported and domestic product. There is no claim from any interested party that there is significant difference

between the subject goods produced by the domestic industry and that imported from subject countries.

9. The applicant has claimed that goods produced by them are like article to the goods originating in or exported from China PR and Taiwan and the imported subject goods bear the same technical properties as well as function & uses and are being used by same category of consumers.

10. After considering the evidence on record, product under consideration produced by the domestic industry is being treated as like article to the goods being imported from the subject countries within the meaning of the Anti Dumping Rules.

C. Domestic Industry and Standing

11. The application was filed by M/s. Surelock Plastics Pvt. Ltd. Mumbai as domestic industry. The applicant calimed that there are four other producers of subject goods in India, namely M/s. Microsign Products, Bhavnagar, M/s.Novaflex Mktg. Pvt. Ltd. Kolkata, M/s. Blackburn & Co. Pvt. Ltd. 24, Parganas(South) West Bengal and M/s. Flu-Con Enterprises, Mumbai, out of which two are importers of product under consideration and accordingly such producers may be deemed not to form part of domestic industry, in terms of Rule 2 (b) of the Rules which 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 which case such producers shall be deemed not to form part of domestic industry”.

12. The applicant claimed that the petitioner holds over 81 % of the total domestic Production of the subject goods and that they constitute the domestic industry within the meaning of Rule 2(b) of the rules supra (as the production of the applicant company constitute more than 50 % of total Indian production).

13. The Authority notes that there are no arguments from the interested parties or the exporters that the applicant does not meet the criteria of standing as laid down under the Rules. The Authority determines that applicant producer satisfy the criteria of standing to file the application on behalf of the domestic industry in terms of Rule 5(3).

D. De- Minimis Limits

14. The applicant provided import statistics from two sources in the application with DGCI&S data covering upto 30th June 2006 and Info-Drive service, covering the entire injury period. Subsequently, DGCI&S statistics covering the entire injury investigation period was called by the Authority. . The transaction wise data for the injury period has

been received from the DGCI&S in which discrepancies have been noted and hence data available from secondary sources has been considered to determine CIF export price. The Authority notes that the quantities imported from each of the subject countries during the POI were above the de minimis limits prescribed under the Rules.

E. Determination of Dumping Margin

E.1 Methodology of Determination

15. There is no response from any producer/exporter from China PR and Taiwan. The Authority has recorded these findings on the basis of best available information in view of non cooperation from the exporters from the subject countries.

16. The Authority notes that the Hon'ble Supreme Court of India, in the Civil Appeal No.1294 of 2001, M/s. Reliance Industries Ltd. Vs. Designated Authority and others has held that the normal value is not exporter-specific but exporting country-specific.

17. In pursuance of the above orders, normal value of the subject goods for the subject countries has been determined. These country-specific normal value has been compared with the export prices determined in absence of any response from the producer/exporter of the subject countries.

E.2 China PR and Examination of Market Economy claims

18. The domestic industry has claimed that China PR is a non-market economy country and therefore, the normal value in the case of China PR is required to be determined as per procedure described in Para 7 of Annexure I to the Anti Dumping Rules. 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. None of the producers/exporters from China PR have responded to the Authority. There is no claim for treatment of market economy status by any Chinese producer/exporter. Therefore, in terms of para 7 and 8(2) of the Annexure I of Anti Dumping Rules, China PR has been treated as a non-market economy country, provisionally, subject to final determination.

E.3 NORMAL VALUE

19. No exporter from the subject countries have cooperated in the investigation to enable to determine normal value and export price of the subject goods in their countries. Therefore, normal value, export price and dumping margin have been determined on the basis of facts available in terms of Rule 6 (8) of AD Rules read with Article 6.8 of the Agreement.

Normal Value in China P.R.

20. Normal Value for China PR has been constructed on the basis of international prices of major raw material (Nylon) by reducing ocean freight and marine insurance

amount from the international price. Other raw materials, conversion cost, general and administrative expenses has been adopted as per domestic industry's cost of production together with a 5% margin of profit (excluding interest). The normal value so constructed in case of China PR is determined as Rs.**** per Kg (Us\$ **** per kg @Rs44.93 per US\$).

Normal Value in Taiwan

21. Normal value for Taiwan has been constructed on the basis of international prices of major raw material (Nylon) at Taiwan by reducing ocean freight and marine insurance amount from the international price. Other raw materials, conversion cost, general and administrative selling expenses has been adopted as per domestic industry's cost of production together with a 5% margin of profit(excluding interest). The normal value so constructed in case of Taiwan is determined as Rs. **** per Kg (US\$ **** per kg@Rs.44.93 per US\$).

Export Price

22. At the time of petition, transaction-wise data from secondary sources was provided by the domestic industry. The transaction wise data from DGCI&S has been called for the POI and previous three years. The transaction wise data for the injury period has been received from the DGCI&S in which discrepancies have been noted and hence data available from secondary sources has been considered to determine CIF export price. The CIF export price as per the import data from secondary sources is Rs. 60.91 per Kg. in case of China PR and Rs. 125.92 per Kg. in case of Taiwan respectively. After considering price adjustments, as provided by the domestic industry on account of ocean freight & marine insurance, the ex factory export price has been determined as Rs. **** per Kg. for China PR and Rs. *** per Kg. for Taiwan respectively. Considering the one US\$ @ Rs. ***, the ex factory export price has been determined as US \$ *** for China PR and US\$ *** for Taiwan..

E.4 Dumping Margin

23. The details of dumping margin are as under:

	Rs./Kg – China PR	\$ / Kg- China	Rs./Kg - Taiwan	\$ / Kg - Taiwan
CNV	****	****	****	****
Net E.P.	****	****	****	****
DM	****	****	****	****
DM %	342%	342%	108%	108%

It is evident from above table that the dumping Margin from China PR and Taiwan are significant.

F. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINK

F.1 Views of the domestic industry

24. The domestic industry has submitted that share of imports from subject countries i.e. China PR and Taiwan have increased not only in relation to total imports but also in comparison to total demand and total production during the period of investigation as compared to the base year 2003-04. The dumped imports from subject countries have affected the domestic prices and the price undercutting and price underselling are significant during the period of investigation. The market share, capacity utilization, profitability, return on investment, cash flow, growth etc. have declined over the injury and investigation period. The sales of the domestic industry have increased, however the increase in sales is less than the increase in demand. The margin of dumping from both China PR and Taiwan are significant during the period of investigation.

F.2 Examination by the Authority

25. The Authority has taken note of various arguments raised by the interested parties in their submissions.

F.2.1 Cumulative Assessment

26. Article 3.1 of the ADA and Annexure II of the AD 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 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 a 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 prices to a significant degree or prevent price increase which would have otherwise occurred to a significant degree.

27. For the purpose of injury analysis the Authority has examined the impact of dumped imports of the subject goods on the domestic industry and its effect on production, capacity utilization, sales, prices and profitability, etc. to examine the existence of injury and causal links between the dumping and injury, if any.

28. Since positive dumping margins have been established for the exports from the subject countries, therefore, entire exports from the subject countries have been treated as dumped imports for the purpose of injury analysis and causal links examinations. The Authority has observed that:

- (a) The imports from China PR have increased in absolute terms as same has increased more than four times during POI as compared to the base year. The imports have increased significantly in the investigation period.
- (b) Imports from Taiwan have also increased in absolute terms. The imports during POI have been more than two times of the imports made during the base year and significantly increased in the investigation period.
- (c) Increase in imports in absolute terms has lead to increase its market share and decrease in the market share of the domestic industry.

F.3 Volume Effect

F.3.1 Import volumes and market share:

29. The Authority has examined the imports data from other secondary sources (i.e. Info Drive, Mumbai) provided by the domestic industry and the import volumes from the subject countries are as under:

	Unit	2003-04	2004-05	2005-06	POI	POI (Annualised)
China	MT	29	13	15	152	122
Taiwan	MT	122	92	169	323	258
Total from subject countries	MT	151	105	184	475	380
Trend	Indexed	100	70	122	251	251
Other Countries	MT	0	3	0	28	23
Total Imports	MT	151	108	184	503	403
Trend	Indexed	100	72	122	267	267

From above it is evident that imports from subject countries have increased in absolute terms and has increased by 251% from the base year 2003-04 to POI.

30. From the imports data available from various sources and sales of the domestic industry the total demand of cable ties in India have been as under:

Assessed Demand		2003-04	2004-05	2005-06	POI	POI (Annualised)
Sales of Domestic industry	MT	*****	*****	*****	*****	*****
Imports from China PR	MT	29	13	15	152	122

Imports from Taiwan	MT	122	92	169	323	258
Imports from subject Countries	MT	151	105	184	475	380
Import from Other Countries	MT	0	3	0	28	23
Total demand	MT	****	****	****	****	****
Trend		100	97	137	293	244

The demand for the product has increased in absolute terms to the extent of 244% from the base year 2003-04 to POI.

F.3.2 Effect of dumped imports on the prices of domestic industry

31. The effect of dumped imports on the prices of the domestic industry has been examined in terms of (a) price undercutting (b) price underselling (c) price depression and (d) price suppression and are as under:-

a) Price undercutting

32. The price undercutting due to dumped imports from the subject countries has been significant during injury period and POI as detailed in the table below:

	(Rs.per kg.)				
	2003-04	2004-05	2005-06	POI	POI(annualized)
Net Sales Realisation	****	****	****	****	****
Landed Value of Imports					
China PR	36	51	52	70	70
Taiwan	128	103	107	144	144
Subject countries	99	90	100	120	120
Price undercutting Rs./MT					
China PR	****	****	****	****	****
Taiwan	****	****	****	****	****
Subject countries	****	****	****	****	****
Price undercutting (% - range)					
China PR	85-90	80-85	80-85	75-80	75-80
Taiwan	50-55	60-65	65-70	50-55	50-55
Subject countries	60-65	65-70	65-70	60-65	60-65

b) Price underselling:

33. The price underselling due to dumped imports has been as under:

	Rs./Kg.	Price Underselling	
		Rs./Kg.	% (range)
Non Injurious Price	*****		
Landed value			
China PR	70	****	75-80
Taiwan	144	****	52-58
Subject countries	120	****	60-65

c) Price Depression and Price Suppression:

34. The price suppression effect of the dumped imports has also been examined with reference to the cost of sales, net sales realization and the landed values from the subject countries as per the table given below:-

Particulars	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Cost of Sales	Rs./Kg.	*****	*****	*****	*****	*****
Trend	Indexed	100	106	136	150	150
Net Sales Realisation	Rs./Kg.	*****	*****	*****	*****	*****
Trend	Indexed	100	102	112	114	114
Landed Price - China	Rs./Kg.	36	51	52	70	70
Landed Price – Taiwan	Rs./Kg.	128	103	107	144	144

From above table it is evident that though cost of sales and net sales realization of the subject goods has increased during injury period, trend of increase in the sales realization has been lower than that in the cost of sales and domestic industry has been prohibited to raise its prices commensurate to the increase in the cost by the dumped imports causing price suppression. Selling price of the domestic industry has marginally increased during the injury period and has been far less than cost of sales depressing the prices of the domestic industry.

Examination of other injury parameters

35. The Authority has examined the consequent impact of dumped imports on the domestic industry in terms of various economic factors and indices having a bearing on the domestic industry as explained below:

- (i) **Sales quantities:** Domestic sales quantities increased from *** MT in 2003-04 to *** MT during POI recording a increase of 104% as shown in the table below:

	2003-04	2004-05	2005-06	POI	POI(annualized)
Domestic Sales (MT)	****	****	****	****	****
Domestic Sales (indexed)	100	138	161	204	204

However increase has been less than the increase in demand.

- (ii) **Market share:** The market shares of the domestic industry, imports from subject countries and imports from other countries are tabulated below:

(Quantity in MT)

	2003-04	2004-05	2005-06	POI	POI (annualized)
China PR	29	13	15	152	122
China (Indexed)	100	45	52	421	421
Taiwan	122	92	169	323	258
Taiwan (Indexed)	100	75	139	211	211
Subject countries	151	105	184	475	380
Subject Countries (Indexed)	100	70	122	251	252
Other Countries	0	3	0	28	23
Domestic Industry	****	****	****	****	****
Domestic Industry (Indexed)	100	138	161	204	204
Total Demand	****	****	****	****	****
Share in demand %					
China PR	12	6	5	21	21
Taiwan	51	39	51	44	44
Subject countries	63	45	56	65	65
Other Countries	0	1	0	4	4
Domestic industry	37	54	44	31	31
Total	100	100	100	100	100

The market share of the subject dumped imports has increased from 63% to 65% over the injury period and that of domestic industry has declined from 37% in base year to 31% during the same period. The market share of the Domestic Industry was 37% in 2003-04 and increased to 54% in 2004-05. It declined to 44% in 2005-06 and further declined to 31% in POI, while the demand of the subject goods has increased by 244% from 2003-04 to POI. It is evident that the dumped imports have adverse volume effect.

- (iii) **Output & Utilisation of capacity:** Production of domestic industry increased from *** MT during 2003-04 to *** MT during POI recording an increase of 125%. Capacity was increased by 120% from *** MT to *** MT during 2005-06. Capacity utilization increased from ***% in 2003-04 to ***% in 2004-05 came down to ***% during 2005-06 and increased to *** % during POI.

[Quantity in MT]

Particulars	2003-04	2004-05	2005-06	POI	POI (Annualized)
Installed Capacity (MT)	125	125	275	344	275
Production (MT)	*****	*****	*****	*****	*****
Production (indexed)	100	133	183	226	226
Capacity utilization (%)	*****	*****	*****	*****	*****

The above table shows that domestic industry is left with significant idle capacity.

- (iv) **Productivity:** The domestic industry did not record any fall in productivity due to increase in capacity and demand.

	2003-04	2004-05	2005-06	POI	POI (annualized)
Production (MT)	*****	*****	*****	*****	*****
No. Of employees	*****	*****	*****	*****	*****
Productivity per employee (MT)	5.93	7	9.05	10.05	10.05

(v) **Profits & Return on Investment**:: Profits and return on investment of the domestic industry over the years are as under:-

Particulars	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Selling Price	Rs./Kg.	*****	*****	*****	*****	*****
Trend	Indexed	100	102	112	114	114
Cost of Sales	Rs./Kg.	*****	*****	*****	*****	*****
Trend	Indexed	100	106	136	150	150
Profit/loss per Kg.	Rs./Kg	*****	*****	*****	*****	*****
Trend	Indexed	100	90	56	28	28
Profit before interest & tax	Rs/Lacs	*****	*****	*****	*****	*****
Trend	Indexed	100	124	100	96	78
Capital Employed (NFA)	Rs/Lacs	*****	*****	*****	*****	*****
Trend	Indexed	100	128	186	174	174
Return on capital employed	%	*****	*****	*****	*****	*****
Trend	Indexed	100	97	55	45	45

- (a) It is evident that the Selling Prices have increased by 14% only from 2003-04 to POI while cost of sales have increased by 50% during the same period. The Selling Price has not been commensurate with increase in cost of sales and has resulted in decline in profitability of the domestic industry.
- (b) The profitability per unit of sale declined significantly over the investigation period, in spite of significant increase in the sales volumes.
- (c) As a result of decline in profitability, return on capital employed has declined over the injury period i.e. in spite of higher production and sales volumes; there was a declining trend in returns on investment to the domestic industry.

- (vi) **Inventory:** Inventory levels have come down marginally during POI as compared to 2005-06. Inventories of finished goods with the domestic industry has been as under:-

Particulars	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Average Inventories	MT	*****	*****	*****	*****	*****
Trend	Indexed	100	75	140	130	130

The Inventories of the domestic industry has increased over the base period, in spite of decline in capacity utilization. The inventories started increasing in 2005–06. It was the time when the imports have also started increasing. The domestic industry faced with the problem of blocked funds in its inventories that could not be sold due to cheaper imports from the subject countries.

- (vii) **Cash flow :** Cash flow situation measured in terms of cash profit has been as under:

	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Sales quantity	MT	*****	*****	*****	*****	*****
Cash Profit	Rs. In lacs	*****	*****	*****	*****	*****
Trend	Indexed	100	131	116	113	113
Cash profit per unit of sales	Rs./Kg	*****	*****	*****	*****	*****
Trend	Indexed	100	92	72	56	56

It is evident that Cash Profit per unit of sales has continuously declined from 2003-04 to POI.

- (viii) **Employment :** Employment situation of the domestic industry over the injury period has been as under:

Particulars	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Number of employees	Nos.	*****	*****	*****	*****	*****

Employment with the domestic industry increased over the injury period due to increase in installed capacity and production.

(ix) **Wages:** Wages and impact of the same on cost of production has been as under:

Particulars	Unit	2003-04	2004-05	2005-06	POI	POI (annualized)
Wages	Rs./Lakh	****	****	****	****	****
Trend	Indexed	100	160	180	260	260
Wages per unit of production	Rs./Kg	****	****	****	****	****
Trend	Indexed	100	117	100	117	117

It is observed from above table that the wage paid per unit of production has marginally gone up.

- (x) **Growth:** Installed capacity was increased by 120% during 2005-06. However, after increasing the installed capacity, ****% of the total capacity remained unutilized during POI, though the demand for the product concerned increased by 143% during POI as compared to 2003-04.
- (xi) **Ability to raise Capital or investments:** With a reduction in return on capital employed, ability to raise capital on investments has been adversely affected.
- (xii) **Factors affecting domestic prices:** The cost of sales increased by ****% during the injury period while sales realization increased only by ****% and domestic industry has been unable to increase selling prices commensurate to cost of sales.
- (xiii) **Magnitude of margin of dumping:** Margin of dumping from the subject countries individually was significantly higher than the de minimis level of 2%.

G. Conclusion on Injury and Causation:

In view of the above, the Authority has observed as under:

- (i) Selling price and cost of sales per unit has shown increasing trend during injury period but increase in cost of sales is more than increase in sales price per unit. Profit per unit has come down to Rs.***- during POI from Rs. *** during the year 2003-04.
- (ii) Return on capital employed has come down during the injury period.
- (iii) The cash profit per unit has declined to Rs. *** during POI from Rs. **** during the year 2003-04.
- (iv) Cable Ties originating in or exported from China P.R. and Taiwan has been exported to India below normal value, resulting in dumping;

- (v) The export price from the subject countries have remained at dumped level during POI. Further, these prices have not increased proportionate to increase in the input prices from the base year period and on the contrary have significantly decreased in POI.
- (vi) Imports from the subject countries have been undercutting the prices of the domestic industry in the market to a significant degree.

In view of the above, the Authority holds that:

- a. There has been significant increase in the quantum of dumped imports of the subject goods from the subject countries. The same have gone up in absolute terms as well as in relation to total imports, demand and domestic production in India.
- b. The market share in demand of the domestic industry has declined while that of imports has increased.
- c. The CIF import price and landed price of subject goods have shown decline over the injury period in spite of increase in cost of raw material and cost of production.
- d. Landed price of imports from subject countries were significantly below the selling price and non-injurious price of domestic industry, resulting in significant price undercutting and price underselling. This has impacted the domestic industry adversely.
- e. Price undercutting from the subject countries and increase in raw materials costs resulted in price suppression being caused in the market. The domestic industry was not able to increase its price in proportion to increase in costs.
- f. The significant positive price undercutting and consequent price suppression faced by the domestic industry resulted in deterioration in profits, cash flows, return on investment.
- g. Even though production and sales volumes of the domestic industry increased over the period, the increase in the same was far less than the increase in the production capacity with the domestic industry and demand in the Country.
- h. The capacity utilisation of the domestic industry has declined.
- i. The dumping margin as determined for the subject countries are significant.

36. The Authority therefore provisionally concludes that the domestic industry has suffered material injury.

G.1 Causal Link:

37. The Authority has examined the impact of all known factors and their consequences on the situation of the domestic industry, in order to reach to its conclusions on the cause of the injury suffered by the domestic industry in accordance with Article 3.5 of Agreement on anti-dumping and as per Para (v) of Annexure-II under Rule 11 under Customs Tariff Act as amended. Known factors other than dumped imports, which could at the same time have injured the domestic industry has also been examined to ensure that the possible injury caused by these other factors has not been attributed to the dumped imports.

H. Other Known factors and Causal Link

38. The foregoing analysis indicates that the volume of dumped imports from the subject countries has increased substantially both in absolute terms as well as in relation to the share in demand. Despite strong growth in demand, the growth of imports from subject countries has significantly displaced the market share of the domestic industry, which has prevented the domestic industry from producing and selling the subject goods and consequently led to idling of production capacities. The landed value of dumped imports from China PR and Taiwan show a significant price undercutting and underselling on the prices of the domestic industry, resulting in price suppression being caused to the domestic industry. Consequently, the profits, return on investment and cash profits have declined significantly over the injury period showing adverse price effect of dumped imports on the domestic industry. Thus various parameters collectively show that the domestic industry has suffered material injury.

39. The Authority has also examined the issue of causal link and other non-attributing factors as laid down in the Rules to segregate injury if any caused by other factors. In this regard the following indicative factors as laid down in the Rules have been examined.

- a. **Imports from Third Countries:** Imports of subject goods from other countries are negligible in comparison with the imports from subject countries. The import prices from other countries were also substantially higher. Imports from other countries do not appear to have caused injury to the domestic industry.
- b. **Contraction in demand or change in the pattern of consumption:** It is noted that there is no contraction in the demand and also the pattern of demand has not significantly changed during the period of investigation. On the contrary, the overall demand for the subject goods has increased and the pattern of consumption is changing in favour of the product under consideration. Therefore, the possible decline in demand is not a factor which could have caused injury to the domestic industry and it does not appear that the pattern of consumption has caused injury to the domestic industry.
- c. **Trade restrictive practice and conditions of competition:** The Authority did not find any trade restrictive practices followed by the Indian producer and other

competing industries or any other conditions of competition that have caused injury to the domestic industry.

- d. **Technology**:- There appears to be no significant change in technology over the injury period which could have caused injury to the domestic industry. Further, none of the interested party has submitted any evidence that the technology is a factor of injury to the domestic industry
- e. **Export performance**:- The Domestic Industry has exported the subject goods during the period of investigation as well as during previous three years. The Authority notes that the export performance has shown improvement. With regard to profits, export performance of the domestic industry has been segregated and only domestic performance has been considered for assessing injury for subject goods.
- f. **Productivity**: The productivity of the domestic industry has improved over the injury period and therefore, could not be a cause of injury to the domestic industry.

I. Magnitude of Injury Margin

40. The non-injurious price determined by the Authority has been compared with the average landed value determined based upon the data available from the secondary source and Injury margin has been determined as given in the table below:

Injury margin Calculations

	Injury margin	
	(US \$/kg)	Rs./kg.
All exporters from China PR	*****	*****
All exporters from Taiwan	*****	*****

J. CONCLUSIONS:

41. In view of the foregoing the Authority has observed as under:
- (a) The subject goods have been exported to India from the subject countries below its normal value.
 - (b) The domestic industry has suffered material injury.
 - (c) The injury has been caused by the dumped imports from the subject countries.

K. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

42. 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 countries in any way, and, therefore, would not affect the availability of the products to the consumers.

43. It is recognised that the imposition of anti-dumping duties might affect the price levels of the products 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. Imposition of anti-dumping measures would not restrict imports from the subject countries in any way, and therefore, would not affect the availability of the product to the consumers.

L. Recommendations

44. 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 aspect of dumping, injury and causal links. Having initiated and conducted a preliminary investigation into dumping, injury and causal links between dumping and injury to the domestic industry in terms of the Rules laid down and having provisionally established positive dumping margin against the subject countries as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of provisional duty is required to offset dumping and injury pending completion of the investigation. Therefore, Authority considers it necessary and recommends provisional anti-dumping duty on imports of subject goods from the subject countries in the form and manner described hereunder.

45. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of provisional 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, provisional antidumping duty equal to the difference between the amount indicated in Col 8 of the table below and landed value of imports is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of subject goods originating in or exported from the subject countries.

DUTY TABLE

Sl. No	Heading/ Sub-heading/ Tariff	Description of goods	Specification	Country of origin	Country of export	Producer	Exporter	Duty amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	39.2690	Cable Ties	Any size	China PR	Any	Any	Any	199.44	per kg.	Rupees
2	39.2690	Cable Ties	Any size	Any country other than China PR & Taiwan	China PR	Any	Any	199.44	per kg.	Rupees
3	39.2690	Cable Ties	Any size	Taiwan	Any	Any	Any	134.14	per kg.	Rupees
4	39.2690	Cable Ties	Any size	Any country other than Taiwan & China PR	Taiwan	Any	Any	134.14	per kg.	Rupees

M. Further Procedures

46. The following procedure would be followed subsequent to notifying the preliminary findings:-

- (a) The Authority invites comments on these findings from all interested parties and the same would be considered in the final finding;
- (b) Exporters, importers, applicants and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days from the date of the dispatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings;
- (c) The Authority would hold hearing to hear the views of various interested parties orally;
- (d) The Authority would conduct further verification to the extent deemed necessary;
- (e) The Authority would disclose essential facts before announcing final findings.”

(R. Gopalan)
Designated Authority