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No.14/37/2016-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi -110001

NOTIFICATION

Dated the 4th January, 2018

(Final Findings)

Subject: Anti-dumping investigation concerning imports of Resorcinol originating in or exported from China PR and Japan.

1. Whereas M/s Atul Ltd. (hereinafter also referred to as the Petitioner or Applicant) has filed an application before the Designated Authority (hereinafter also referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also 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 as amended from time to time (hereinafter also referred to as the Rules) for imposition of Anti-dumping duty on imports of "Resorcinol" (hereinafter also referred to as the subject goods or PUC) from China PR and Japan (hereinafter also referred to as the subject countries).
2. Whereas, the Authority, on the basis of sufficient evidence submitted by the applicant, issued a Notification No.14/37/2016-DGAD dated 13th October, 2016, published in the Gazette of India, initiating the subject investigation in accordance with the Rule 5 of the above Rules to determine existence, degree and effect of the alleged dumping of the subject goods, originating in or exported from China PR and Japan, and to recommend the amount of anti-dumping duty, which, if levied, would be adequate to remove the alleged injury to the domestic industry.

A. PROCEDURE

3. The procedure described herein below has been followed with regard to the subject investigation:
 - i. The Designated Authority, under the above Rules, received a written application from the Applicants, alleging dumping of Resorcinol originating in or exported from China PR and Japan

- ii. The Authority notified the Embassy of the subject countries in India about the receipt of the anti-dumping application before proceeding to initiate the investigations in accordance with sub-rule (5) of Rule 5 supra.
- iii. The Authority issued a notification dated 13th October, 2016, published in the Gazette of India Extraordinary, initiating anti-dumping investigation concerning imports of the subject goods from subject countries.
- iv. The Embassy of the subject countries in India were informed about the initiation of the investigations in accordance with Rule 6(2) of the Rules with a request to advise the exporters/producers from the subject countries to respond to the questionnaire within prescribed time limit.
- v. The Authority provided a copy of the non-confidential version of the application to the known exporters and the Embassies of the subject countries in India in accordance with Rule 6(3) of the Anti-dumping Rules.
- vi. The Authority sent exporter's questionnaires to elicit relevant information to the following known producers/exporters in the subject countries in accordance with Rule 6(4) of the Rules:
 1. M/s Shanghai Amino-Chem Co., Ltd., China
 2. M/s Sumitomo Chemical Co., Ltd, Japan
- vii. In response to the above notification, following exporters and producers have submitted exporter questionnaire responses.
 1. M/s Sumitomo Chemical Co., Ltd, Japan
 2. M/s East West Corporation, Japan
 3. M/s Sumika Chemtex Co. Ltd, Japan
 4. M/s B R Chemicals Co. Ltd., Japan
 5. M/s Inabata & Co. Ltd. , Japan
 6. M/s Zhejiang Hongsheng Chemical Co., Ltd, China PR
 7. M/s Amino Chem-(HK) Co., Ltd., HongKong
- viii. Market Economy Treatment (MET) questionnaire was also forwarded to the known producers/exporters in China PR and the Embassy of China PR in India with the request to provide relevant information to the Authority within the prescribed time limit. However, none of the responding producers/exporters from China have claimed MET.
- ix. The Authority sent Importer's Questionnaires to the following known importers/ users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:
 1. M/s Black Rose Industries Ltd., Mumbai
 2. M/s Bhimrajka Impex , Mumbai
 3. M/s Sheetal Chemicals , Hyderabad
 4. M/s Singh Plasticizers & Resins (I) Pvt Ltd, ,New Delhi
 5. M/s Techno Waxchem Pvt Ltd, Kolkata
 6. M/s Rajsha Chemicals Pvt. Ltd, Vadodara
 7. M/s Asiatic Colour-Chem Industries Limited, Ahmedabad
 8. M/s Shodhana laboratories, Hyderabad
 9. M/s SRF Ltd, New Delhi

- x. The following importers/users have responded or submitted importers questionnaire responses:
1. M/s Black Rose Industries Ltd., Mumbai
 2. M/s Techno Waxchem Pvt Ltd, Kolkata
 3. M/s Rajsha Chemicals Pvt. Ltd, Vadodara
 4. M/s SRF Ltd, New Delhi
- xi. Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties as per Rule 6 (7).
- xii. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of import of subject goods for the past three years, including the POI. The Authority has relied upon import data procured from DGCI&S in the present investigation and the detailed information submitted by cooperative producers/exporters for computation and required analysis.
- xiii. The Non-injurious Price based on the cost of production and cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) has been worked out so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry;
- xiv. Further information was sought from the applicant and other interested parties to the extent deemed necessary. Verification of the data provided by the domestic industry and exporters was conducted to the extent possible and considered necessary for the purpose of the investigation.
- xv. The Authority has examined the information furnished by the domestic producer to the extent possible on the basis of guidelines laid down in Annexure III to work out the cost of production and the non-injurious price of the subject goods in India so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the Domestic Industry.
- xvi. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. 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 and the same were kept in the public file maintained by the Authority as per the Rules.
- xvii. Investigation was carried out for the period 1st April, 2015 to 31st March, 2016 (POI). The examination of trends, in the context of injury analysis, covered the period from April 2012-March 2013, April 2013-March 2014, April 2014- March 2015, and the POI.
- xviii. In accordance with Rule 6(6) of the Anti-dumping Rules, the Authority also provided opportunity to the interested parties to present their views orally in a public hearing held on 31st October, 2017. The parties, who presented their views in the oral hearings, were requested to file written submissions of their views expressed orally by 8th November, 2017, followed by rejoinder submissions by 15th November, 2017.

- xix. The last date for issue of Final finding was 12th October, 2017, however the same was extended for three months by Central Government in terms of Rule 17(1)(a) upto 12th January, 2018.
- xx. A Disclosure Statement was issued on 7.12.2017 containing essential facts under consideration of the Designated Authority, giving time up to 14.12.2017 to furnish comments, if any, on Disclosure Statement. The Authority has considered post disclosure comments received from interested parties appropriately.
- xxi. The submissions made by the interested parties considered relevant by the Authority have been addressed in this Final Finding.
- xxii. Exporters, producers and other interested parties who have neither responded to the Authority, nor supplied information relevant to this investigation have been treated as non-cooperative.
- xxiii. *** in this Final Finding represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
- xxiv. The exchange rate adopted by the Authority for the subject investigation is 1 US \$ = Rs. 65.91

B. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

Submissions by the Domestic Industry

4. The submissions made by domestic industry are as follows:
- i. According to the Domestic Industry, there is no difference in the subject goods produced by them and that imported from the subject countries. The subject goods produced by the domestic industry and the subject goods imported from subject countries are comparable in terms of characteristics such as physical and chemical characteristics, functions and uses, product specifications, distribution and market & tariff classification of the goods and have comparable manufacturing process and technology.
 - ii. The petitioner is using sulfonation-fusion process. The production process of M/s Atul Ltd. is actually more efficient technically and commercially than the other producers participating in the investigation. To substantiate this, Domestic Industry had submitted a letter from Professor M. M. Sharma, from Institute of Chemical Technology, Mumbai, certifying that technology used by M/s Atul Ltd. is most efficient and cost effective, as it is an integrated process and by-products are saleable at reasonable prices. The sulfonation is more stable and safe as compared to other process such as hydroperoxidation and MPDA hydrolysis. The other process namely hydroperoxidation is hazardous and a massive explosion had occurred in 2012 at Mitsui Chemicals which caused closure of their Resorcinol manufacturing plant since then. The MPDA-hydrolysis process is very expensive requiring high capital cost as well as it generates high quantity of effluent making product costing very high. In any case, the arguments of the interested parties relating to the production process is devoid of any merit since the production process is not a relevant factor in Anti-Dumping Law. It is further stated that production process has never been considered

as a determinative factor while identifying the PUC by the Authority in any of the earlier investigation.

Submissions made by the opposing interested parties

5. The submissions made by opposing interested parties are as follows:
- i. The production process used by the Domestic Industry and the Japanese producer is completely different. The fact that the DI's technology is different is a widely known fact and is widely published. All other plants in the world since the year 1914 have shut down that were using benzenedisulfonation technology to produce resorcinol as the technology is uneconomical.
 - ii. Sumitomo's production process is hydroperoxidation, whose main raw materials are benzene and propylene. Acetone is a by-product that is produced in this process. On the other hand, the production process used by the Domestic Industry is benzenedisulfonation, whose main raw materials are benzene, caustic soda and oleum (sulfuric acid). The main by-products of this process are reso-tar, sodium sulphite and sodium sulphate. This difference in raw material yield leads to a difference in the cost of production between the benzenedisulfonation technology and hydroperoxidation technology. the Petitioner's process has a much lower yield than Exporters.
 - iii. The Petitioner manufactures resorcinol via a benzenedisulfonation process which is not cost effective and causing injury to the petitioner since it continuously requires updates and maintenance, which is a substantial drain on the company's resources. This process is more than 100 years old, and being the oldest process in the industry, it entails the highest cost of production out of the various technologies and processes available for manufacturing resorcinol.
 - iv. The petitioner uses sulfonation process for manufacturing Resorcinol. The process is costly and the by-products of Resorcinol cannot be easily commercially sold and it is all waste. Production via batch-process which is said to be used by the Petitioner requires more manpower juxtaposed to the manpower required to produce the subject goods using a fully automated continuous process and is much less efficient. It was further emphasised by their expert that the out dated technology of Domestic Industry is main reason for their injury and losses.
 - v. Earlier the Designated Authority in the matter of anti-dumping investigation against imports of Copper Clad laminates held that the manufacturing process adopted by the domestic industry is outdated and expensive and due to a variety of extraneous reasons it has not been able to upgrade its manufacturing facilities. Non-absorption of developments in technology has been a major factor in the injury to the domestic industry. Authority concluded that there is absence of causal link between the dumping of the subject goods from subject countries and material injury to the domestic industry as the factors other than dumped imports have caused injury to the domestic industry.

Examination by the Authority

6. The product under consideration for the purpose of present investigation is "Resorcinol". It is also known as Resorcin Meta-dihydroxy benzene, 1, 3 dihydroxy benzene or 1, 3 benzenediol. It is a crystalline, aromatic, hygroscopic, and white solid product that is water soluble and very conducive to derivatisation.
7. The subject goods are used in various industries like it is used as a adhesion promoter between the reinforcing material and rubber in the rubber industry, antiseptic agents in cosmetics preparations, specialized thermosetting wood-adhesive resins, starting material for a number of hydroxy benzophenone type ultraviolet stabilizers used in various plastic materials etc. The domestic industry has claimed that as per their market intelligence more than 60% of Resorcinol demand is in adhesive resins for rubber products, including tyres.
8. As regards the difference in the production process, the Authority examined the issue and noted that all the three manufacturing processes followed by the producers in Japan, China and India are resulting in the same products with same specification meeting the needs of the same consumers in the market place. Therefore, it is held that the distinction of production process is not relevant for the outcome of the present investigation. Further, in the matter of Automative Tyre Manufacturers Association V. DA, it was held by the Hon'ble CESTAT that:

“The submissions that imported goods are manufactured through a different process and that the imported goods differ in quality also do not invalidate the findings. Process of manufacture is not a relevant factor under anti-dumping law. Quality difference is also not material. The imported goods and domestically produced goods have the same use and have been correctly held to be ‘like article’ by the Designated Authority. In these facts and circumstances the submissions made in these appeals have no merit. The appeals fail and are rejected.”

9. The subject goods are classified under chapter heading 29072100. However, it has been claimed by the petitioner that the subject goods are also being imported under other tariff headings. Therefore, the Authority has decided that the HS codes are only indicative and the product description shall prevail in all circumstances
10. The Authority notes from the information available on record that the product under consideration produced by the domestic industry is like article to the goods imported from the subject countries. Product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of physical & chemical characteristics, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The goods produced by the domestic industry and imported from the subject country are like articles in terms of the Rules. The two are technically and commercially substitutable. Thus, the Authority holds that the subject goods produced by the domestic industry are like article to the product under consideration imported from subject countries within the scope and meaning of Rule 2(d) of anti-dumping Rules.

C. SCOPE OF DOMESTIC INDUSTRY & STANDING

Submissions by the Domestic Industry

11. The submissions made by the domestic industry are as follows:

- i. The petitioner is the sole producer of the subject goods in India therefore the petitioner alone constitutes a major proportion of Indian production of the subject goods in terms of rules. The petitioner has sufficient standing and constitutes domestic industry within the meaning of the Rules.
- ii. In relation to the issues of Domestic Industry having a related trader/exporter in China, it is stated that the related entity in China is not dealing in production/ exports of the subject goods. Therefore, the petitioner has not declared the fact as under the Rules also there is no such requirement to declare all entities if they are not involved in production / sales of subject goods.
- iii. The petitioner has made imports from the subject country but prior to POI and later from non-subject country against duty free license for export production of 1-3-Cyclohexanedione (1,3-CHD), for which company is fully eligible to produce the said goods.
- iv. Petitioner has not imported the subject goods from subject country during the POI. Petitioner is not related (either directly or indirectly) to any exporter or importer of product under consideration in the subject country. Thus the petitioner is eligible domestic industry under Rules 2(b) and 5(3) of the AD Rules.

Submissions made by the opposing interested parties

12. The submissions made by opposing interested parties are as follows:

- i. The imports have been made by the Petitioner during the injury period. Petitioner has also imported the product under consideration merely two weeks after the period of investigation. This is clearly indicative of the behavioral pattern wherein the Petitioner continues to import the product under consideration to supplement its inconsistent supply in the domestic market
- ii. The Petitioner's imports (claimed to be for 'captive consumption') were clearly not for captive use since they had no environmental clearance to manufacture downstream products of resorcinol.
- iii. The domestic industry has a related company in China namely Atul China Ltd. This company is a trading company and is involved in import-export. The petitioner has failed to disclose this fact to the Authority at the beginning of the investigation and has given a false declaration in the petition that they are not related to any foreign entity or exporter.

Examination by the Authority

13. The application in the present case has been filed by M/s Atul Ltd., the only domestic producer of the product under consideration and who has provided detailed information for investigation in the matter of imposition of anti-dumping duty on imports of subject

- goods from China PR and Japan. The Authority determined at the stage of initiation that the petitioner, the sole producer of the subject good, satisfy requirement of standing under the Rules and the Petitioner constituted domestic industry within the meaning of the Rules.
14. As regard the import being made by the Domestic Industry, the Authority notes the imports have been made from non-subject country. As for the capability and capacity to produce downstream products, the Domestic Industry has produced 1-3-CHD during POI which was duly verified from their books of accounts.
15. The production of the petitioner alone constitutes 100% of Indian production. Accordingly, after careful examination of the legal provisions and facts of the case, the Authority, therefore, determines that the applicant constitutes eligible domestic industry within the meaning of Rule 2 (b) of the Anti-Dumping Rules and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

D. ISSUES RELATING TO CONFIDENTIALITY

Submissions by the Domestic Industry

16. The submissions made by domestic industry are as follows:
- i. The petitioner has claimed only such information as confidential, the confidentiality of which has been permitted under the rules and as per consistent practice of the Authority.
 - ii. The petitioner has provided sufficient non confidential version of the application. No interested party has been able to point out any specific instance of information which has been claimed confidential and confidentiality of which is not justified under the rules.
 - iii. Information such as volume of exports to India, gross volume of sales in domestic market, production, sales, average price for exports to India have been provided in indexed version as the information is business proprietary information.
 - iv. None of the exporters has provided the non-confidential version which is an exact replica of their confidential version. They have kept all the volume related information confidential. They have also not provided any statement of claim of confidentiality. Further, the responses are in stark violation of the specific guidelines issued by the Designated Authority with regard to the procedure to be followed for filing of non-confidential version of the exporter's questionnaire responses. We would, therefore, request the Hon'ble Designated Authority to disregard the submissions of the interested parties and also to reject the response of exporters and deny them the individual treatment.

Submissions made by the opposing interested parties

17. The various submissions made by the producers/exporters/importers/other interested parties during the course of the present investigation with regard to confidentiality and considered relevant by the Authority are as follows:
- i. The petition suffers from excessive confidentiality. The petition provides absolutely

no information with respect to volume related information also.

- ii. The petitioner has resorted to excessive confidentiality claim which has prevented interested parties from offering their comments. Capacity data is not clearly provided in the Petition, and there appears to be no reasonable justification provided to keep the same undisclosed. Non-confidential version of the petition is grossly inadequate. This is in direct violation to principles of natural justice. The petitioner has claimed excessive confidentiality with regard to following
 - a. Capacity, Capacity Utilization,
 - b. International price of the raw material used for calculation of normal value,
 - c. Format A – raw material and packaging material consumption,
 - d. Format B- raw material consumption norm and comparison with actual consumption,
 - e. Format CI and CII- Statement of various expenses,
 - f. Format D- consumption and utilities,
 - g. Format E- Statement of sales realization
- iii. Capacity data is not clearly provided in the Petition, and there appears to be no reasonable justification provided to keep the same undisclosed. Such violation of the rules also contravenes Article 6.5 of the Anti-dumping Agreement, and should be immediately corrected.

Examination by the Authority

18. The Authority made available non confidential version of the information provided by various interested parties to all interested parties through the public file containing non-confidential version of evidences submitted by various interested parties for inspection as per Rule 6(7).
19. The various submissions made by the interested parties during the course of the present investigation with regard to confidentiality and considered relevant by the Authority were examined. Information provided by the 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 was directed to provide sufficient non confidential version of the information filed on confidential basis. The Authority made available the non-confidential version of the evidences submitted by various interested parties in the form of public file.
20. The interested parties have raised arguments with regard to confidentiality of information. The Authority notes that the confidentiality claims of the interested parties are consistent with the practice being generally followed by the Authority. Wherever possible, the interested parties have provided non confidential version of the information. The domestic industry has provided indexed version of its various information contained in the confidential petition.

E. MISCELLANEOUS ISSUES

Submissions by the Domestic Industry

21. The submissions made by the domestic industry are as follows:

- i. The Authority should not accept responses of Chinese exporters as they have failed to discharge their obligation by providing correct and certified information. The responding producers from China have conveniently omitted to provide any information as to the subsidies received by them by the government of China which are amongst one of the major reason for low priced Chinese imports
- ii. Technology used by Domestic Industry is very efficient. Further, they have submitted a letter to substantiate their point. Importers and exporters are only raising this issue to create bias in the mind of Authority.
- iii. In relation to capacity expansion, it is submitted that these are long term decisions and taken in view of the demand in the country.
- iv. Quality of subject goods of Domestic Industry is at par with any of the goods imported into India. Moreover, they are supplying to many customers and never anyone has raised any question about their reliability. In any case none of the parties concerned has fully substantiated their claim with evidences, therefore, the Authority should not accept these baseless claims.
- v. The allegation that the plants has regular shutdowns is wrong and baseless.
- vi. At the time of filing the application, the petitioner is only required to make his case based on the best information available to him, that can prima facie satisfy the Authority to initiate the investigation. Post initiation, the Authority is free to collect and rely on the information given by DI, cooperative exporters or may collect it from any other reliable source. Further, under the rule 5(3), even the Authority is only required to prima facie satisfy itself for initiation of the investigation. In any case, petitioners had officially collected and used the import data for filing of the petition. The source of import data was also made available to all other interested parties and therefore, no prejudice can be caused to any interested party.
- vii. In relation to non-inclusion of USA in the subject countries, it is stated that the majority of the imports from USA are under advance license route for production of a different product namely 1,3 CHD which is exported. Therefore, ultimately these goods are not entering the main stream of commerce. Further, the company was already aware that the company in USA was about to close its operations due to environmental and other inherent issues and felt it appropriate not to include USA in the petition of anti-dumping investigation.

Submissions made by the opposing interested parties

22. The submissions made by the opposing interested parties are as follows:

- i. It would not be in public interest to impose anti-dumping duty to shield one inefficient domestic company which has not shown any interest in up-gradation of technology, to sell its products at higher prices in India.

- ii. There is no substantive evidence to prove the condition for initiation of the anti-dumping investigation, the Authority has not carried out the investigation appropriately and with enough scrutiny to the related facts. It is in short of legal and factual basis.
- iii. Domestic Industry is suffering injury due to out dated technology and therefore, their costing is too high.
- iv. The quality of goods produced by Domestic Industry is not good. Moreover, they are not reliable supplier. The Petitioner was not responsive to order requests due to which it had to start relying on imported stocks for regular supply of resorcinol. Petitioner was unable to obtain a reliable reputation in the market which resulted in the purchasers to look for alternative sources. It would not be in public interest to impose anti-dumping duty to shield one inefficient domestic company which has not shown any interest in up-gradation of technology, to sell its products at higher prices in India. The Authority should consider this aspect also while dealing this issue.
- v. The Domestic Industry based its examination relating to dumping margin and injury margin on the basis of imports data obtained from secondary source and therefore the initiation itself is on wrong premise.
- vi. USA is not made the subject country despite having more than 3% of the total imports. Petitioner has imported the subject goods from USA and the quantum of imports by petitioner from USA is quite significant. merchant sale of USA imports is less than 1.24% of the total imports in the country is entirely irrelevant, thus The meaning of merchant sales used by petitioner for attempting to exclude USA is quite misleading. The petitioner has strategically not added USA as the subject country. Otherwise the petitioner would have not been eligible under Rule 2(b) of AD Rules to file the present petition, moreover, the plant has shut down production only recently in the month of July, 2017, i.e., 291 (9.7 months) days after initiation of the present case. Considering the time that was taken by the Designated Authority in considering the petition and initiation of investigations
- vii. As Domestic Industry cannot fulfill the demand of Indian market, the imposition of anti-dumping duty would not be in the larger interest of downstream Indian Industries.
- viii. Resorcinol producers do not have intention of dumping nor they have used dumping as a method to increase exports to India.

Examination by the Authority

23. The specific submissions made by the opposing interested parties and considered relevant, are addressed by the Authority as below:

- i. As regards to the submission of the opposing interested parties concerning obsolete and polluting technology being used by the Indian industry, it is noted that the Domestic Industry is indeed using a different technology. However, they have necessary pollution clearances and have been producing subject goods for more than 10 years. In any case, none of the interested party has proved or provided any evidence to substantiate their claim that technology used by Domestic Industry is not cost effective. Further, merely because different parties are using different technologies,

which maybe more or less effective, is not a reason for any party to indulge in dumping. In view of this, the Authority finds no merit in the claim of the opposing parties.

- ii. In relation to issues relating to quality, it is noted that the Domestic Industry is supplying subject goods to customers and their quality is acceptable to customers. It is also noted that they have a strong customer base in India, establishing that their goods are at par with the imported goods. In any case, none of the interested party has proved or provided any evidence to substantiate their claim that quality of Domestic Industry is not good or acceptable. Moreover, quality *per-se* is not an issue in the anti-dumping duty investigations.
- iii. Capacity expansion is a long term decision made on the overall demand and economics of the commodity. In any case any proposed capacity expansion has no bearing on the current facts and circumstances of the case.
- iv. As regards the public interest, the Authority notes that anti-dumping duty is to ensure fair trade and provide a level-playing field to the domestic industry. They are not a measure to restrict import or cause an unjustified increase in cost of products.
- v. In relation to the allegation of the Domestic Industry that Chinese Authority are giving subsidy to the producers / exporters of the subject goods, it is noted that the Domestic Industry has not substantiated their claim.
- vi. In relation to the non-inclusion of USA in the present investigation it is noted that this fact was examined by the Authority at the time of initiation of the investigation. The imports of subject goods from USA were approximately 4.5% of the total imports however, majority of it was imported by the petitioner against advance license for export production. As they were not meant for merchant sales in India, the same could not have contributed to dumping and related injury to the Domestic Industry.
- vii. As regards the allegation that initiation is on wrong premise, the Authority notes that the initiation is done on the basis of prima facie facts provided by the Domestic Industry. There is no law under the Anti-dumping that the analysis by the domestic industry in its application cannot be done on the basis of secondary sources data for example IBIS, Infodrive, etc., During the course of investigation, the Authority has called for transaction by transaction data from DGCI&S and analysis has been done on the basis of DGCI&S import data.

F. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

Normal Value

24. The Authority sent questionnaires to the known exporters from the subject countries, advising them to provide information in the form and manner prescribed. The following producers and exporters from the subject country filed the prescribed questionnaire responses.

- i. M/s Zhejiang Hongsheng Chemical Co., Ltd, China PR
- ii. M/s Amino Chem-(HK) Co., Ltd., HongKong
- iii. M/s Sumitomo Chemical Co., Ltd, Japan

- iv. M/s East West Corporation, Japan
- v. M/s Sumika Chemtex Co. Ltd, Japan
- vi. M/s B R Chemicals Co. Ltd, Japan
- vii. M/s Inabata & Co. Ltd. , Japan

Submissions by the Domestic Industry

25. The following are the submissions made by the domestic industry during the course of the present investigation and considered relevant by the Authority:

- i. The Domestic Industry had filed full information with regard to the normal value and export price which was necessary for the purpose of initiation of an investigation. In terms of Rule 5, the Domestic Industry is required to give information which is sufficient to justify the initiation of an investigation. Necessary evidence had also been provided in support of their claim of normal value as well as export price.
- ii. There is no violation of law if the applicants provide information on constructed normal value based on the information reasonably available to them and after applying the principle of conservatism as per the consistent practice of the Designated Authority.
- iii. China PR should be treated as nonmarket economy country for the following reasons:
 - a) Market economy status cannot be given unless the responding Chinese exporters establish that the prices of major inputs substantially reflect market values.
 - b) Market economy treatment must be rejected in such situations where Chinese exporters are unable to establish that their books are consistent with International Accounting Standards (IAS). The requirement on insisting compliance with International Accounting Standards is to ensure accuracy and adequacy of revenues and expenses, assets and liabilities expressed in the annual report.
 - c) Market economy status cannot be granted unless the responding Chinese exporters pass the test in respect of each and every parameter laid down under the rules. Contrarily, while examining material injury existence of a single parameter is considered sufficient to establish such injury. In other words, where one parameter is sufficient to establish existence of injury, failure to pass one single parameter is sufficient to reject the claim of market economy status.
 - d) It is not for the Authority to establish that the responding companies are operating under market economy environment and are entitled for market economy treatment. But it is for the responding Chinese exporters to establish that they are operating under market economy conditions.
 - e) Market economy status cannot be granted unless the responding company and its group as a whole make the claim. If one or more companies forming part of the group have not filed the response, market economy status must be rejected.
- iv. It has been submitted that the normal value for China in such a case can be determined only in accordance with the provisions of para 7 of the Annexure I to Anti-

dumping Rules without invoking proviso to 8(2) in view of the aforementioned facts and circumstances.

- v. The domestic industry was not in a position to get any documentary evidence or reliable information with regard to domestic prices in China nor were the same available in the public domain. The applicant, therefore, only for the purpose of initiation, constructed the normal value for China after following the principles of conservatism and as per the practice of the DGAD.
- vi. The submission of the exporter with regard to the existence of any hierarchy in Article 5.2 (iii) is completely flawed and that the constructed value method can be used only after the other methods are exhausted is legally unfounded. Article 5.2 provides for three different methods for there is no semblance or even suggestion of any hierarchy. All that the said Article states is that any of the three methods can be used in "appropriate" circumstances by the applicant. The obligation on the applicant under Article 5.2 is in fact limited to providing the "constructed value of the product" which may not necessarily be in the country of origin. Moreover, the obligation is simply to provide the "constructed value of the product" and not the "constructed normal value of the product".
- vii. The normal value in China can thus be determined on the basis of (a) import price from third country into India, (b) selling price in India, and (b) cost of production in India, duly adjusted, including selling, general and administrative expenses and profit. It is also submitted that since these options for determination of normal value are available, the Designated Authority may not kindly consider "any other basis" because this is required to be applied only when other basis listed under the law cannot be applied.
- viii. The Authority is requested to kindly reject the submissions made by exporters/producers as their responses are not complete in accordance with the consistent practice of the Authority. Supply -Chain of Responding Parties not Complete, the responding producers from China namely Amino-chem (HK) Co. Ltd and Zhejiang Hongsheng have not provided their complete value chain as their related entities in China have not participated in the investigation. These two companies have not provided information relating to Shanghai Amino-Chem Co. Ltd., and Zhejiang Amino-Chem Co. Ltd. It is important to note that all the four companies i.e., Amino-Chem (HK) Co. Ltd., Zhejiang Hongsheng Co. Ltd., Shanghai Amino-Chem Co. Ltd., and Zhejiang Amino-Chem Co. Ltd. are the subsidiaries of same "Amino-Chem" Group and are involved in the production and trading of the subject good. Kind attention of the Authority is invited to the recent investigations of ARW, USB and FSP, wherein the Authority has rejected the complete response of exporters in the absence of complete value chain of production and sale of the subject goods claimed to have been exported to India during the POI
- ix. The exporters had intentionally withheld the information from the Authority only with malafide intention to impede the investigation.
- x. The export price is constructed based on the information available from the import data after making due adjustment based on the best available information with the industry to make it comparable with normal value.

Submissions made by the opposing interested parties

26. The submissions made by the opposing interested parties are as follows:
- i. The normal value computed in the application for China PR is in contravention of the requirements as provided under Annexure I (7) of the AD Rules. Paragraph 10 of the Initiation Notification, as well as the Application, stipulates that the normal value for China PR has been computed on the basis of the cost of production, duly adjusted.
 - ii. The normal value for China should be based on the hierarchy as mentioned in the Article 2.2, read with Article 5.2(iii) merely by stating that they could not provide any evidence.
 - iii. The petitioner has blatantly disregarded the methodology stipulated under the law for normal value determination for a market economy country like Japan and constructed the normal value of Japan on the basis of "price actually paid or payable in India for the like product duly adjusted, to include a reasonable profit margin".
 - iv. Exporters from Japan submit that they have fully demonstrated the value chain for their own exports to India during the period of investigation, which has also been verified prior to the filing of this rejoinder.
 - v. China must be treated in the same way as to any other WTO member for the purpose of anti-dumping investigation. The Authority is requested to not use "surrogate country" methodology in calculating normal value for this investigation regardless whether treating China as a market economy country, since such practice is bound to expire since 11th December, 2016.
 - vi. After 11th December, 2016, any member country will no longer be able to derogate from the standard rules on the determination of the normal value included in Article 2 of the anti-dumping agreement while dealing with the imports from China. This clearly implies that after that date, the Indian basic anti-dumping regulations cannot contain any provisions allowing for the establishment of the normal value for the Chinese exporting producers on a basis other than their domestic prices and costs. Thus, India after the expiry of the protocol has no legal basis under the agreement of the WTO to calculate normal value of the Chinese producers using the non-market economy methodology, since it would be inconsistent with the requirements of the agreement on implementation of article VI of GATT, 1994 and other covered agreements.

Examination by the Authority

27. At the stage of initiation, the Authority proceeded with the presumption by treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of their market economy status. The Authority sent copies of the MET questionnaire to all the known producers/ exporters for rebutting presumption of nonmarket economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China to advise the producers/exporters in their country to provide the relevant information.

I. CHINA PR

28. The following producers and exporters from China filed the prescribed questionnaire responses:
1. M/s Zhejiang Hongsheng Chemical Co., Ltd,
 2. M/s Amino Chem-(HK) Co., Ltd.
29. 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 provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and establish to the contrary. The exporter/ producer of the subject goods from China 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:-
- i. 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;
 - ii. 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;
 - iii. Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - iv. The exchange rate conversions are carried out at the market rate.
30. The Authority observes that none of the Chinese producers have claimed for market economy treatment in terms of Para 8(3) of Annexure 1 to the Anti- Dumping Rules. Therefore, the Designated Authority is left with no alternative but to determine normal value estimated on the basis of price actually paid or payable in India for the like product, duly adjusted, to include a reasonable profit margin.
31. In view of the above, the normal value for the subject products imported from China PR into India has been determined on "any other basis" by considering best available information with regard to cost of production and after reasonable additions for selling, general & administrative expenses and reasonable profit margin. The normal value has been constructed considering consumption of major raw materials as per best available information, international prices for major raw materials, conversion cost, interest, SGA, etc. at the levels allowed for the domestic industry. Further, reasonable profit @ 5% of cost of sales has also been added for constructing Normal Value.

i. Export price in case of M/s Zhejiang Hongsheng and M/s Amino Chem HK

32. During the POI, M/s Zhejiang Hongsheng Chemical Co., Ltd, has exported subject goods to India directly and through their related party M/s Amino Chem-(HK) Co., Ltd., as per the details mentioned in Appendix 2 of the Questionnaire response. The exporter has claimed adjustment on account of inland freight, overseas freight, marine insurance, credit cost, Bank charges etc. and the same have been accepted after necessary verification.

ii. Export Price for all other producers and exporters

33. For other producers/ exporters from China who have not participated / cooperated in this investigation, the Authority determined the export price on the basis of best facts available in terms of Rule 6(8) of the Antidumping Rules.

| Producer | Exporter | Constructed Normal Value USD/MT | Net Ex-Factory Export Price USD/MT |
|--|--|--|---|
| M/s Zhejiang Hongsheng Chemical Co., Ltd | M/s Zhejiang Hongsheng Chemical Co., Ltd / M/s Amino Chem-(HK) Co., Ltd. | *** | *** |

II. JAPAN

34. One producer namely M/s Sumitomo Chemical Co., Ltd has filed their response along with the response from their unrelated/unaffiliated exporters:

1. M/s East West Corporation
2. M/s Sumika Chemtex Co. Ltd
3. M/s B R Chemicals Co. Ltd
4. M/s Inabata & Co. Ltd.

i. Normal Value in case of M/s. Sumitomo Chemicals Co. Ltd

35. The questionnaire response filed by the producer/exporter has been examined and verified to the extent possible. M/s. Sumitomo Chemicals Co. Ltd. has sold majority of subject goods in the domestic market directly. A limited quantity of sales was also made in the domestic market through related companies, i.e. M/s Inabata & Co. Ltd. and M/s. Sumika Chemtex Co. Ltd in the ordinary course of trade. The producer has provided the details of the same in relevant Appendices of their response. The sales were put to profitability test and it was noted that less than 80% transactions of the total domestic sales are profit-making. Therefore, the Authority has proceeded to determine the normal value based on profitable sales data only. The Normal value of the exporter is determined as mentioned in the table below.

ii. Export price in case of M/s Sumitomo Chemicals Co. Ltd

36. The producer has exported the subject goods to India through two channels, i.e. directly to the Indian customer as well as through other unrelated exporters. The exports were made on CIF terms and adjustments claimed by the producer-exporter for their

direct exports are on account of inland freight, overseas freight, insurance cost, credit cost, bank charges and other applicable expenses. The same have been verified and accepted to the extent found correct. The Net Export price of the exporter for the direct exports so determined is as below.

iii. Export price in case of M/s B.R.Chemicals and M/s East West Corporation

37. During the POI, M/s B.R. Chemicals Co. Ltd. has exported subject goods through M/s East West Corporation which were procured from M/s Sumitomo Chemicals Co. Ltd. The details of the said exports have been submitted in Appendix 2 filed independently by each of the above trader/exporter. The exports were made on CIF terms and adjustments claimed by the trader/ exporter for these exports are on account of inland freight, overseas freight, insurance cost, bank charges, credit cost, commission, SG&A, Profit and other applicable expenses. However, the producer and exporter are not related therefore the Authority accepted the sales price from the producer to exporter and verified the same for the applicable adjustments. The export price for the exporter is determined as mentioned in table below.

iv. Export Price for all other producers and exporters

38. For other producers/ exporters from Japan who have not participated / cooperated in this investigation, the Authority determined the normal value and export price on the basis of best facts available in terms of Rule 6(8) of the Antidumping Rules.

| Producer | Exporter | Normal Value USD/ MT | Net Export Price USD/ MT |
|--------------------------------|---|----------------------|--------------------------|
| M/s Sumitomo Chemicals Co. Ltd | M/s Sumitomo Chemicals Co. Ltd / M/s B.R. Chemicals Co. Ltd & M/s East West Corporation | *** | *** |

III. DUMPING MARGIN

39. The dumping margin for subject goods has been determined by comparing constructed normal value and net export price at ex-factory level of the subject goods. The table below shows the dumping margin values for cooperative producers/exporters.

| SN | Producer | Exporter | Normal Value | | Net Export Price | | Dumping Margin | | | |
|----|--------------------------------------|--|--------------|--------|------------------|--------|----------------|--------|-----|-------|
| | | | USD/MT | INR/MT | USD/MT | INR/MT | USD/MT | INR/MT | % | Range |
| 1 | China | | | | | | | | | |
| 1a | Zhejiang Hongsheng Chemical Co. Ltd. | Zhejiang Hongsheng Chemical Co. Ltd / Amino Chem (HK) CO. Ltd. | *** | *** | *** | *** | *** | *** | *** | 40-50 |
| 1b | Any Other | Any Other | *** | *** | *** | *** | *** | *** | *** | 70-80 |
| 2 | Japan | | | | | | | | | |

| | | | | | | | | | | |
|----|----------------------------|---|-----|-----|-----|-----|-----|-----|-----|-------|
| 2a | Sumitomo Chemicals Co. Ltd | Sumitomo Chemicals Co. Ltd / B.R. Chemicals Co. Ltd., & East West Corporation | *** | *** | *** | *** | *** | *** | *** | 15-25 |
| 2b | Any Other | Any Other | *** | *** | *** | *** | *** | *** | *** | 25-35 |

40. It is seen that the dumping margin for the subject goods is more than de-minimus for imports for all the exporters from the subject countries.

G. METHODOLOGY FOR INJURY ASSESSMENT AND EXAMINATION OF INJURY AND CAUSAL LINK

Submissions made by the Domestic Industry

41. The following are the injury related submissions made by the domestic industry during the course of the present investigation and considered relevant by the Authority:

- i. Imports of the product under consideration have shown increase over the years with a significant increase in POI. Imports have also shown increase in relation to production and consumption in India;
- ii. The injury to the domestic industry is because of dumped imports. None of the interested party has provided any evidence on record as to how the domestic industry has suffered injury due to factors other than dumping from the subject countries. Mere unsubstantiated statements have been made.
- iii. Market share of subject countries in demand is significant. Market share of the domestic industry has decreased in the POI as compared to the base year. The same is due to significant imports from subject countries;
- iv. With reduction in the prices by the foreign producers, the only choice available to the Indian producer is to either realign their prices with the changes in the import prices or to lose orders and hence the market share;
- v. Domestic industry prices, reflect the effect of the prices that are being offered by the importers in the domestic market;
- vi. The price underselling and price undercutting is positive and substantial. Further, the Domestic Industry is suffering from price depression as they are not able to increase its prices to reasonable terms. The main reason for this is high volume of imports from subject countries that too at dumped and injurious prices.
- vii. Performance of the domestic industry has steeply deteriorated in terms of profits, return on investments and cash profits to a very significant extent.
- viii. The decline in profitability of the domestic industry was due to significant increase in the import volume at non-remunerative prices from subject countries.
- ix. The capacity figures as mentioned by the opposing parties is incorrect and baseless. They seems to have picked up the figures from environmental clearances obtained for

the plant which is actually not the actual capacity or production figures. As regards, the depreciation of plant, the same has been duly accounted in the calculations made by the Authority.

- x. The increase in selling price was lower than the increase in cost of production and thus the dumped imports are creating price suppression effect on the domestic industry.
- xi. The domestic industry has suffered material injury in connection with dumping of subject goods from subject countries. The dumping margin calculated is also substantially high. Further, the domestic industry is threatened with continued injury, should the present condition continue.

Submissions made by the opposing interested parties

42. The following are the injury related submissions made by the opposing interested parties during the course of the present investigation and considered relevant by the Authority
- i. The Domestic Industry is not suffering any material injury from the alleged dumped imports, on the contrary, the performance of Domestic Industry has improved throughout the injury investigation period. From 2012-13 to 2013-14, both imports and domestic sales increased at the same rate, therefore, no correlation can be established with respect to the imports and the performance of the domestic industry. Most of the criteria presented by the Petitioner at Proforma IVA of the Petition reflect an improvement over the injury period.
 - ii. There is no causal link between the dumped imports and injury to the domestic industry is self-inflicted. Injury to domestic industry is on account of outdated and inefficient process used by them to manufacture the subject goods.
 - iii. The petitioner deliberately failed to address a number of critical issues which had an impact on the performance of the domestic industry independently from the imports from the subject countries.
 - iv. There is no price undercutting, price suppression and depression and therefore, the claim of Domestic Industry of any injury on account of imports from subject countries should be rejected;
 - v. The Injury Margin that is calculated by the Petitioners cannot be verified at all by the Exporters due to insufficiency in the data/information provided. The Hon'ble Designated Authority is requested to ensure that the Petitioner has fulfilled all the conditions as laid out at Annexure II and Annexure III of the AD Rules.
 - vi. The plant started production in 2003. As per legal filings made by the Petitioner, the installed capacity at the time was 5520/MT and continues to be the same ever since. Therefore, the plant is (1) of 5520MT capacity and is (2) fully depreciated and the NIP should take the same into consideration.
 - vii. It cannot be said that the Petitioner has been forced to sell at a price which did not allow it to cope with the changing cost over the injury period Along with the increase in selling price, the Petitioner has also experienced stable costs over the injury period, whereby prices have increased notably more than cost.

- viii. The Petitioner's focus has been more on Export market rather than domestic market because of higher sales realisation in case of exports, despite huge Demand-Supply gap, which clearly demonstrates that export is a preference and not a compulsion for the petitioner.
- ix. They have a sales channel which is also highly uncompetitive. They are selling at low prices in order to cover the cost of their distribution network. Except for a few large clients, the bulk of their business is done through such channels.
- x. The declining profitability appears to have absolutely no correlation with any of the price or cost parameters of the Petitioner. If the profitability of the Petitioner was being negatively affected by imports from subject countries, any increase in the landed price would also increase the profitability of the Petitioner. The very fact that profits are increasing in the period where dumping (with declining import prices) is alleged to have taken place also evidences a severe breach in causality. It would clearly be seen there is evidently a blatant error in the figures of profit/loss. If profit/loss per unit is negative, total profit/loss cannot be positive.
- xi. There is a significant difference in imports as reported by petitioner and as per DGCI&S.
- xii. According to the Environmental Impact Assessment Report, 2016, it is clear that the Petitioner has misrepresented its capacity figures.
- xiii. There is no reason for capital employed to go down drastically when there are capital investments made and increase substantially in the next year, in complete disproportion to the investment made.
- xiv. Petitioner claims that it has invested capital in capacity expansion, there is no evidence of such capacity expansion in any of their legal filings made with the relevant government authorities under the Ministry of Environment, Forest and Climate Change.

Examination by the Authority

- 43. The impact of the dumped imports on the domestic industry is to be examined in terms of Para (iv) of Annexure-II of the AD Rules. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties during the course of the present investigations and considered relevant by the Authority. The Authority has computed the non-injurious price in accordance with Annexure 3 to the Anti-dumping Rules and the established practices of the DGAD.
- 44. For the examination of the impact of imports on the domestic industry in India, the Authority has considered such indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping etc. in accordance with Annexure II of the Rules supra. For the purpose of injury analysis, the Authority has relied on the import data procured from DGCI&S.

I. Assessment of Demand

45. For this purpose, demand or apparent consumption of the subject goods in India is taken as the sum of domestic sales (merchant as well as captive) of the Indian producer and imports from all sources.

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---|------|---------|---------|---------|-------|
| 1 | Imports from Subject Countries | MT | 2,470 | 2,889 | 3,226 | 3,343 |
| 2 | Imports from Other Countries | MT | 372 | 425 | 92 | 177 |
| 3 | Total Sales of Domestic Industry in India | MT | 1,095 | 1,557 | 886 | 1,169 |
| i | Merchant Sale of DI | MT | 965 | 1,100 | 674 | 953 |
| ii | Captive Sales of DI | MT | 130 | 457 | 212 | 216 |
| 4 | Sale of other Indian Producers | MT | 0 | 0 | 0 | 0 |
| 5 | Total Demand | MT | 3,937 | 4,871 | 4,204 | 4,689 |

46. The Authority notes that the total demand in India has increased in POI as compared to the base year, it is noted that during 2013-14 there was a hike in demand which is also translated in increased domestic sales.

II. Volume Effect of Dumped Imports

Import Volume and Market Share

47. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in imports from subject countries, either in absolute terms or relative to production or consumption in India. The import of the subject goods from the subject countries has been analyzed as under:

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---|---------|---------|---------|---------|-------|
| 1 | Imports from China | MT | 549 | 1,433 | 1,030 | 1,107 |
| 1a | Trend | Indexed | 100 | 261 | 187 | 201 |
| 2 | Imports from Japan | MT | 1,921 | 1,456 | 2,196 | 2,236 |
| 2a | Trend | Indexed | 100 | 76 | 114 | 116 |
| 3 | Imports from subject countries | MT | 2,470 | 2,889 | 3,226 | 3,343 |
| 3a | Trend | Indexed | 100 | 117 | 131 | 135 |
| 4 | Imports from other countries | MT | 372 | 425 | 92 | 177 |
| 5 | Total Imports | MT | 2,842 | 3,314 | 3,318 | 3,519 |
| 6 | Domestic sales | MT | 1,095 | 1,557 | 886 | 1,169 |
| 6a | Trend | Indexed | 100 | 142 | 81 | 107 |
| 7 | Total Demand | MT | 3,937 | 4,871 | 4,204 | 4,689 |
| 7a | Trend | Indexed | 100 | 124 | 107 | 119 |
| 8 | Share of Subject countries' imports | | | | | |
| 8a | in Total imports | % | 87 | 87 | 97 | 95 |
| 8b | in Demand | % | 63 | 59 | 77 | 71 |
| 9 | Share of Other Countries' imports in Demand | % | 9 | 9 | 2 | 4 |
| 10 | Share of DI in Demand | % | 28 | 32 | 21 | 25 |

48. It is noted that imports of the subject goods from the subject countries in absolute terms have increased consistently during the entire injury period and POI. The share of imports

of subject countries in total imports is 95% during the POI which is significant. Further, the imports from China have doubled during POI as compared to the base year and imports from Japan have shown growth of 16% during POI as compared to base year. The total imports from subject countries have increased to the extent of 35% in POI as compared to base year. The share of imports in relation to demand have increased during the POI as compared to the base year, however, there is a decline when compared to the previous year. The DI has more or less maintained their share with a peak in 2013-14.

III. Price Effect of Dumped Imports on the Domestic Industry

49. With regard to the effect of the dumped imports on prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress prices or prevent price increases, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the dumped imports from subject countries has 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) and the Non-injurious Price (NIP) of the Domestic industry have been compared with the landed cost of imports from subject countries.

a) Price Suppression and Depression

50. In order to determine whether the dumped imports (value taken from DGCI&S) are suppressing or depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period were compared as below:

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|-----------|-------------------------|-------------|----------------|----------------|----------------|------------|
| 1 | Landed Value of imports | Rs./MT | 309,154 | 345,788 | 356,694 | 315,081 |
| 1a | Trend | Indexed | 100 | 112 | 115 | 102 |
| 2 | Selling Price | Rs./MT | *** | *** | *** | *** |
| 2a | Trend | Indexed | 100 | 108 | 114 | 110 |
| 3 | Cost of sales | Rs./MT | *** | *** | *** | *** |
| 3a | Trend | Indexed | 100 | 102 | 109 | 102 |

51. From the above, it is noted that the cost of sales of Domestic Industry for subject goods has marginally increased in POI as compared to base year with a hike during 2014-15, on account of increase in raw materials and fuel prices. As for the selling price of the domestic industry, it is noted that the same has increased but it is below the cost of sales during the entire injury period. Further, it is noted that the landed value of the subject imports is below the cost of sales of the DI. This affirms the claim of the Domestic Industry that they are always under price pressure from the dumped imports and are forced to match the prices of the lowest import in order to retain their leftover market share. It is noted that the landed

value of imports from the subject countries decreased during POI as compared to the previous years (2013-14 & 2014-15). From the aforesaid, it is apparent that the domestic industry is feeling the effect of price suppression / depression.

b) Price Undercutting

52. The Domestic Industry has stated that they were under continued pressure from the exporters of subject countries and kept its selling price lower than the lowest of the imports in order to retain their domestic market share. The landed price of imports as obtained from DGCI&S have been compared with the selling price as below and it is noted that the price undercutting is negative.

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|-------------------------|---------|----------|----------|----------|----------|
| 1 | Landed Value of imports | Rs./MT | 309,154 | 345,788 | 356,694 | 315,081 |
| 2 | Selling Price | Rs./MT | *** | *** | *** | *** |
| 2a | Trend | Indexed | 100 | 108 | 114 | 110 |
| 3 | Price Undercutting | Rs./MT | (***) | (***) | (***) | (***) |
| 3a | Price Undercutting | % | (***) | (***) | (***) | (***) |
| 3b | Range | Indexed | (15)-(5) | (15)-(5) | (15)-(5) | (10)-(1) |

c) Price Underselling

53. The Authority has also examined price underselling suffered by the domestic industry on account of alleged dumped imports from subject countries. The analysis has been undertaken on basis of NIP of domestic industry and the landed value of the imports of the cooperative exporters from China and Japan, who account for the total imports from the respective subject countries.

| SN | Particulars | Unit | China | Japan |
|----|-------------------------|-------|-------|-------|
| 1 | NIP | Rs/MT | *** | *** |
| 2 | Landed value of imports | Rs/MT | *** | *** |
| 3 | Price underselling | Rs/MT | *** | *** |
| 3a | Price underselling | % | *** | *** |
| 3b | Price underselling | Range | 10-20 | 10-20 |

54. It is noted from the above table that the domestic industry has suffered price underselling on account of imports of the subject goods from the subject countries.

IV. Economic Parameters of the Domestic Industry

55. Annexure II to the Anti-dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to consequent impact of these imports on domestic producers of such products, the Anti-dumping Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits,

output, market share, productivity, return on investments, utilization of capacity, factors affecting domestic prices, the magnitude of the margin of dumping, actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments etc.

56. The various injury parameters relating to the domestic industry are discussed herein below:

a) Market share:

57. The details of imports, domestic sales and the market share of the domestic industry and subject countries are as below:

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---|---------|---------|---------|---------|-------|
| 1 | Total Domestic Sale (including captive sales) | MT | 1,095 | 1,557 | 886 | 1,169 |
| 1a | Trend | Indexed | 100 | 142 | 81 | 107 |
| 2 | Imports from Subject Countries | MT | 2,470 | 2,889 | 3,226 | 3,343 |
| 3 | Imports from Other Countries | MT | 372 | 425 | 92 | 177 |
| 4 | Total Imports | MT | 2,842 | 3,314 | 3,318 | 3,519 |
| 5 | Total Demand | MT | 3,937 | 4,871 | 4,204 | 4,689 |
| 5a | Trend | Indexed | 100 | 124 | 107 | 119 |
| 6 | Market share in Demand | | | | | |
| 6a | Of Domestic Sales | % | 28 | 32 | 21 | 25 |
| 6b | Of Imports from Subject countries | % | 63 | 59 | 77 | 71 |
| 6c | Of Imports from Other Countries | % | 9 | 9 | 2 | 4 |

58. It is seen that the imports of the subject goods from subject countries have increased consistently during the entire injury period. It may also be noted that market share of domestic sales has marginally decreased during POI as compared to the base years whereas the share of imports from subject countries has increased.

b) Profitability:

59. The petitioner has stated that they have suffered losses during the entire injury period. The selling price has increased though it has been consistently below the cost of sales during the entire injury investigation period and POI.

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---------------|----------|---------|---------|---------|-------|
| 1 | Cost of sales | Rs./MT | *** | *** | *** | *** |
| 1a | Trend | Indexed | 100 | 102 | 109 | 102 |
| 2 | Selling price | Rs./MT | *** | *** | *** | *** |
| 2a | Trend | Indexed | 100 | 108 | 114 | 110 |
| 3 | Profit/Loss | Rs. Lacs | (***) | (***) | (***) | (***) |
| 3a | Trend | Indexed | (100) | (135) | (81) | (136) |

60. From the above, it is noted that the cost of sales of Domestic Industry for subject goods has marginally increased in POI as compared to base year with a hike during 2014-15, on account of increase in raw materials and fuel prices. As for the selling price of the domestic industry, it is noted that the same has increased but it is below the cost of sales

during the entire injury period, therefore, DI is suffering losses during the entire period.

c) Return on Investment:

61. The return on investment has seen consistently negative trend during the entire injury period as can be seen from the table below:

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|-----------------|---------|---------|---------|---------|-------|
| 1 | Profit per unit | Rs.Lacs | (***) | (***) | (***) | (***) |
| 1a | Trend | Indexed | 100 | 83 | 91 | 78 |
| 2 | ROCE | Rs.Lacs | (***) | (***) | (***) | (***) |
| 2a | Trend | Indexed | 100 | 116 | 48 | 61 |

d) Production and Capacity Utilization:

62. Domestic Industry has marginally increased their capacity during 2013-14 (mainly on account of debottlenecking) and thereafter remained the same. The production of the Domestic Industry has consistently increased which is largely due to the fact that the demand has increased in the country. Further, the capacity utilization, has increased consistently during the entire injury period.

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|----------------------|------|---------|---------|---------|-------|
| 1 | Capacity | MT | 2,160 | 2,280 | 2,280 | 2,280 |
| 2 | Production | MT | 1,607 | 1,941 | 1,967 | 2,055 |
| 3 | Capacity utilization | % | 74 | 85 | 86 | 90 |

e) Sales Volumes:

63. The sales volume of the Domestic Industry has shown a marginal increase in POI as compared to base year with a high peak in 2013-14 and dip in 2014-15. It has further been stated by the petitioner that they have not been able to increase the sales quantity despite increase in demand, which they have assigned to the fact that exporters from the subject countries are adopting dumping techniques. They had to undertake exports as they are getting better remunerative prices in the export market as compared to prices in the domestic market. The petitioner has claimed that they would prefer a larger share in the domestic market at remunerative prices particularly as the demand in India is consistently increasing.

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---------------------------------|----------|---------|---------|---------|-----|
| 1 | Domestic Sales (Merchant Sales) | MT | 965 | 1100 | 674 | 953 |
| 1a | Sales Price – Domestic | Rs. / MT | *** | *** | *** | *** |
| 1b | Trend | Indexed | 100 | 108 | 114 | 110 |
| 2 | Captive Sales | MT | 130 | 457 | 212 | 216 |
| 2a | Sales Price- Captive | Rs/MT | *** | *** | *** | *** |
| 2b | Trend | Indexed | 100 | 107 | 102 | 101 |
| 3 | Export Sales | MT | 455 | 420 | 1088 | 815 |
| 3a | Sales Price – Export | Rs./ MT | *** | *** | *** | *** |
| 3b | Trend | Indexed | 100 | 113 | 108 | 114 |

64. It is noted that the export sales have almost doubled during POI as compared to base year and the same are at better remunerative prices as compared to domestic sales. It clearly indicated that Domestic Industry is efficient and subject goods are of comparable quality enabling them to create an export market and also realizing good prices. Further it is noted that their domestic sales (merchant and captive) are around 60% of total sales of the DI even though the selling price for merchant sales in India is lower than the export prices and also the prices at which the subject goods are being captively consumed (cost of production minus administrative expenses – as per the applicable transfer pricing laws). However, the present injury analysis is only based on the injury caused by the dumped imports for merchant sales.

f) Inventories:

65. It is noted that the average inventory of the Domestic Industry in ideal situation is for 4-5 days but the same is on higher side with an increase in POI.

| Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|---------------|---------|---------|---------|---------|-----|
| Average stock | MT | *** | *** | *** | *** |
| Trend | Indexed | 100 | 133 | 55 | 167 |

g) Productivity, Employment and Wages:

66. It can be seen from the table below that total production as well as productivity in terms of production per employee has increased consistently during the entire injury period. It is also noted from the table that the number of employees during the POI has remained at the same level as that of base year inspite of increase in production. The domestic industry has claimed that this is because they have to cut the costs to match the prices offered by the exporters. However, the wages paid by them have increased during the POI when compared to the base year and previous year. The position with regard to production, employment and wages is as follows:

| SN | Particulars | Unit | 2012-13 | 2013-14 | 2014-15 | POI |
|----|---------------------|---------|---------|---------|---------|-------|
| 1 | Production | MT | 1,607 | 1,941 | 1,967 | 2,055 |
| 1a | Trend | Indexed | 100 | 121 | 122 | 128 |
| 2 | Employees | Nos. | *** | *** | *** | *** |
| 3 | Production/employee | MT | *** | *** | *** | *** |
| 3a | Trend | Indexed | 100 | 124 | 126 | 128 |
| 4 | Wages/employee | Rs | *** | *** | *** | *** |
| 4a | Trend | Indexed | 100 | 106 | 99 | 110 |

67. The increase in wages is a natural cause and not attributable to alleged dumping. In fact the number of employees remaining the same while there is an increase in production indicates that they have become more efficient which is further indicative by the numbers that the production per employee has increased.

h) Magnitude of Dumping:

68. Magnitude of dumping has been determined in earlier paras on the basis of comparison of normal value/ constructed normal value of the exporter with their net export prices at the level of ex-factory and is an indicator of the extent to which the dumped imports can cause injury to the domestic industry. In the present case the dumping margin determined against subject countries is above *de minimis*.

i) Growth

69. The growth of the domestic industry cannot be termed as positive. Profits as well as ROCE remained negative during the entire injury period and POI despite a significant increase in demand for the subject goods. The domestic industry has contended that with increase in demand, the domestic industry had expected growth in profits, comfortable cash flow and increase in return on investments. However, the domestic industry was not been able to achieve the same due to the presence of the dumped imports from subject countries as is apparent from a positive underselling and positive price suppression and depression.

j) Factors Affecting Domestic Price

70. The examination indicates that there is a healthy demand in India for the subject goods. The import prices from subject countries directly affect the prices of the domestic industry in the domestic market. It is also noted that the landed value of subject goods from subject countries are below cost of sale and non-injurious price of the domestic industry. Further, landed value from subject countries had suppressed / depressed the prices of the Domestic Industry causing financial losses to DI. The imports of the product under consideration from countries other than subject countries are not injuring the domestic industry as the prices offered by these countries are significantly higher. Demand for the product is showing an increasing trend and, therefore, could not have been a factor responsible for price depression and suppression faced by the domestic industry. It is thus reasonably evident that the dumped goods from subject countries are responsible for the depressed and suppressed prices of the domestic industry.

V. OTHER KNOWN FACTORS & CAUSAL LINK

71. Having examined the existence of material injury, volume and price effects of dumped imports on the prices of the domestic industry, in terms of its price underselling and price suppression, and depression effects, other indicative parameters listed under the Indian Rules and Agreement on Anti-dumping have been examined by the Authority to see whether any other factor, other than the dumped imports could have contributed to injury to the domestic industry.

a) Volume and prices of imports from third countries

72. During POI, imports of the subject goods from countries other than the subject countries are not significant in volume and were reported at high prices. Therefore, the imports from other countries cannot be considered to have caused injury to the domestic industry.

b) Contraction in demand

73. There has been a constant rise in demand of the product concerned throughout the injury period. Therefore, decline in demand is not a possible reason of injury to the Domestic Industry.

c) Changes in the pattern of consumption

74. The pattern of consumption with regard to the product under consideration has not undergone material change and therefore could not have been the cause for the injury suffered by the domestic industry.

d) Trade restrictive practices of and competition between the foreign and domestic producers

75. The Authority notes that there is no trade restrictive practice, which could have contributed to the injury to the domestic industry.

e) Developments in technology

76. The Authority also notes that technology for production of the product has not undergone any change. The different technologies used in India and subject countries have stabilised as they are in use for more than a decade. Developments in technology are, therefore, not a factor of injury.

f) Export performance

77. The injury analysis has been done by the Authority taking into consideration their domestic operations only. Therefore, performance in the export market is not factored in the present injury analysis.

g) Performance of other products being produced and sold by the domestic industry

78. Claimed injury to the domestic industry is on account of product under consideration only. Therefore, performance of other products being produced and sold by the domestic industry has not affected the present injury analysis.

H. MAGNITUDE OF INJURY AND INJURY MARGIN

79. The Non-injurious price of the subject goods produced by the domestic industry determined by the Authority in terms of Annexure III to the AD Rules has been compared with the landed value of the exports from the subject countries for determination of injury margin during the POI and the injury margin so worked out is as under:

| SN | Producer | Exporter | NIP | | Landed Value | | Injury Margin | | | |
|----|--|--|---------|---------|--------------|---------|---------------|---------|-----|-------|
| | | | USD /MT | INR /MT | USD /MT | INR /MT | USD /MT | INR /MT | % | Range |
| 1 | China | | | | | | | | | |
| 1a | M/s Zhejiang Hongsheng Chemical Co., Ltd | M/s Zhejiang Hongsheng Chemical Co., Ltd / M/s Amino Chem-(HK) Co., Ltd. | *** | *** | *** | *** | *** | *** | *** | 10-20 |

| | | | | | | | | | | |
|----|--------------------------------|---|-----|-----|-----|-----|-----|-----|-----|-------|
| 1b | Any Other | Any Other | *** | *** | *** | *** | *** | *** | *** | 35-45 |
| 2 | Japan | | | | | | | | | |
| 2a | M/s Sumitomo Chemicals Co. Ltd | M/s Sumitomo Chemicals Co. Ltd / M/s B.R. Chemicals Co. Ltd & M/s East West Corporation | *** | *** | *** | *** | *** | *** | *** | 10-20 |
| 2b | Any Other | Any Other | *** | *** | *** | *** | *** | *** | *** | 25-35 |

I. POST DISCLOSURE COMMENTS

80. The post disclosure submissions have been received from the interested parties. The issues raised therein have already been raised earlier during the investigation and also addressed appropriately. However, for the sake of clarity the submissions by the interested parties are being examined as below:

Submissions made by the the Domestic industry

81. The Domestic Industry filed comments to the Disclosure statement beyond the prescribed time limit and therefore, the same have not been considered.

Submissions made by the opposing interested parties

82. The submissions of various opposing interested parties are summarized as follows:
- i. The deadline for submissions on Disclosure statement is unreasonably short to appropriately respond and defend the interests sufficiently. Moreover, this is inconsistent with article 6.9 of the AD agreement.
 - ii. The technology issues raised by a Japanese company and other interested parties have nothing to do with domestic like product. The arguments were made with regard to the insufficiency of the process used by the Domestic Industry, thus leading to a self-inflicted injury and a breach in causal link. The production process of the domestic industry being inefficient, leads to their costs being unnecessarily high, which in turn has led to self-inflicted material injury. This argument does not pertain to the scope of the product under consideration, but rather the factors of non-attribution as mentioned in paragraph (v) of Annexure II to the AD Rules.
 - iii. The exclusion of USA due to the imports being used captively is not only void of any legal basis but it is also discriminatory. Irrespective of whether the product imported for end use, captive use or trade, as long as the imports for a country were more than 3% the country should be considered as a subject country.
 - iv. The Professor and the Petitioner have completely ignored the production of Resorcinol tar (“Reso-tar”) from the Petitioner's final distillation process as a by-product. The fact that the Professor has not mentioned Reso-tar as a by-product in the Petitioner’s production process highlights the deficiency in its analysis with respect to Resorcinol’s production process and thus his comments with respect to the same must be completely

disregarded. The by-products that are produced through the Petitioner's technology cannot be easily commercially sold.

- v. The Petitioner vide its letter dated December 5, 2017 has attempted to make false assertions with respect to the closure of Indspec by blaming the closure on expansion of Sumitomo Chemical Co., Ltd. The Exporters have previously submitted that in March 2017, Indspec announced closure of plant because of inefficiencies in the manufacturing process compared to its global competitors.
- vi. The Petitioner's submissions that the imports are being used for captive consumption to produce downstream product is false. The imports have been made by them from Japan during 2013-14 and later from other country to fill in the gaps in their own supply as they do not have the ability to produce 1,3 Cyclohexanedione, Resoform P-18, Resoform P-19 and Resoform P-20, which require Resorcinol as a raw material.
- vii. There is absence of causal link as the inefficiency of the domestic producer does not prove that the price of the Domestic products was forced to be lower due to dumping of imported products. The production amount and capacity utilization and productivity of the Domestic Industry have increased during the POI. Any injury caused to the domestic industry is not on account of imports from the Subject Countries rather due to its own technological inefficiencies and other extraneous issues.
- viii. The figures (the trend) provided therein for cost per unit and selling price per unit, cannot be exactly the same.
- ix. The cost of the Petitioner is heavily inflated due to its inefficient production technology. This leads to an unnecessarily high production cost and resultantly, an inflated Non Injurious price. If the NIP is inflated due to an inefficient technology, then obviously there would be underselling in the analysis.
- x. The domestic industry has not established that the imports are suppressing or depressing the domestic prices. There is negative undercutting from the subject countries in the present investigation. If a market is price-oriented, as appears to be the claim of the Petitioner, then the lowest price sets the price trends in the market. In the present case, the price trends are clearly being set by the Petitioner, whereby there can be no question of price depression or even price injury.
- xi. The dumping margin and injury margin calculated by the Petitioner is inconsistent and is relying on the Petitioner's so-called own cost, which is estimated to be far deviating from global standard of the product under consideration.
- xii. The Authority has not provided any grounds for cumulative assessment.
- xiii. Demand for the product under consideration in India is higher than production and capacity. Imports are coming to fill the demand supply gap.
- xiv. The Authority for the purposes of calculating the normal value of M/s Sumitomo Chemical Co., Ltd., has only considered profitable sales as it has concluded that M/s Sumitomo Chemical Co., Ltd. failed to make more than 80% of its total sales in the home market profitable. In fact more than 80% of the sales in the domestic market were indeed profitable. The Authority has not provided any reason as to why they disregarded the other non-profitable transactions.

- xv. The Authority has not elaborated on how it has arrived at 22% for computing a reasonable return on capital employed 22%. The Authority is requested to provide the parameters that it has taken into consideration for arriving at 22%.
- xvi. Authority is humbly requested to recommend only a reference price form of anti-dumping duty in the event that positive injury margin, positive dumping margin and causal link is established. There are only three producers in the world for Resorcinol which leads to a limited supply in India thus making it difficult for importers and users to obtain the product.

Examination by the Authority

83. It is noted that the issues raised at post disclosure stage have already been examined by the Authority in above relevant paragraphs, however for the sake of the clarity of the submissions they are addressed as below:
- i. As regards the timeline for submissions of comments on Disclosure statement, a reasonable time of 7 days was given to all the interested parties. The time is sufficient to respond as the interested parties are required to only point out discrepancies or the missing data/information/submissions if any. The comments received within the prescribed time period have been duly addressed.
 - ii. As regards the price effect analysis, the Authority notes that the purpose of the Disclosure statement under Rule 16 of the AD Rules is to inform all the parties of the essential facts under consideration. The Authority is not mandated to disclose its determination at the stage of Disclosure under Rule 16 of the AD Rules. It is a penultimate stage, and the purpose of the disclosure statement is that all the parties should come to know as to what are the essential facts, information/data before the Authority which has been submitted by various interested parties and collected by the Authority upto the stage of issuing the Disclosure Statement which would lead to form the basis for framing and firm up the Authority to its final determination in the final finding. If from the contents of the disclosure statement any interested party thinks that some facts/information/data of importance and relevance to the investigation has been missed out or left out or not properly considered by the Authority, the interested parties can bring the same to the notice of the Authority for consideration on merits while forming its final opinion in the final finding.
 - iii. As regards the calculation of NIP, the Authority notes that NIP and cost of production has been determined as per the Rules and the practices followed in the Directorate. The cost of production calculated for the exporter in Japan was shared with them and also discussed in detail with the legal representative of the exporter.
 - iv. The allegation of exporter regarding inefficient process and technology of the DI has been re-examined and it is found that their submission is not correct as the by-product claimed by the exporter is produced in very small quantity (to the extent of 3% only) and the sales of the same have already been appropriately accounted in the NIP. Further, the Authority notes that the technology used by DI is not inefficient and hence the relevance of the argument for PUC as well as causal link on that ground is baseless.
 - v. The examination of information furnished by the petitioner had revealed that they are manufacturing the downstream products by consuming Resorcinol as raw material which

is also evident by their own captive consumption of the subject goods which was duly reflected in their books of accounts submitted to the Authority.

- vi. The normal value for Japan has been determined as per the detailed information provided by the co-operative exporter, whereas, for China the normal value has been constructed and the reasons have been detailed in above mentioned paras.
- vii. The information furnished by M/s. Sumitomo Chemicals Co. Ltd., was duly examined and verified to the extent possible and the cost of production was worked out as per the Rules. The domestic sales were put to 80/20 test and thereafter the Authority has determined the normal value based on profitable sales transactions.
- viii. As regards to the non-inclusion of USA in the present investigation it is noted that this fact was examined by the Authority at the time of initiation of the investigation as detailed in the relevant para above. Further, the single manufacturing facility in USA has already closed down during the course of the investigation, as was admitted by all the interested parties during oral hearing. The impact of imports from USA has no bearing on the final findings and is only an academic issue.
- ix. The numbers mentioning trend for cost of sales and selling price have been rectified as it was a typographical error, however, the absolute numbers were correct and there is no implication on the outcome of the investigation.
- x. As the criteria mentioned in Para (iii) of Annexure –II of the Rules were applicable in the present case, the cumulative assessment for injury analysis has been correctly undertaken by the Authority.

J. CONCLUSIONS

84. After examining the issues raised and submissions made by the interested parties and facts made available before the Authority as recorded in this finding, the Authority concludes that:
- i. The product under consideration has been exported to India from the subject countries below its normal value, resulting in dumping.
 - ii. The Domestic Industry has suffered material injury due to dumping of the product under consideration from the subject countries.
 - iii. The material injury has been caused by the dumped imports from the subject countries.

K. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

85. 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. It is recognized that the imposition of anti-dumping duties might affect the price levels of the downstream products 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 antidumping 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. RECOMMENDATION

86. 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 AD Rules and having established positive dumping margins as well as material injury to the Domestic Industry caused by such dumped imports, the Authority is of the view that imposition of antidumping duty is required to offset dumping and injury. Therefore, the Authority considers it necessary to recommend imposition of definitive anti-dumping duty on imports of subject goods from the subject countries for a period of three years only in the form and manner described hereunder.
87. Having regard to the lesser duty rule, 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 Authority recommends imposition of definitive anti-dumping duties on the imports of the subject goods, originating in or exported from the subject countries, for a period of 3 years from the date of notification to be issued in this regard by the Central Government, as the difference between the landed value of the subject goods and the amount indicated in Col 8 of the duty table appended below, provided the landed value is less than the value indicated in Col 8. Landed value of imports for the purpose of this Notification shall be the assessable value as determined by the Customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the said Act

Duty Table

| S.N | Tariff Item* | Description of Goods | Country of Origin | Country of Export | Producer | Exporter | Amount (in USD) | UOM |
|------------|---------------------|-----------------------------|--------------------------|--------------------------|--------------------------------------|--|------------------------|------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | 29072100 | Resorcinol | China PR | China PR | Zhejiang Hongsheng Chemical Co., Ltd | Zhejiang Hongsheng Chemical Co., Ltd / Amino Chemical (HK) Co., Ltd. | 5461 | MT |
| 2 | 29072100 | Resorcinol | China PR | China PR | Any combination other than Column 1 | Any combination other than Column 1 | 5461 | MT |

| | | | | | | | | |
|---|----------|------------|----------|----------|-------------------------------------|---|------|----|
| 3 | 29072100 | Resorcinol | China PR | Any | Any | Any | 5461 | MT |
| 4 | 29072100 | Resorcinol | Any | China PR | Any | Any | 5461 | MT |
| 5 | 29072100 | Resorcinol | Japan | Japan | Sumitomo Chemicals Co. Ltd | Sumitomo Chemicals Co. Ltd / B.R. Chemicals Co. Ltd & East West Corporation | 5461 | MT |
| 6 | 29072100 | Resorcinol | Japan | Japan | Any combination other than Column 4 | Any combination other than Column 4 | 5461 | MT |
| 6 | 29072100 | Resorcinol | Japan | Any | Any | Any | 5461 | MT |
| 7 | 29072100 | Resorcinol | Any | Japan | Any | Any | 5461 | MT |

*Custom classification is only indicative and the determination of the duty shall be made as per the description of PUC

88. An appeal against the order of the Central Government arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)

Additional Secretary & Designated Authority