

(To be published in Part-I Section-I of the Gazette of India Extraordinary)

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES

.....

NOTIFICATION

New Delhi, the 22nd May, 2009

FINAL FINDINGS

(MID-TERM REVIEW)

Sub: Anti-Dumping (Mid-Term Review) investigations concerning imports of Viscose Filament Yarn (VFY) originating in or exported from China PR.

No.15/8/2007-DGAD: Whereas the Designated Authority, having regard to the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, initiated the original investigation vide Notification No. 14/23/2004-DGAD dated 7th, April, 2005. The Authority issued its Final findings recommending imposition of definitive Anti Dumping Duty on imports of Viscose Filament Yarn (hereinafter referred to as subject goods) originating in or exported from China PR (hereinafter referred as subject country), vide Notification No. 14/23/2004-DGAD dated 4th April, 2006 and such definitive duty was imposed by the Govt. of India vide Customs Notification No. 45/2006 dated 24.04.2006.

2. The Designated Authority, in terms of section 9A (5) of said Act. received a duly substantiated application from the Association of Man-Made Fiber Industry of India (AMFII) requesting for review and continuation of the anti-dumping duties levied on the subject goods from subject country as the domestic industry continued to suffer injury on account of dumping by the subject country. The petitioners claimed that the circumstances have changed substantially requiring a review of anti dumping measures in force. The reasons cited were substantial increase in the cost of production, intensified dumping, appreciation of Rupee vs US \$ and inclusion of Embroidery yarn in the PUC. The Designated Authority issued a Public Notice No. 15/8/2007-DGAD dated 23rd May, 2008 published in the Gazette of India, Extraordinary, initiating Midterm Review of the anti-dumping investigations to examine the claims of the petitioners.

PROCEDURE

3. In these proceedings the procedure described below has been followed:

- i) After initiation of the review the Authority sent questionnaires, along with the initiation notification, to the known exporters/producers in the subject country in accordance with the Rule 6(4), to elicit relevant information.
- ii) Notices were also sent to the domestic industry in India seeking relevant information in accordance with the Rules;
- iii) The Embassy of the subject country in New Delhi was informed about the initiation of the investigation, in accordance with Rule 6(2), with a request to advise the exporters/producers in their country to respond to the questionnaire within the prescribed time.

- iv) Questionnaires were sent to the known importers and consumers of subject goods in India calling for necessary information in accordance with Rule 6(4),
- v) Transaction-wise data of imports for the period of investigation and preceding three years were called from Directorate General of Commercial Intelligence and Statistics (DGCI&S) in addition to the data of TIPS Software Statistics provided by the domestic industry. Both the information of TIPS Software Statistics and DGC&IS, without overlap, have been relied upon in this investigation;
- vi) Copies of the initiation notification were also sent to FICCI, CII and ASSOCHAM for wider circulation.
- vii) Three exporters from the subject country have responded to the Designated Authority with prescribed questionnaire response.
- viii) No other interested parties filed their response to the initiation notification.
- ix) Association of Man-Made Fibre Industry (AMFII), being domestic industry, submitted the information/data. The Authority verified the information furnished by the domestic industry to the extent possible on the basis of Generally Accepted Accounting Principles (GAAP) to examine the injury suffered, to work out optimum cost of production, cost to make and sell the subject goods in India and so as to ascertain if Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry;

- x) The Authority held a public hearing on 24.12.2008 to hear the interested parties orally, which was attended by representatives of interested parties. The written submissions received from interested parties have been considered in this findings;
- xi) The authority issued a disclosure statement on 23rd February 2009.
- xii) Investigations were carried out for the period of investigation (POI) from 01.04.2007 to 31.03.2008. However, injury analysis shall cover the years 2004-05, 2005-06 and 2006-07.
- xiii) *** in this notification represents information furnished by the interested parties on confidential basis and so considered by the authority under the Rules.

PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

4. The product involved in the original investigation was Viscose Rayon Filament yarn up to 150 deniers (and + - 4% permissible variation thereof) including monofilament yarn of less than 67 decitex also known as viscose filament yarn or VFY, Rayon Filament Yarn, Art Silk Yarn, Cellulose Yarn or Rayon Yarn and includes all yarns made of 100% viscose yarns such as dyed yarn, flat yarn, microfilament microyarn, twisted yarn with the exclusion of embroidered yarn), doubled/multiple ply yarn etc of VFY unless specifically excluded in this paragraph (also referred to as subject goods in final finding Notification). However, the subject goods do not include sewing thread, fur yarn, fire retardant yarn, engineered yarn, embroidered yarn and air texturised yarn.
5. Viscose rayon filament yarn is a regenerated cellulosic yarn which is produced from natural renewable resources i.e. wood pulp. Different types of VFY are produced from the similar production

technology, manufacturing process, raw materials, plant & equipment and perform the same general purpose. Even though the product has been grouped into types according to technology (CSY/PSY), denier, luster, colour, twisting, doubling, these different types contain the same basic characteristic of VFY as there is a great amount of substitutability between different types of VFY. The subject goods are classified with Customs subhead 54033100, 54033200, 54033300, 54034110, 54034120, 54034130, 54034140, 54034150, 54034160, 54034170, 54034180 and 54034190 though they have been reported to have been imported within other chapter heads also (like Chapter 55). Customs classifications are indicative only and in no way binding on the scope of these investigations.

The petitioners requested to include embroidered viscose filament yarn under the purview of subject goods.

6. Submissions by the Interested Parties

6.1 The Domestic Industry has represented as follows:

a) **Significant Increase in cost of production**

Pulp, Caustic Soda and Sulphur are major raw materials involved in the production of the product under consideration. There is significant increase in prices of pulp, caustic soda and sulphuric acid over the period. Relevant information with regard to prices of these inputs at the time of previous and present investigation and the impact of the same on the cost of production has already been filed along with the petition. Petitioner refers and relies on the same.

It is evident that the prices of these inputs have substantially increased. Resultantly, the cost of production has significantly increased after the investigation period.

In addition to the above mentioned raw materials, steam coal is another input which is required for generating steam. Prices of steam coal have significantly increased after the previous investigation period. Information showing prices of steam coal over the years has been provided to the Authority.

It is evident that the cumulative effect of the cost increases on account of a number of these factors is steep increase in the cost of production. Therefore, there is a need for increase in the benchmark appropriately.

(b) **Intensified dumping from China**

While the cost of production has significantly increased over last four years and in particular in 2007-08, the export price from China has not proportionately increased. Resultantly, the Chinese producers have continued to export their product at dumping prices even now.

(c) **Imports of Finer Denier Yarn**

At the time of original investigations, the imports were more in the coarser denier category within the definition of product under consideration. Significant imports are now taking place in superfine denier category.

(d) **Need to give separate benchmark for different deniers**

In view of fixation of one benchmark for different deniers, it is possible for the exporters to export finer denier yarn at the benchmark price and cause injury to the domestic industry. There is significant difference in the cost of production of different deniers. In fact, the domestic industry had categorized the product under consideration into three baskets – (a) less than 120 denier; (b) 120 denier; (c) above 120 denier. However, the Designated Authority fixed one benchmark for the three categories. Had the Designated Authority recommended separate benchmark for the three categories or separate benchmark for different deniers, this would have prevented injury (to some extent) being caused by import of finer denier yarns. The dumping and injury has continued due to the fact that even within three categories, the costs and prices of different deniers vary significantly. The Anti dumping duties are therefore, required to be reviewed in order to give separate benchmarks, denier wise. Given the vast difference in denier to denier cost of production and selling price, the benchmark is required to be revised and given separately for different deniers, as has been done by the Designated Authority in the case of silk fabric.

As would be seen from the information on record, productivity differs significantly from denier to denier. The table below illustrates on indexed basis considering that production hours required for production of one MT of VFY for 150 denier is 100 hours.

Dnr.	Production hours Per MT
40	387
50	340

60	317
75	212
100	147
120	130
130	118
150	100
180	114
225	82
250	71
300	66
350	70
450	42
500	43
600	41
700	41

The above clearly establishes that one benchmark for different types of VFY are inappropriate.

(e) Inclusion of VFY for Embroidery applications

The Designated Authority has not recommended anti dumping duty on imports of VFY for Embroidery applications on the grounds that the domestic industry was not producing and selling VFY for Embroidery applications. However, it is apparent that Authority has in fact confirmed having included yarn for embroidery application within the scope of the product under investigation at the stage of initiation, but had excluded from the same at the stage of final findings from the scope of measures

on the grounds that like article was not being offered by the domestic industry. There is no finding by the Designated Authority that yarn for embroidery applications is not a viscose filament yarn. This inclusion of yarn for embroidery applications within the scope of proposed measures would not therefore tantamount to enhancement of product scope. The scope of the product under consideration shall continue to remain the same i.e. Viscose Filament Yarn.

It would be seen that the Designated Authority has not held that yarn for embroidery applications is not a type of Viscose Filament Yarn. In fact, the Designated Authority has agreed that yarn for embroidery applications is a type of Viscose Filament Yarn. Product under consideration being Viscose Filament Yarn, it is evident that yarn for embroidery applications should be within the scope of product under consideration and proposed measures. However, the Designated Authority excluded yarn for embroidery applications from the scope of proposed measures on the grounds that the yarn for embroidery applications was not offered by the domestic industry. The Designated Authority therefore did not agree on granting protection to the domestic industry for the simple reason that when the domestic industry does not supply that type of yarn in the market, it does not require any protection against dumping, dumping causing injury being the fundamental requirement for imposition of anti dumping duties. The rationale of the Designated Authority was therefore based on need for protection and not on the grounds that the Embroidery Yarn and VFY are dislike articles. Subsequent to the original investigation period, the domestic industry has started offering yarn for embroidery applications. Invoices of yarn for embroidery applications sold by constituents of domestic industry were enclosed with the petition on confidential basis. A statement showing sales of Embroidery Yarn over current injury period, which was provided earlier also, is enclosed with these submissions. It would be seen that not only that the domestic industry is offering VFY for embroidery applications, but also that the domestic industry is suffering injury on such sales. Since the domestic industry is now offering yarn for embroidery applications, the applicants submit that the

Designated Authority may now hold that imports of yarn for embroidery applications should also be subject to anti dumping duties.

For the sake of clarification, it is stated that Embroidery Yarn is nothing but VFY for embroidery application.

6.2 Comparison of yarn for embroidery applications and viscose filament yarn

i) **Physical and technical properties –**

Different types of VFY are produced from the same production technology, manufacturing process, raw materials, plant & equipment and perform the same general purpose. There is a great amount of substitutability between different types of VFY. Even though the product has been grouped in types according to technology (CSY/PSY), denier, luster, color, twisting, doubling, these specific characteristics merely differentiate various types of VFY. However, different types contains the same basic characteristics of VFY.

Viscose filament yarn has vast applications. Various variants of VFY are produced and sold, which includes twisted yarn, double twisted yarn, dyed yarn, dope dyed yarn, flat yarn, microfilament micro yarn, double multiply yarn, embroidery yarn, fur yarn, engineered yarn. Value addition does not result in significant change in the product properties. Essential product properties remain the same as that of simple viscose filament yarn.

Physical and chemical properties of VFY and VFY for Embroidery Yarn are the same.

ii) **Manufacturing process:**

The process of manufacturing of Viscose Filament Yarn for embroidery application, in terms of a flow chart has been enclosed.

6.3 Production technology, manufacturing process, plant & machinery:

Production of yarn for embroidery applications does not require any special plant and machinery which is not available with the domestic industry. As stated before, the domestic industry has already been producing doubled yarn, twisted yarn and dyed yarn. Thus the domestic industry is already in possession of production technology, plant & machinery and is aware of the manufacturing process involved in production of “doubled, twisted and dyed yarn”. Further, production of VFY for Embroidery Yarn requires only incremental production activities after production of VFY. Basic production technology, process and P&M are however in production of VFY.

i) **Pricing:**

Pricing of yarn for embroidery applications is directly linked/dependent on pricing of Viscose Filament Yarn. When Viscose Filament Yarn price go up, yarn for embroidery applications prices also go up. When Viscose Filament Yarn price decline, yarn for embroidery applications prices also decline. It is relevant to note in this regard that mere difference in prices does not mean that the two products are different products. We refer to and rely upon significant price difference that exists in (a) Nylon Filament Yarn of different deniers, (b) ball bearings of different diameters, (c) polyester film of different micron meant for different applications, (d) BOPP film meant for different applications

where price difference between different types can be 1:10. It is also be useful to refer to inclusion of metallised polyester and BOPP film within the scope of investigation by the Authority in the matter of polyester film and BOPP film where metallisation is normally carried out by outside parties and the price difference between metallised and plain film can be up to more than 50%. Petitioners, by way of illustration, wishes to point out difference in the price of a gold ring and a gold ring with a diamond. The price difference can be 1:1000. However, it cannot be said that they are dislike article. Mere price difference in two types is a matter of comparison. This could not have been done at the time of original investigations for the reason that the domestic industry was not offering VFY for Embroidery Yarn. However, since the domestic industry is now offering VFY for Embroidery Yarn, the Authority can do price comparison on apple to apple basis.

ii) **Functions and usage –**

Functions and usage of yarn for embroidery applications and Viscose Filament Yarn are the same. Only the end application varies. As noted by the Designated Authority in the final findings, primary use of VFY is in textiles for clothing. Viscose Filament Yarn as also yarn for embroidery applications perform the same function. Petitioners submit that it would be misleading to state that functions & uses of VFY and VFY for Embroidery Yarn are different. The difference is only in end applications. However, difference in end applications cannot render the two products as different products. This can easily be established by an illustration showing differences in end applications of various types of petfilm which were considered one like product by Designated Authority in India, EC, US, South Africa, etc.

iii) In view of the above, petitioner submits that

- a. VFY for Embroidery applications is required to be included within the purview of anti dumping duties;
- b. Chinese producers have intensified dumping;

- c. Since claim of market economy status is not based on any new grounds, the Chinese producers are not entitled for market economy status.
- d. Export price must be verified from customs data;
- e. Advance License imports must be investigated;
- f. The domestic industry is once again suffering injury;
- g. The present anti dumping duties are required to be revised upwards;
- h. The anti dumping duties are required to be given separately for different types of the product under consideration;
- i. The Designated Authority may consider interim duty recommendations, revising the benchmark upwards, pending detailed investigations. Alternatively, the Designated Authority may consider early final findings, if interim duties cannot be considered

7. Exporters Submissions:

7.1 M/s Yibin Hiest Fibre Limited Corporation has represented as follows:

- i) The contention of the Domestic Industry that embroidered yarn can be brought within the scope of the product under consideration can be upheld only if it is proved that embroidered yarn is a like product of VFY. As submitted herein above, the Hon'ble Designated Authority in final findings dated 6th April, 2006 has categorically held that no such like product is offered by the Domestic Industry. Further, VFY and Embroidered Yarn are not interchangeable and are not substitutable with each other. Therefore, the contentions of Domestic Industry fall on this short ground only.
- ii) Embroidered yarn is manufactured by twisting, doubling and dyeing Viscose Filament Yarn. Admittedly, the Domestic Industry had been performing the three functions of twisting, doubling and dyeing yarn separately and not together so as to manufacture embroidered yarn.
- iii) The only ground stated on behalf of the Domestic Industry/Applicant for inclusion of embroidered yarn within the scope of product under consideration has been that the Domestic Industry/Applicant had now begun to offer embroidered to its customers. However, the Applicant has failed to prove that it constitutes the Domestic Industry under the Anti-Dumping Rules and has locus standi to file the present application for inclusion of embroidered yarn within the scope of anti-dumping duty. Further, the petition filed on behalf of the present Domestic Industry has not been supported by other manufacturers of embroidered yarn in the Indian market.
- iv) Admittedly supply of embroidered yarn by the Domestic Industry has not been consistent even when the demand in the Indian market has been on constant rise. Thus, the Domestic Industry has not been able to meet the demand of the market thereby necessitating imports from China.
 - a) Depreciation of USD: As a matter of fact the US Dollar has appreciated significantly against the Indian Rupee in the last 6 months. In view of the present global economic meltdown, the USD is not expected to depreciate against Rupee in the near future. A graphic representation of value of USD against Rupee has been submitted.

- b) Imports of finer denier yarn: Hiest has not exported commercial quantity of finer denier yarn during the Period of Investigation. Hiest verily believes that only one of the Chinese exporters exported commercial quantity of finer denier during the POI. Even the Domestic Industry has not supported its averment by any documentary proof/data..
- c) Separate benchmark for different denier : Without prejudice to our stand, it is submitted that in case the Hon'ble Designated Authority comes to the conclusion that anti-dumping duty should be continued to be imposed on imports of the subject goods from China PR, Hiest would prefer different duty for different denier.
- d) Increase in cost of Production: The cost of raw material did increase for an insignificant period around the time of filing of the petition for initiation of Mid-Term Review. However, subsequently, the price of raw material have internationally decreased to the where it was at the time of final findings i.e. around April, 2006 For example, the price of wood pulp was about US\$ 700 per MT in April, 2007 which equivalent to its price at the time when the Hon'ble DA recommended imposition of anti-dumping duty vide its final findings dated 4th April, 2006. In support of the same, charts have been submitted.

7.2 M/s. HMEI Thread Co. Ltd. has represented as follows:

The case that has been made out by the applicants is as under which is extracted in their own language.

- a) The Designated Authority has not recommended anti-dumping duty on imports of VFY for Embroidery applicants on the grounds that the Domestic Industry was not producing and selling VFY for Embroidery application (Ref. to (e) on page 3 of written submissions of Domestic Industry).
- b) The Designated Authority, therefore, did not agree on granting protection to the Domestic Industry for the simple reason that when the Domestic Industry does not supply that type of yarn in the market, it does not require any protection against dumping,

dumping causing injury being the fundamental requirement for imposition of anti-dumping duties.

- c) Subsequent to the original investigation period, the Domestic Industry has started offering Yarn for embroidery applications.
- d) If an additional production step is required for the production of certain type of product, resulting in higher cost of production and sales price, the same is not an element which could per se justify exclusion of certain type of product from the product scope of duties.
- e) It may also be noted that the plant and machinery used for such processing does not require huge investment and is in fact being already carried out by persons in the unorganized sector in the country.
- f) This could not have been done at the time of original investigations for the reason that the Domestic Industry was not offering VFY for Embroidery Yarn.
- g) The difference is only in end applications.

7.3 M/s. Xinxiang Chemical Fiber Co. Ltd. China PR has represented as follows:

- a) A review, by definition, implies review of the duties already in force. If no duties have been imposed on a particular product, they shall not be included within the scope of a review. In this case, DGAD had clearly 'excluded' embroidery yarn from the scope of the anti-dumping duties. Such excluded products shall not be brought within the scope of duties in a review.
- b) At the time of original investigation, DGAD excluded 'embroidery' yarn on the ground that the domestic industry was not offering them. In this review application, domestic industry has started that they have since started offering embroidery yarn and hence duty shall be imposed on them.

- c) If the domestic producers of VFY have started manufacturing embroidery yarn now, it is incumbent upon them to state who the other manufacturers of embroidery yarn are and whether the applications have the standing to represent all the manufacturers of embroidery yarn in India. Let us assume that the applicants were manufacturing embroidery yarn at the time of original investigation itself. At that time, they would have been asked to present details of other manufacturers of embroidery yarn in India to establish their standing. Such a requirement cannot be side stepped merely because it is a review. If the applicants have now started manufacturing embroidery yarn and they want anti-dumping duty to be imposed on it, it they should come out with full details about all the producers of embroidery yarn in India. If not, the application shall be rejected out rightly.

7.4 Small Scale producers/ Users

M/s. Salem District Art Silk Merchants' Association has represented as follows:

- a) We are agreeable with the domestic filament yarn industry. In considering, inclusion of viscose embroidery yarn under the purview of anti-dumping duty.
- b) It is obvious that imports of viscose embroidery thread both in the semi-finished and the finished form have increased considerably during the POI and Post-POI period.
- c) On the one hand scarcity of VFY in the domestic scene (in view of closure of two units) has proved advantageous for the existing domestic yarn producers to increase their prices, both during the POI/Post-POI period.
- d) On the other hand the already existing anti-dumping duty for imports from China and the proposed review thereafter is making imports expensive and is burdening the user industry.

- e) To add fuel to the fire the imports of viscose embroidery thread both in the semi-finished/finished form is virtually squeezing the user industry margins into negative territory.
- f) A number of user industry units in the Salem, Delhi and Surat Regions have shut shop in view of this precarious situation.
- g) Therefore, there are no two opinions about the view point that the viscose embroidery thread imports from China in the semi-finished/finished form have both to be taken up for consideration of being brought under the purview of anti-dumping since they are affecting the “ S M E S” in the un-organized sector.
- h) The Association have provided data about increase in quantum of imports in embroidery thread from 100MT (2005-06) to 3600 MT in 2007-08. They have also provided copy of petitions signed by approx. thousand house hold units wherein around 50 thousand workers/ family members are employed. They have claimed that over 5 lakh people employed in this industry spread across the country are being affected by the Chinese dumping of Embroidery thread.

8. Submissions by the Interested Parties subsequent to Disclosure statement

8.1 Domestic Industry

The Domestic industry does not agree that inclusion of embroidery yarn tantamount to extension of product scope. Exclusion of this yarn would leave the Indian producers with no option but to suffer continued injury in this segment.

8.2 M/s Yibin Hiest Fibre Limited Corporation, China PR

The applicant has failed to aver or prove that it constitutes the Domestic Industry under the Anti dumping rules and has locus standi to file the present application for inclusion of embroidery yarn within the scope of

antidumping duty. Further , the petition filed on behalf of the present domestic industry has not been supported by other manufacturers of embroidery yarn in the Indian market. VFY and embroidery yarn are not interchangeable and are not substitutable with each other.

8.3 M/s. HMEI Thread Co. Ltd, China PR

Since the embroidery yarn has been excluded from the purview of the product under consideration, it does not have any comments to offer on the disclosure statement.

8.4 M/s. Xinxiang Chemical Fiber Co. Ltd. China PR

No comments as their arguments to exclude embroidery yarn have been accepted.

9. **Examination by the Authority**

The issue has been examined in the light of submissions made by different interested parties. The embroidery yarn was in the scope of original investigation in the defined product under consideration. However, it was specifically excluded as no like article had been offered by the domestic industry during the injury period. As per recommendations of the Final Findings, the embroidery yarns along with other specialized yarns were specifically excluded and no duty was recommended on the same. The submissions of the Domestic Industry that the embroidery yarn is next stage of VFY and involves only twisting

and doubling only may be correct. However, as the type embroidery yarn was specifically excluded from the purview of Product under consideration(PUC) in the Original Investigation, the Authority confirms not to include the embroidery yarn as the PUC and restricts the PUC as finally defined in the Final Findings dated 4th April, 2006 in this regard.

10. Standing and scope of the Domestic Industry

In the original investigations, Association of Man-Made Fibre Industry of India (AMFII) had filed the petition before the Designated Authority. In the present investigation also Association of Man-Made Fibre Industry of India (AMFII) has filed the petition. The petitioner constitutes domestic industry within the meaning of the Anti Dumping Rules. The investigation has not shown any fact to the contrary to what has been claimed and established by the petitioner. Having regard to the Rules and information on record, the Authority therefore holds that Association of Man-Made Fibre Industry of India (AMFII) constitutes domestic industry for the purpose of the present investigations within the meaning of the Rules.

11. Dumping Determination: Normal Value, Export Price and Dumping Margin

Submissions made by the Interested Parties subsequent to Disclosure Statement

11.1 Domestic Industry

- a) It has been submitted that the bench mark may be recommended for each denier of the product under consideration.
- b) The form of benchmark duty should be in combination of US \$ and INR. The duty should be in terms of US\$ when the exchange rate exceeds average of the POI. The duty should be in INR when the exchange rate falls below average of the POI. This is in line with the

rationality involved in the decision of the CESTAT in the matter of Metcoke from China.

11.2 M/s Yibin Hiest Fibre Limited Corporation, China PR

The Authority has wrongly and arbitrarily rejected the market economy treatment of Hiest. There is no dumping as alleged, in fact the subject goods are sold at market driven prices consistent with the range of export prices prevailing in the Asia Pacific region. No dumping is alleged and Hiest has always exported VFY to India at or above Normal Value for profits and at a price much higher than their own domestic cost of production. Further, without prejudice to the contention that there is no dumping by Hiest, it is stated that the net export price for 150 denier has been taken incorrectly and not as per the submissions made.

11.3 M/s. Xinxiang Chemical Fiber Co. Ltd. China PR

The weighted average export price of the total quantities exported, as compared to the reference price fixed during the original investigation, was 21% higher in the review POI. In light of the above, the likelihood of recurrence of dumping or injury does not arise. It is understood that the Authority has calculated the Normal value and NIP based on the technology used for manufacturing the product concerned. The product manufactured by using two different technologies are (i) alike in all respects; (ii) used interchangeably; and (iii) compete in the same segment in the market. Also products manufactured from both the technologies have no distinct or special uses and characteristics in which case they cannot be differentiated based on the technology used for manufacturing and consequently determination of different normal values and NIP is unwarranted legally unsustainable.

Examination by the authority

11.4 The authority notes that the Domestic industry has argued that there is significant shift in imports from coarser denier to finer denier. Further, the Domestic industry also argued in its petition that there is a significant

difference in the prices of different deniers and therefore the Authority should consider denier to denier comparison. None of the opposing interested parties have raised any objection in this regard. The principles of fair comparison require that the Authority compares the normal value with export price for comparable product types. Having regard to the objective of the present midterm review, arguments of the interested parties and legal provisions, the Authority considers it appropriate to compare normal value and export price separately for each denier.

12. Examination of Response to Market Economy Treatment Questionnaire by the Authority

- (i) The Designated Authority, as per para 8 (2) of the annexure 1 of AD rules for the purpose of assessing the normal value proceeded with the presumption that any country that has been determined to be or has been treated as a non-market economy for the purposes of anti-dumping investigations by the Designated Authority or by the competent authority of any WTO member country during the three years period preceding the investigation is a non-market economy country. In the past three years China PR has been treated as a non-market economy country in the anti-dumping investigations by WTO members such as EU and USA. In the instant case China PR has been proposed to be investigated as a non-market economy country.
- (ii) 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 provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove the contrary. The cooperating exporters/producers of the subject goods from People's Republic of 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:-

- a) 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;
 - b) 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;
 - c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - d) the exchange rate conversions are carried out at the market rate.
- (iii) The Authority sent copies of the questionnaires to all the known exporters for the purpose of determination of normal value. M/s Yibin Hiest Fibre Ltd corporation, M/s HMEI Thread co. Ltd of Yibin Sinhuan and M/s Xin xiang Chemical Fibre Co Ltd have responded to the Exporter's questionnaire. M/s Yibin Heist Fibre Ltd corporation and M/s HMEI Thread Co. Ltd of Yibin Sinhuan have responded to the Market Economy Treatment (MET) also. M/s Xin xiang Chemical Fibre Co Ltd have not responded to the Market Economy Treatment (MET) questionnaire and have submitted information in respect of export price only.

- (iv) The Authority has examined the MET Questionnaire submitted by M/s Yibin Hiest Fibre Ltd Corporation. It was submitted by the Company that ***% of the shares are held by M/s. Grace and M/s. Grace Group Companies which are State Owned Enterprises (SOE). M/s. Grace Group Companies have ***% shares held by the State Owned Enterprises namely M/s. Yibin State Owned Asset Management Company Ltd. (***%) & M/s. Sichuan Province Investment Group Company Ltd. (***%). This Group and other SOEs in turn hold ***% shares in M/s. Grace. In view of the above, the interference of the State in the management and day to day affairs of the Company M/s Yibin Heist Fibre Ltd Corporation cannot be ruled out.
- (V) The Authority has examined the MET Questionnaire submitted by M/s. HMEI Thread Company Ltd. This Company purchases the raw material of VFY from Hiest Company (majority controlled by SOEs) on a long term contract. Both these companies have one common share holder M/s. Xinya. It has been submitted that since purchase quantities are large, the price of VFY for HMEI is better. As per information provided in respect of the personnels working in HMEI, almost all are the ex-employees of M/s. Grace and M/s. Grace Group Companies. This company is only selling embroidery yarn. As per information provided in respect of procurement of raw material, personnel managing the plant and the plant itself (land use right and the building) is leased from Grace Group Company Ltd., the common Management running this Company also cannot be ruled out. The influence of M/s. Grace Group Company Ltd. on M/s. HMEI is as admitted from the questionnaire response. As M/s. Grace and Grace Group Company Ltd. are primarily SOEs, the interference of the State in the management and day-to-day affairs cannot be ruled out.
- (vi) M/s Xin xiang Chemical Fibre Co Ltd. has not provided the response to the MET questionnaire and have not claimed the Market Economy Treatment
- (vii) In view of the above, the Authority is unable to apply the principles set out in paragraph 1 to 6 of Annexure 1 for determination of normal value for the Chinese exporters. Therefore, the normal value in respect of all exporters/producers from China PR is

determined as per Rules relating to non-market economy as contained in para 7 of Annexure 1 of AD Rules.

- (viii) As per para 7 of Annexure 1 of AD Rules, the Authority is required to determine normal value on the basis of 'price or constructed value in the market economy third country or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product.'
- (ix) No data or information was made available by the domestic industry about normal value in market economy third country. The domestic industry has, however provided the price paid or payable of the product under consideration in India during the POI denier wise. The Authority, therefore, in absence of any other option, has determined the normal value based on price actually paid or payable in India for the like product. Wherever the domestic industry has profitable sales, the same have been adopted. However, if the selling price of the domestic industry is below cost of production, cost of production, duly adjusted, has been adopted for determination of normal value, after addition for selling, general & administrative cost and profits. The normal value has been determined at ex-factory level.

13. Export Price

The export price has been determined on the basis of the information provided by the respective exporters. The Authority recalls that during the original investigation, all claims of the responding exporters with regard to the export price and adjustments to the export price were not agreed in all cases. Some of the export transactions were rejected in the absence of substantiation by the exporters during the verification. The Authority, however, has relied upon the submissions made by the exporters in respect of the export price and the adjustments claimed thereof. The Authority proposes to allow price adjustments as claimed by the respective exporters. It is,

however, seen that M/s Yibin Hiest has shown a differential in the range of *** to ***\$ per kg between Net export price and CIF value in different deniers whereas M/s Xinxiang has shown a differential in the range of ***to ***\$ per kg between Net export price and CIF value in different deniers. The claims of M/s Xinxiang are on lower side as compared to that of M/s Yibin Hiest. As both the exporters are from the same country, the lower differential claimed by M/s Xinxiang has been adjusted based on M/s Yibin Hiest data.

14. Dumping Margin

14.1 Based on the normal value and export price as determined above, the Authority determined the dumping margin as under:

YIBIN HIEST	100 Dnr	120 Dnr	150 Dnr	Total
Normal Value-US\$	***	***	***	***
Net Export price-US\$	***	***	***	***
Dumping margin US\$	***	***	***	***
Dumping Margin %	***	***	***	4.42

14.2 M/S HMEI has exported only Embroidery yarn, which being out of the purview of the product under consideration; no dumping margin has been calculated on the same.

14.3 M/s Xinxiang has exported from 30 denier to 150 denier during the POI. Dumping margin there in are as per the table below.

Denier	100	120	150	30	40	50	60	75	Total
Normal value-US\$	***	***	***	***	***	***	***	***	***
Net Export price-US\$	***	***	***	***	***	***	***	***	***
DM -US\$	***	***	***	(***)	(***)	***	(***)	***	***

DM%	***	***	***	(***)	(***)	***	(***)	***	12.02
-----	-----	-----	-----	-------	-------	-----	-------	-----	-------

14.4 Other exporters from China

Export price for non cooperative exporters has been determined on the basis of transactions of imports during the POI based on the information made available by domestic industry. Separate export price has been determined for different deniers. The CIF export price has been adjusted for expenses claimed by the domestic industry to arrive at ex factory export price. Comparison of the export price with normal value shows following dumping margin in respect of other non-cooperating exporters.

Denier	30	40	50	75	100	120	150	Total
Normal value-US\$	***	***	***	***	***	***	***	***
Net Export price-US\$	***	***	***	***	***	***	***	***
DM –US\$	(***)	(***)	(***)	***	***	***	***	***
DM%	(***)	(***)	(***)	***	***	***	***	19.14

15. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF CAUSAL LINK

INJURY DETERMINATION

15.1 The Authority notes that for mid term review, the relevant provisions of Section 9(A)(5) of the Customs Tariff Act and Rule 23, which provides as follows -

“The anti-dumping duty imposed under this section shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition:

Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.”

Rule 23. Review. The designated authority shall, from time to time, review the need for the continued imposition of the anti-dumping duty and shall, if it is satisfied on the basis of information received by it that there is no justification for the continued imposition of such duty recommend to the Central Government for its withdrawal. - (1)

Any review initiated under sub-rule (1) shall be concluded within a period not exceeding twelve months from the date of initiation of such review. (2)

The provisions of rules 6, 7, 8, 9, 10, 11, 16, 17, 18, 19, and 20 shall be (3) *mutatis mutandis* applicable in the case of review.

15.2 Rule 23 of the Anti-dumping Rules provide for procedure for conducting interim reviews. For conducting the review, the provisions of Rule 6, 7, 8, 9, 10, 11, 16, 17, 18, 19 and 20 have been made applicable. The Authority notes that as per Rules, present state of injury and thereafter likelihood is to be assessed in such reviews.

15.3 In this regard, the Rules provide for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices in the domestic market for the like products; and (b) the consequent impact of these imports on domestic producers of such products. With regard to the volume effect of the dumped imports, the

Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

15.4 For the purpose of assessing present state of injury, the Authority has examined the volume and price effects of dumped imports of the subject goods on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any.

Submissions made by the Interested Parties subsequent to Disclosure Statement

15.4.1 M/s Yibin Hiest Fibre Limited Corporation, China PR

The injury to the domestic industry, if any is due to the domestic competition within the domestic market and not due to imports. Since, the quality of VFY imported from China is far superior to the quality produced in India, the market for better quality yarn is increasing. The reduction in market share of the domestic industry is attributable to the increase in market share of other producers and not due to the dumping from China. Hiest has not exported to India at such prices which could have caused any injury to the domestic industry. No injury can be claimed by the domestic industry on account of employment and wages. The market share of other producers has doubled and the market share of the domestic industry has proportionately decreased. The domestic industry is known to use obsolete technology. Further, there has been an improvement in export performance of the domestic industry, it may be stated that no foreign markets have been lost.

15.4.2 M/s. Xinxiang Chemical Fiber Co. Ltd. China PR

The authority needs to collect a sufficient and proper factual basis and must conduct an objective examination of all relevant economic factors and indices bearing on the situation of the domestic industry, which is a mandatory step in the determination on injury to the domestic industry. The list of relevant factors and indices bearing on the state of domestic industry shall be thoroughly evaluated by the authority. There is no persuasive explanation in the disclosure as to how positive movements were outweighed by negative indices during the POI.

(A) VOLUME EFFECT: Volume effect of dumped imports and impact on domestic industry:

15.5 The effects of volume of dumped imports from subject country has been examined as follows:

Import volumes and share of the subject country:

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Market share in Imports					
China PR	MT	2,816	4,627	2,782	3,401
Other Countries	MT	656	1,647	610	600
Total Imports	MT	3,472	6,275	3,392	4,001
Trend	Indexed	100	181	98	115
Market share in Imports					
China PR	%	81.11	73.74	82.01	85.00
Other Countries	%	18.89	26.26	17.99	15.00

The data provided by the responding exporters have been analyzed with regard to volume of dumped imports. The position is as follows –

Name of the Company	Exports during POI(MT)
Yibin Hiest	***
Xinxiang	***

It is noted from the above that even when these companies are claimed to be the largest producers/exporters from China, the volume of exports reported by these companies are substantially lower than volume of imports reported in India.

15.6. TIPS Software Statistics has provided transaction-wise data on imports; the same has been relied on for analysis in this finding. The data shows that imports from subject countries have increased in POI. The total imports rose from 3401 MT to 4001 MT. The share in imports of subject country has increased from 81.11% in 2004-05 to 85% in POI. There was a significant increase in imports from China in absolute terms as also in share of imports. The current level of imports is inspite of the existing anti dumping duties. It is noted that the present investigation is a review investigations and the anti dumping duties were recommended and imposed sometime back. The domestic industry argued that the volume of imports would have in normal circumstances declined. However, due to benchmark form of duty and increase in the input prices, since the prices of the product have increased, the imports continued to be made at dumped and injurious prices.

15.7 The Authority has determined demand for the product under consideration by considering sales of the Indian Producers and known imports in India.

Demand, Production and Market Shares

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
-------------	------	---------	---------	---------	---------

Demand	MT.	37,671	42,950	36,319	37,623
Trend	Indexed	100	114	96	100
Domestic Industry	MT.	32,623	33,537	29,374	30,377
Sale of other producers	MT.	1,576	3,138	3,553	3,245
Imports – subject country	MT.	2,816	4,627	2,782	3,401
Imports – other countries	MT	656	1,647	610	600
Market Share in demand					
Domestic Industry	%	86.60	78.08	80.88	80.74
Sale of other producers	%	4.18	7.31	9.78	8.63
Imports – subject country	%	7.48	10.77	7.66	9.04
Imports – other countries	%	1.74	3.84	1.68	1.60

15.8 The above data indicate that demand remained almost same in POI as compared to base year. During the same period, the market share of domestic industry declined from 86.60% to 80.74%. However, it is noted that the share of imports from subject country has increased from 7.48% in base year to 9.04% in the POI. It is thus noted that the demand of the subject goods has stagnated over the years excluding in the year 2005-06 where it has gone up. Further, whereas the market share of the dumped imports from China increased in spite of imposition of anti dumping duties that of domestic industry has declined.

15.9 Capacity, Capacity Utilization and Production of the Domestic Industry

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Capacity	MT	57,100	57,500	57,500	57,500
Trends	Indexed	100	101	101	101

Production	MT	53,581	53,130	54,020	51,107
Trend	Indexed	100	99	101	95
Capacity Utilization	%	93.84	92.40	93.95	88.88
Trend	Indexed	100	98	100	95
Production of product under consideration	MT	32,051	33,120	32,225	30,559
Trend	Indexed	100	103	101	95

Note:- Capacity and capacity utilization is for all the deniers produced by the domestic industry.

The above data are with regards to total production and capacity of domestic industry. Since there is no separate capacity available for subject goods (up to 150 Dnr.) the same has been examined as regards production and capacity utilization. The data shows that the domestic industry was able to maintain its capacity utilization till 2006-07. However, capacity utilization declined by 5% in POI.

15.10 The production of the subject goods increased in 2006-07 but declined by 5% in POI as compared to base year. The decline in production and capacity utilization is because of dumped imports at dumped and injurious price.

15.11 Sales of Domestic Industry

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Domestic sales	MT	32,623	33,537	29,374	30,377
Trend	Indexed	100	103	90	93
Sales - Exports	MT	1,444	777	1,856	2,101
Trend	Indexed	100	54	129	146

The above data shows that domestic sale of the domestic industry have declined by 7% in POI as compared to base year. The decline in sales is more than decline in production.

(B) Price Effect of the Dumped imports on the Domestic Industry

15.12 The impact on the prices of the domestic industry on account of imports from the subject country have been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis the denier wise cost of production, net sales realization (NSR) and the non-injurious price (NIP) of the domestic industry (worked out on the basis of the costing information of the domestic industry) have been compared with denier wise landed value of imports from the subject country.

15.13 A comparison for subject goods during the period of investigation was made between the landed value of dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, the rebates, discounts and commission offered by the domestic industry have been adjusted.

15.14 The price underselling is an important indicator of assessment of injury; thus, the Authority has worked out a non injurious price and compared the same with the landed value to arrive at the extent of price underselling. The non-injurious price has been evaluated for the domestic industry by appropriately considering the cost of production for the product under consideration during the POI.

15.15 It is found that (a) landed price of imports are significantly below the selling price of the domestic industry, thus resulting in price undercutting; (b) the selling price of the domestic industry are substantially below the non-injurious price of the domestic industry, thus resulting in price underselling, (c) whereas cost of production increased over the injury period, the selling prices did not increase in the same proportion. The imports were therefore suppressing the prices of the domestic industry in the market.

15.16 Examination of other Injury Parameters

After having examined the effect of dumped imports on the volumes and prices of the domestic industry and major injury indicators like volume and value of imports, capacity, output, capacity utilization and sales of the domestic industry as well as demand pattern with market shares of various segments in the earlier section, other economic parameters which could indicate existence of injury to the domestic industry have been analyzed hereunder as follows:

15.17 Profits and Actual and Potential Effects on Cash Flow

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Profitability					
Cost of sales	Rs./KG	***	***	***	***
Trend	Indexed	100	103	115	128
Selling Price	Rs./KG	***	***	***	***
Trend	Indexed	100	100	110	112
Profit/ Loss	Rs./KG	***	***	***	(***)
Trend	Indexed	100	53	38	(107)
Profit/Loss (PBIT)	Rs. Lacs	***	***	***	(***)
Trend	Indexed	100	62	48	(59)
Cash Profit	Rs. Lacs	***	***	***	(***)
Trend	Indexed	100	68	53	(53)

The profitability on the domestic sales of the domestic industry has been analyzed from the records of the domestic industry.

15.18 The data shows that the cost of sales increased by 28% where as selling price increased only by 12% POI as compared to base year. As a result, profit per KG declined significantly in POI as compared to base year.

15.19 The profit (PBIT) declined significantly in POI as compared to base year. Domestic industry was in losses in POI. PBIT declined by 141% in POI as compared to base year.

15.20 In order to analyze the impact of dumped imports on cash flow, the Authority has considered the trends in cash profits. The cash profit has been determined by addition of amount of depreciation to the profit (profit before tax). The trend shows the same trend of PBIT. Cash profit declined by 153% in POI as compared to base year.

15.21 Employment and Wages

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Employees	Nos.	9,537	8,518	8,517	8,171
Trend	Indexed	100	89	89	86
Wages paid per unit of production	Rs./KG	31.26	29.63	38.58	38.17
Trend	Indexed	100	95	123	122

Number of employees actually declined to 86 (indexed) as compared to 100 in the base year. This industry being a labour intensive industry, decline in number of employees is

significant deterioration for the domestic industry. Wages per unit of cost of production increased by 22% in POI as compared to base year.

15.22 Productivity

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Production	MT	32,051	33,120	32,225	30,559
Trend	Indexed	100	103	101	95
Productivity per employee	MT	5.62	6.24	6.34	6.25
Trend	Indexed	100	111	113	111

The data shows that productivity calculated as production (up to 150 denier only) per employee has improved by 11% in POI as compared to base year but declined as compared to 2006-07.

15.23 Inventories

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
Average inventories	MT	5,009	3,405	3,292	2,776
Trend	Indexed	100	68	66	55

The data on inventory shows that average inventory has declined by 45% in POI as compared to base year.

15.24 Return on Investment and Ability to Raise Capital

Particulars	Unit	2004-05	2005-06	2006-07	2007-08
NFA	Rs. Lacs	***	***	***	***
Working Capital	Rs. Lacs	***	***	***	***
Capital Employed- NFA Basis (Total)	Rs. Lacs	***	***	***	***
Trend	Indexed	100	104	104	107
Return on Capital Employed	%	***	***	***	(***)
Trend	Indexed	100	60	46	(55)

The return on capital employed deteriorated steeply over the injury period and was negative in POI. In indexed form, the return on capital employed declined by 145% over the injury period. Domestic industry, which was earning positive return in the base year suffered negative return in POI.

15.25 Factors affecting prices

Evaluation of export prices from subject country shows that the prices in POI increased in POI from the base year. The landed value of the subject goods increased from base year to POI.

15.26 Growth

The production, domestic sales, capacity utilization, ROI, PBIT, cash profit, shows negative growth. Inventory, productivity of the domestic industry shows positive growth.

15.27 Others known factors

a) Volume and prices of imports from other sources

It is seen that Imports from countries not attracting duties declined from 656 MT in the base year to 237 MT in POI. The share of imports from other countries declined from 18.89% in the base year to 6.51% in POI. The imports from other countries not attracting duty where the imports have actually declined do not appear to be a factor affecting the performance of the domestic industry.

b) **Contraction in demand and / or change in pattern of consumption**

Demand of the product under consideration has declined by only 1% during POI as compared to base year. Contraction in demand, therefore, is not a possible reason, which could be affecting the performance of the domestic industry.

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

The subject goods are freely importable and there are no trade restrictive practices in the domestic market. This factor could not be reason affecting the performance of the domestic industry.

d) Development of technology and export performance

Technology for production of the product is same for domestic industry and as used by the producers in the subject countries. Development in technology is not a factor which could affect the performance of the domestic industry.

The domestic industry has some export activities. The export sales have increased in POI as compared to base year. However, for determination of injury only domestic sales have been taken into consideration. The export performance, therefore, cannot be considered a factor affecting the performance of the domestic industry.

15.28 Conclusion on injury

Imports of product under consideration increased over the current injury period in absolute terms. The increase in imports was in spite of existing anti dumping duties and appears to be because of increase in the costs leading to increase in the import prices and consequently benchmark becoming less effective in ensuring imports at undumped /non injurious prices. Imports increased significantly in relation to production and consumption in India. With regard to price effect, it is noted that imports were significantly undercutting the prices of the domestic industry in the market and were preventing price increases that would have otherwise occurred in the absence of imports. As regards consequent impact of dumped imports on the domestic industry, performance of the domestic industry deteriorated in terms of production, capacity utilization, market share, sales volumes, selling price, profits, cash profit and return on investments. Imports were suppressing domestic prices. The Authority, therefore, concludes that the domestic industry has suffered continued material injury.

16 CAUSAL LINK

16.1 Likelihood of continuation or recurrence of injury

The present investigation is a review investigation and the Designated Authority is required to examine whether revocation of duty is likely to lead to continuation or recurrence of dumping and injury. In this case, though declining, as there are continued dumped imports, the Designated Authority is required to examine whether revocation of duty is likely to lead to continued dumping of the product. Though in a declining trend, the exporters and producers from the subject country are exporting subject goods to India for the past several years. The current dumping margin is very significant. In the previously concluded investigation also dumping margin was significant. In such a situation, there is no reason to believe that the dumping will not intensify with the revocation of duty. Although from the data in the preceding paragraphs, it is evident that the volume of imports from the subject country has reduced much as compared to the base year. Considering the huge production of the subject goods in China and their export orientation and the increasing demand for the subject goods in India, in all likelihood any reduction or revocation of the anti-dumping duty may lead to spurt in the dumped imports injuring the domestic industries.

16.2 Likelihood of Dumping

To examine the likelihood of dumping in a Mid-term review investigation, the Authority applies the same methodology and the procedure as are applied in original investigations. The dumping margin is also recalculated for the updated period.

16.3 Level of current and past dumping margin

Considering the dumping margin determined by the Authority in the previous investigation and the dumping margin now assessed, it is quite evident that the exports were continued to be made at dumping prices and is likely to continue with revocation of anti dumping duties. Further, the volume of imports is likely to increase further in the event of revocation of anti dumping duties, given the significant price undercutting during the injury period.

16.4 Price attractiveness of Indian market

The price at which material is being exported by China to India is also an indicator of the continuation of dumping. At the landed price there is significant undercutting. Thus, with the revocation of anti dumping duties, the Indian prices would be too attractive to the Chinese Producers and there is strong likelihood that Indian Consumers would import substantially due to increasing demand.

16.5 Export orientation of China

The Authority has procured exports data from the World Trade Atlas in respect of China's exports to world. It is observed from the data that China has exported more than 29000 MT of subject goods during POI to world over. The exports to world over have been 23954 MT in 2005, 28434 MT in 2006 and 29163 MT in 2007. This shows an increase of 18.7% in 2006 over 2005 and 2.56% in 2007 over 2006. The export price has shown a decline of approx 5% in POI over 2005 (from \$5.91 per kg to \$5.63 per kg in POI). In this scenario if anti dumping duty on the subject goods are revoked, India will be an attractive destination for the subject goods from China.

Increase in the volume of dumped imports has resulted in significant decline in the market share of domestic industry. Consequently, sales, production and capacity utilization of the domestic industry has declined. It is further seen that decline in market share of domestic industry as a consequence of increase in market share of subject imports from subject countries prevented the domestic industry from increasing their sales. Significant price undercutting caused by dumped imports prevented the domestic industry from increasing its prices to the extent of increase in costs. While cost of production increased due to increase in the input prices, the selling prices could not increase proportionately due to presence of dumped imports in the market at low price. Resultantly, profit, cash flow and return on investment of the domestic industry deteriorated in the POI. Significant price-undercutting adversely affected the performance of the domestic industry in terms of profits, cash flow, and return on investment.

The Authority, therefore, concludes that the dumped imports originating in China have continued to cause material injury to the domestic industry within the meaning of the rules.

17 FINAL FINDINGS:

Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority through the submission of interested parties or otherwise as recorded in the above findings and on the basis of the above analysis of the state of current and likely dumping and injury and likelihood of continuation or recurrence of dumping and injury, the Authority concludes that:

i) The subject goods are entering the Indian market at dumped prices and dumping margins of the subject goods imported from China is substantial and

above de-minimis. The product continued to be exported to India at dumped prices.

ii) The subject goods are likely to enter Indian market at dumped prices, should the present measures be withdrawn.

iii) The situation of domestic industry deteriorated further in spite of existing anti dumping duties. Further, should the present anti dumping duties be revoked, injury to the domestic industry is likely to continue and intensify.

iv) The deterioration in the performance of the domestic industry is because of dumped imports from China.

18 Indian industry's interest and other issues

18.1 The Authority recognizes that the imposition of anti dumping duties might affect the price levels of the product in India. However, fair competition on the Indian market will not be reduced by the anti dumping measures. On the contrary, imposition of anti dumping measures would remove the unfair advantages gained by dumping practice, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. The Authority notes that the imposition of the anti dumping measures would not restrict imports from subject countries in any way, and therefore, would not affect the availability of the products to the consumers. The consumers could still maintain two or even more sources of supply.

18.2 The purpose of anti dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti dumping measures would not restrict imports from the subject country in any way and, therefore, would not affect the availability of the products to the consumers.

19 Recommendations

19.1 Having concluded that the situation of the domestic industry continues to be fragile and there is likelihood of continuation or resumption of dumping and injury on account of imports from China, if the duties are revoked, the Authority is of the opinion that the measure is required to be extended in respect of imports from China. For the purpose of determining injury, the landed value of imports (denier wise) is compared with the non-injurious price of the petitioner company determined for the period of investigation. The Authority considers it appropriate to recommend separate benchmark for different deniers of the product under consideration, having regard to the objective of the present midterm review, arguments of the interested parties and legal provisions in this regard.

19.2 Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of 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 antidumping duty equal to the difference between the amount indicated in Col 9 of the table below and the landed value is recommended to be imposed on all imports of subject goods originating in or exported from China PR.

Duty Table

S. No.	Sub-heading or tariff item	Description of goods	Specification (denier)	Country of origin	Country of Export	Producer	Exporter	Reference Price	Unit of measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	5403	Viscose Filament yarn	30	China PR	China PR	Yibin Hiest Fibre Limited Corporation	Yibin Hiest Fibre Limited Corporation	10.10	KG	US Dollar
			40					9.68		
			50					9.71		
			60					8.08		
			75					6.28		
			100					4.72		
			120					4.77		
			150					4.74		
			Any other					11.38		
2	5403	Viscose Filament yarn	30	China PR	China PR	Xinxiang Chemical Fibre Co. ltd.	Xinxiang Chemical Fibre Co. ltd.	10.10	KG	US Dollar
			40					9.68		
			50					9.71		
			60					8.08		
			75					6.28		
			100					6.07		
			120					5.20		
			150					5.61		
			Any other					11.38		
3	5403	Viscose Filament yarn	30	China PR	Any	Any combination of producer &	Any combination of producer &	11.28	KG	US Dollar
			40					10.88		

			50			exporter other than at S. No. 1 and 2.	exporter other than at S. No. 1 and 2.	9.71		
			60					9.55		
			75					6.28		
			100					6.07		
			120					5.20		
			150					5.61		
			Any other					11.38		
4	5403	Viscose Filament yarn	30	Any	China PR	Any	Any	11.28	KG	US Dollar
								10.88		
								9.71		
			40					9.55		
			50					6.28		
			60					6.07		
			75					5.20		
			100					5.61		
			120							
			150							
			Any other					11.38		

20. Landed value of imports for the purpose shall be the assessable value as determined by the Customs under the Customs Act, 1962 and all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

21. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and

Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

R.
Gopalan
The Designated Authority

19 Recommendations

- 19.1 Having concluded that the situation of the domestic industry continues to be fragile and there is likelihood of continuation or resumption of dumping and injury on account of imports from China, if the duties are revoked, the Authority is of the opinion that the measure is required to be extended in respect of imports from China. For the purpose of determining injury, the landed value of imports (denier wise) is compared with the non-injurious price of the petitioner company determined for the period of investigation. The Authority considers it appropriate to recommend separate benchmark for different deniers of the product under consideration, having regard to the objective of the present midterm review, arguments of the interested parties and legal provisions in this regard.
- 19.2 Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of 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 antidumping duty equal to the difference between the amount indicated in Col 9 of the table below and the landed value is recommended to be imposed on all imports of subject goods originating in or exported from China PR.

Duty Table

S. No.	Sub-heading or tariff item	Description of goods	Specification (denier)	Country of origin	Country of Export	Producer	Exporter	Reference Price	Unit of measurement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	5403	Viscose Filament yarn	30	China PR	China PR	Yibin Hiest Fibre Limited Corporation	Yibin Hiest Fibre Limited Corporation		KG	US Dollar
			40							
			50							
			60							
			75							
			100							
			120							
			150							
			Any other							
2	5403	Viscose Filament yarn	30	China PR	China PR	Xinxiang Chemical Fibre Co. Ltd.	Xinxiang Chemical Fibre Co. Ltd.		KG	US Dollar
			40							
			50							
			60							
			75							
			100							
			120							
			150							
			Any other							
3	5403	Viscose	30	China	Any	Any	Any		KG	US

		Filament yarn	40 50 60 75 100 120 150 Any other	PR		combination of producer & exporter other than at S. No. 1 and 2.	combination of producer & exporter other than at S. No. 1 and 2.			Dollar
4	5403	Viscose Filament yarn	30 40 50 60 75 100 120 150 Any other	Any	China PR	Any	Any		KG	US Dollar

20. Landed value of imports for the purpose shall be the assessable value as determined by the Customs under the Customs Act, 1962 and all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

21. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and

Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

R.
Gopalan
The Designated Authority