

**No.14/23/2004-DGAD**  
**Government of India**  
**Ministry of Commerce & Industry**  
**(Department of Commerce)**

New Delhi, the 7th April , 2005

**INITIATION NOTIFICATION**

**Subject:** Initiation of Anti-dumping Investigations concerning import of Viscose Filament Yarn originating in or exported from China PR and Ukraine.

The Association of Man Made Fibre industry of India (AMFII) through its members M/s NRC Ltd, M/s Kesoram Industries and M/s Indian Rayon & Industries Ltd, has filed a petition before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff (Amendment) Act, 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 alleging dumping of Viscose Filament yarn originating in or exported from China PR and Ukraine and has requested for initiation of anti-dumping investigations and levy of anti-dumping duties.

## **1. PRODUCT UNDER CONSIDERATION**

The product under consideration in the present investigation is Viscose Rayon Filament Yarn upto 150 deniers (and +- 4% permissible variation thereof), other than sewing thread, including mono filament of less than 67 decitex also known as viscose filament yarn, 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, doubled/ multiple ply yarn etc of VFY (also referred to as subject goods hereinafter).

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 same 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, color, 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 within Customs subhead 54033100, 54033200, 54033300, 54034110,

54034120, 54034130, 54034140, 54034150, 54034160, 54034170, 54034180, and 54034190. Investigations are being initiated with respect to product under consideration irrespective of the classification under which they are being imported. Customs classifications are indicative only and in no way binding on the scope of these investigations. The product includes all variants of VFY unless specifically excluded, such as twisted/untwisted/flat, bright/dull (or variants thereof), coloured/dyed (or variants thereof), multiple/folded/cabled (or variants thereof), whether or not sized yarn of viscose, but *excludes* high tenacity yarn of viscose classifiable under customs sub-heading 5403.10 (having tenacity beyond 2.2 gpd), textured yarn of viscose classifiable under 5403.20, viscose rayon tow classifiable under customs sub-heading 5502, all artificial yarns not having viscose filaments or having a combination of viscose filaments and other filaments.

## **2. DOMESTIC INDUSTRY STANDING**

The application has been filed by the Association of Man-Made Fibre Industry of India (AMFII). NRC Ltd., Kesoram Industries Ltd. and Indian Rayon & Industries Limited are producers of the like article, members of AMFII, have provided information relevant to the present investigations and have consented to participate in the proposed investigations. The production of these companies constitutes more than 50 % of Indian Production. M/s Century Rayon (A Division of Century Textiles & Industries Ltd.) and M/s Baroda Rayon Corporation Ltd. are other producers of the like article in India and have supported the present petition. The Authority has determined that (a) production of the three petitioner companies constitute a major proportion in Indian production; (b) domestic producers expressly supporting the application account for more than 50 per cent of total production of the like product produced by the domestic industry; and (c) the application has been made by or on behalf of the domestic industry. The Authority after examining the above, determines that the petitioners constitutes a domestic Industry within the meaning of the rule 2(b) read with 2(d) and it satisfies the criteria of standing to file the petition in terms of Rule 5(3) (a) of the Rules supra. The Authority notes that there are a number of small scale producers engaged in carrying out incremental activities on VFY sourced either from the Indian Producers or through imports. The Authority holds that regardless of whether or not production by these small scale producers carrying out incremental activities is included in Indian Production, petition satisfies standing requirements under the Rules.

## **3. COUNTRIES INVOLVED**

The countries involved in the present investigation are China PR and Ukraine (hereinafter also referred to as subject countries).

## **4. LIKE GOODS**

The petitioners have claimed that goods produced by it are like articles to the goods originating in or exported from subject countries. There is no significant difference in the subject goods produced by the petitioner and those exported from subject countries. Petitioner claims that the two are technically and commercially substitutable. Therefore, for the purpose of present investigation, the goods produced by the petitioner are being treated as Like Articles of the product imported from the subject countries within the meaning of the Rules, supra.

## **5. NORMAL VALUE**

The Petitioners have claimed that China PR and Ukraine have to be treated as a non-market economy and normal value has to be determined in accordance with the Para 7 and 8 of Annexure I of the Anti Dumping Rules. The petitioners have claimed normal value considering cost of production in India, duly adjusted including selling, general and administrative overheads and reasonable profit. The authority notes that there is sufficient evidence of the Normal value claimed for the subject goods from China PR and Ukraine.

## **6. EXPORT PRICE**

The Petitioners have claimed the export price of the subject goods from the subject countries based on the transaction wise import data provided by the DGCI&S and IBIS (International Business Information System). Adjustments have been claimed on account of ocean freight, marine insurance, and inland transportation in the country of exports, port handling and port charges to arrive at the Export Price at ex-factory level. There is sufficient evidence of the export price claimed for the subject goods from subject countries.

## **7. DUMPING MARGIN**

There is, prima facie, evidence that the Normal Value of the subject goods in the subject countries is significantly higher than the ex-factory export price indicating, prima facie, that the subject goods are being dumped by exporters from the subject countries.

## **8. INJURY AND CAUSAL LINK**

The Petitioners have furnished information on various parameters relating to material injury and threat of material injury to the domestic industry. Parameters such as increase in the absolute volume of imports from the subject countries, increase in the market share of imports from the subject countries in total imports, significant increase in inventories, significant decline in the domestic selling price, significant deterioration in profits, cash flow and return on investment, price undercutting, and price depression prima facie, indicate collectively and cumulatively that the domestic industry has suffered material injury on account of dumping of subject goods from subject countries. Factors such as significant increase in import volumes of subject goods from subject countries in absolute terms and in relation to total imports, significant price undercutting from subject countries, significant capacities in the subject countries have been claimed in support of their claim of threat of material injury on account of dumped imports from subject countries.

## **9. INITIATION OF ANTI DUMPING INVESTIGATIONS**

The Designated Authority, in view of the foregoing paragraphs, initiates anti-dumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject countries.

## **10. PERIOD OF INVESTIGATION**

The Period of Investigation for the purpose of the present investigation is 1st January 2004 to 31st December 2004 (12 months).

## **11. SUBMISSION OF INFORMATION**

The exporters in the subject countries and the importers in India known to be concerned with this investigation are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority, Directorate General of Anti Dumping & Allied Duties, Ministry of Commerce & Industry, Department of Commerce, Government of India, Room No. 243, Udyog Bhavan, New Delhi – 1100 11.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation, and to representative consumer organizations who can furnish information which is relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

## **12. TIME LIMIT**

Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

## **13. INSPECTION OF PUBLIC FILE**

In terms of Rule 6(7), any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

**(Dr. Christy Fernandez)**  
Designated Authority