

Government of India
Ministry of Commerce & Industry
(Department of Commerce)

New Delhi, the 27th August, 2002

INITIATION NOTIFICATION

Subject: Initiation of anti-dumping investigations concerning import of Vitamin 'E' originating in or exported from Peoples' Republic of China.

No.14/32/2002-DGAD M/s. E. Merck (India) Ltd., Mumbai, 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 Vitamin-E originating in or exported from China PR and have requested for initiation of anti-dumping investigations and levy of anti-dumping duties.

1. Product Under Consideration:

The product under investigation in the present case is Vitamin-E. (hereinafter referred to as subject goods). Vitamin-E, also known as dL – Alpha- Tocopheryl, is an organic chemical, which is composed of a group of compounds called Tocopheryl. It is first produced in its acetate form, which is also known as Vitamin-E Acetate. This Acetate can either be used as it is or further processed to obtain the different types, which includes, Vitamin E-pure, Vitamin-E- animal grade (Feed grade) 50%, Vitamin-E Pharma grade-50% and Vitamin-E compounds or derivatives. The market for Vitamin E where the imports are reported in huge volumes can be divided into two parts – Acetate Grade and Feed Grade. Cost and price of feed grade is almost of half of acetate grade as it contains 50% Vitamin-E and some additives in small value.

Quality of Vitamin E is described in terms of its purity. Different purity is required for different end use. The purity of the product determines the associated cost and prices even though costs on 100% basis are largely similar. The present petition is against all forms of Vitamin E, which is obtained from synthetic process except the Natural Vitamin E.

Vitamin E is classified under customs sub heading No.2936.28 of the customs tariff act 1975 and under 2936.2800 under Indian Trade Classification. The feed grade of Vitamin E (used in animal compound feed as an additive) is cleared under 2309.9010.

The petitioner has requested that the investigations be initiated against the 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 the present investigations.

The petitioner has submitted the imports data from DGCI&S, Kolkata and from the secondary sources i.e. International Business Information Services, Mumbai though they have relied upon the data compiled by IBIS, as it shows higher import volumes. With regard to feed grade, the petitioner has relied upon information compiled by IBIS for determination of volume, value and import price as customs classification 2309.90 is not exclusive for this product.

2. Domestic Industry Standing:

The petitioner has been filed by M/s E. Merck (India) Ltd., Mumbai. The petitioner has claimed that they are the sole producer of subject goods in India. Prime facie, the petitioner satisfy the criteria of standing to file the petition on behalf of the domestic industry in terms of Rule 5(3)(a) of the Rules supra.

The petitioner therefore satisfies the standing to file the present petition.

3. Countries Involved :

The country involved in the present investigation is China PR (hereinafter referred to as subject country).

4. Like Goods:

The petitioner has claimed that goods produced by it are like articles to the goods originating in or exported from China PR. There is no significant difference in the Vitamin E produced by the petitioner and those exported from subject country. The 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 country within the meaning of the Rules, supra.

5. NORMAL VALUE

The Authority notes that the petitioner has claimed normal value of subject goods in PR China on the basis of constructed cost of production with appropriate adjustments treating China as non-market economy. The Authority proposes to examine the claim of the petitioner in the light of para 7 and 8 of the Annexure II of the Anti-Dumping

rules, as amended. The Authority has prima facie considered the normal value of subject goods in PR China on the basis of constructed cost of production as made available by the petitioner.

6. EXPORT PRICE:

The petitioner has claimed the export price from the subject country based on the secondary data sources, i.e. M/s International Business Information Service, Mumbai whose data is based on the Customs Daily List. From the data of secondary source, the petitioner has sorted the data on the basis of description (Acetate Grade and Feed Grade) and clubbed the transactions for the product under consideration. Adjustments have been claimed on account of ocean freight, marine insurance, inland transportation in the country of exports, port handling and port charges to arrive at the Export Price at ex-factory level.

7. DUMPING MARGIN

There is prima facie evidence that 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 country

8. INJURY AND CAUSAL LINK

Various injury parameters cited by the Petitioner suggest that imports of subject goods from China PR have increased in absolute terms as well as in terms of their share in total imports into the country. The petitioner submits that the share of China PR in demand of subject goods have increased significantly while the share of the domestic industry has declined during the same period. The decline in export price has directly resulted in the decline in the landed value of imports, which are below than cost of production. The Petitioners submit that there is a decline in the capacity utilization and domestic sales within the proposed period of investigation while the total demand for the product has increased during the same period. In the feed grade there is a decline in the selling price of the petitioner and the profitability of the petitioner has suffered very adversely resulting into losses. The petitioner further submits that it has suffered volume injury from imports of Acetate grade and it has suffered volume as well as price injury from imports of feed grade. Thus, prima facie, the petitioner has suffered material injury from dumped imports of subject goods from subject country.

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 country.

10. PERIOD OF INVESTIGATION

The Period of Investigation for the purpose of the present investigation is 1st January 2001 to 31st March 2002.

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, Udyog Bhavan, New Delhi – 11 00 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 interest 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.

(L.V. SAPTHARISHI),
DESIGNATED AUTHORITY