

Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Anti Dumping & Allied Duties)  
Udyog Bhawan, New Delhi  
\*\*\*\*\*

Dated the 21<sup>st</sup> April , 2009

**Initiation Notification**

**Subject: Initiation of anti-dumping investigation concerning imports of SDH transmission equipment originating in or exported from China PR and Israel.**

**No. 14/2/2009-DGAD** - Whereas M/s. Tejas Networks Limited, (herein after referred to as applicant) have filed an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 (herein after referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein after referred to as the Rules), alleging dumping of SDH Transmission Equipment (herein after referred to as subject goods), originating in or exported from the China PR and Israel (herein after referred to as “subject countries”) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

2. AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of the subject goods from the subject countries, injury to the domestic industry and causal link between the dumping and injury exist, the Authority hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty, which, if levied, would be adequate to remove the injury to the domestic industry.

**PRODUCT UNDER CONSIDERATION**

3. Product under consideration in the present petition is Synchronous Digital Hierarchy Transmission Equipment, its accessories, associated software and its essential parts and components, in assembled, CKD, and SKD form or fitted with eventual broadband/cellular equipment. SDH transmission equipments are also known as multiplexers, Add Drop Multiplexers (ADM), Multiple Add Drop Multiplexer (MADM), digital cross-connects

4. Populated PCBs, power supply, lasers, chassis and software meant for SDH transmission equipment, etc. consist of essential parts of SDH transmission equipment and are within the scope of the product under consideration. However, these components are within the scope of the product under consideration only if the said components are meant for SDH transmission equipment application.

5. SDH transmission equipments can be bought either as transmission equipment or forming part of another equipment e.g., broadband and/or cellular (both GSM and CDMA) equipment. SDH transmission equipments forming part of broadband and/or cellular equipment are also within the scope of the product under consideration.

6. The product under consideration can be imported either as complete equipment, or in SKD or CKD form. Further, a number of accessories are required for connecting/installing SDH transmission equipment in the network (E1 cables, PCM cables, power cables, racks, workstations etc.). Software is an integral part of these equipment, which may be bought either as a part of the equipment or separately. These all are also within the scope of the product under consideration only if imparted as part of SDH transmission equipment. The product under consideration is classified under Chapter 85 of the Customs Tariff Act, 1975. It is further classified under the heading 851762 of schedule-I of Custom Tariff Act as per Indian Trade Classification. The classification is, however, indicative only and is in no way binding on the scope of the present investigation.

### **DOMESTIC INDUSTRY STANDING**

7. The application has been filed by **Tejas Networks Limited, Bangalore**, who is the major producer of the subject product in India. There are four other producers of the product in India. The petition is supported by Measurement & Control Limited. The Authority has determined that (a) production of the applicant constitutes a major proportion in Indian production; (b) domestic producers expressly supporting the application account for significantly more than 50 percent of 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.

8. The Authority after examining the above, determines that the applicant constitutes domestic Industry within the meaning of the Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

### **COUNTRIES INVOLVED**

9. The countries involved in the present investigation are China PR and Israel, and therefore will be referred to as Subject Countries for the purposes of present investigation.

### **LIKE ARTICLE**

10. The applicant has claimed that there is no difference in the subject goods produced by the domestic industry and the subject product imported from the subject countries. The product is being imported by the importers and consumers. The consumers are using the domestic and imported product interchangeably. Applicant has claimed that the two are technically and commercially substitutable. The products produced by the domestic industry and imported from the subject country are identical in all essential characteristics and therefore, are like articles within the meaning of the Rules. For the purpose of the present investigation, the product produced by the applicant is being treated as like article to the product imported from the subject countries within the meaning of Rules supra.

### **NORMAL VALUE**

11. The applicant has claimed that China should be treated as non market economy and the normal value in China may be based on cost of production in India. In case of Israel, applicant has determined normal value in Israel based on constructed cost of production, including SGA and profit.

12. Applicant has suggested that subject product is produced and sold in USA and Europe and these countries can be treated as surrogate country for China. Applicant has furnished names and addresses of the producers in these countries. Interested parties are invited to make their submissions in this regard.

13. Normal value has been determined separately for each model of the product under consideration. There is sufficient evidence with regard to normal value to justify initiation of an anti-dumping investigation in terms of the Rules.

### **EXPORT PRICE**

14. Export price of the subject goods from the subject countries has been determined by considering actual known imports of the product under consideration in India. Price adjustments have been claimed @ 10% of the CIF import price. The applicant has however claimed that even if price adjustments are not allowed, the dumping margins are significantly high.

15. Export price has been determined separately for each model of the product under consideration. There is sufficient evidence with regard to Export Price to justify initiation of an anti-dumping investigation in terms of the Rules.

### **DUMPING MARGIN**

16. Normal values and export prices have been compared at ex-factory level, which shows significant dumping margin in respect of the subject countries.

17. There is sufficient evidence that the normal value of the subject goods in 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 into the Indian market.

18. Applicant has argued that the Authority should consider the orders placed by the consumers on the Foreign Producers during the relevant period, against which the supplies have not been completed during the relevant period, for the purpose of determination of dumping margin. Applicant argued that these orders placed represent “sale made” against which the supplies would be affected in due course. Applicant has argued that material term of sale in this product is the order placed by the consumers and the fact of supplies made subsequent to the proposed period is of little consequence. The Authority has however at this stage determined dumping margin only on the basis of orders placed by the consumers and supplies known to have been effected during the relevant period. The interested parties may make their submissions with regard to appropriateness of including orders placed and supplies not completed for the purpose of determination of dumping margin.

### **INJURY AND CAUSAL LINK**

19. The applicant has furnished information on various parameters relating to material injury. Parameters such as decline in market share, significant imports in absolute terms as also relative to production and consumption in India, significant price undercutting leading to price depression in the market, price underselling, decline in profitability, return on investments and cash flow prima facie collectively and cumulatively indicate that the domestic industry has suffered material injury on account of dumping of subject goods from subject countries.

### **INITIATION OF ANTI DUMPING INVESTIGATIONS**

20. 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.

## **PERIOD OF INVESTIGATION (POI)**

21. The period of Investigation for the purpose of the present investigation is April-Dec 2008 (9 months). The injury investigation period will, however, cover the period 2005-06, 2006-07 2007-08 and the POI.

## **IMPOSITION OF DUTY ON RETROSPECTIVE BASIS**

22. The applicant has requested for retrospective imposition of duty on the grounds that there is history of dumping, dumping margin determined are too significant, exporters are well aware that they are resorting to dumping and imports are/should be well aware that the exporters are dumping. There is massive imports volume in relatively short period and injury to the domestic industry is aggravating.

23. On the basis of the above, Authority considers that there is prima facie evidence justifying imposition of retrospective duty. Interested parties are requested to make submissions in this regard.

## **SUBMISSION OF INFORMATION**

24. The exporters in the subject country, Governments through the Embassies, the importers in India known to be concerned and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Designated Authority at the following address:

The Designated Authority  
Directorate General of Anti Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce,  
Government of India,  
Room No. 240, Udyog Bhavan,  
New Delhi – 110011.

25. 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 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.

## **TIME LIMIT**

26. 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.

### **SUBMISSION OF INFORMATION**

27. In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided.

28. 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 Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

### **INSPECTION OF PUBLIC FILE**

29. In terms of Rule 6(7), the Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

R. Gopalan  
Designated Authority