

MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(DIRECTORATE GENERAL OF ANTI-DUMPING &
ALLIED DUTIES)

NOTIFICATION

NEW DELHI, the 25th February 2003

PRELIMINARY FINDINGS

Sub: Anti-Dumping Investigation concerning imports of Sodium Hydrosulphite originating in or exported from Germany and Korea RP.

No.14/34/2002-DGAD - 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, thereof:

A. PROCEDURE

1. The procedure described below has been followed with regard to the investigation:

- i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a petition filed by M/s Transpek Silox Industry Ltd., Vadodara and M/s. Demosha Chemicals Pvt. Ltd., Mumbai, on behalf of the domestic industry, alleging dumping of Sodium Hydrosulphite originating in or exported from Germany and Korea RP (hereinafter referred to as subject countries).
- ii. Preliminary scrutiny of the application filed by the petitioner revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was, therefore, considered as properly documented.
- iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate the investigation against imports of subject goods from Germany and Korea RP. The authority notified the Embassies/High Commissions of Germany and Korea RP in New Delhi about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the Rules.
- iv. The Authority issued a public notice dated 14.11.2002 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning

imports of the subject goods classified under chapter 28 and 29 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from Germany and Korea RP.

- v. The Authority forwarded a copy of the public notice to the known exporter (whose details were made available by petitioner) and gave them an opportunity to make their views known in writing within forty days from the date of the letter in accordance with the Rule 6(2):
- vi. The Authority forwarded a copy of the public notice to all the known importers (whose details were made available by petitioner) of subject goods in India and advised them to make their views known in writing within forty days from the date of issue of the letter in accordance with the Rule 6(2).
- vii. Request were made to the Central Board of Excise and Customs (CBEC) and Director General of Commercial Intelligence and Statistics (DGCI&S), Kolkata to arrange details of imports of subject goods made in India during the past three years, including the period of investigation.
- viii. The Authority provided a copy of the petition to the known exporter and the Embassies/High Commissions of the subject countries in accordance with Rules 6(3) supra. A copy of the non-confidential petition was also provided to other interested parties, wherever requested.
- ix. The Embassies/High Commissions of Germany and Korea were informed about the initiation of investigation in accordance with Rules 6 (2) with a request to advise the exporters/producers from their country/territory to respond to the questionnaire within the prescribed time along with the copy of non confidential version of the petition, copy of the initiation notification and the exporters questionnaire.
- x. The Authority sent a questionnaire to elicit relevant information to the following known exporters/producers, in accordance with the Rule 6(4):
 1. M/s. BASF Aktiengeschaft, Germany
 2. M/s. Hansol Chemical, Korea
 3. M/s. Poo Hung Photochem, Korea
- ix. A questionnaire was sent to the following known importers/user associations of the subject goods for necessary information in accordance with Rule 6(4):
 1. M/s. Arvind Mills Ltd., Ahmedabad
 2. M/s. Bhiwani Textile Mills, Haryana
 3. M/s. Siris India Ltd., Hyderabad
 4. M/s. Indian Dyestuff Industries Ltd., Bombay
 5. M/s. Mafatlal Burlington Ind. Ltd., Navsari
 6. M/s. Jaysynth Dyechem Ltd., Mumbai
 7. M/s. Blue Blends India Ltd., Ahmedabad

8. M/s. K.G. Denim Ltd., Tamil Nadu
9. M/s. Shri Renuga Soft-X Towels, Madurai
10. M/s. Century Denim, Bombay
11. M/s. E. Merck (India) Ltd., Mumbai
12. M/s. JCT Limited, Phagware, Punjab
13. M/s. Some Textiles & Industries, Ahmedabad
14. M/s. Morarjee Brembana Ltd., Nagpur
15. M/s. Modern Denim Ltd., Ahmedabad
16. M/s. S. Kumars Ltd., Dewas (MP)
17. M/s. Orchid Chemicals & Pharmaceuticals Ltd., Tamilnadu
18. M/s. Madura Coats Limited, Tamilnadu
19. M/s. GSL (India) Limited, Gujarat
20. M/s. Gianchand Ramji Dass, New Delhi
21. M/s. Raymond Callitri Denim Ltd., Maharashtra
22. M/s. Reliance Textile Ind. Ltd., Ahmedabad
23. M/s. Birla VXL Limited, Gujarat
24. M/s. Welspun Terry Towels, Morai
25. M/s. Raymonds Limited, Thana, Maharashtra

xii. Response/information to the questionnaire/notification was filed by the following exporters/producers

1. M/s. BASF Aktiengeschaft, Germany

xiii. Response/information to the questionnaire/notification was filed by the following Importers/user/Associations:-

1. M/s. Ramanand Kidarnath International

xiv. Information regarding injury was sought from the petitioner(s), which was also furnished by the petitioner. The injury parameters of the following domestic producers were furnished:-

1. M/s Transpeak Silox Industry Ltd., Vadodara
2. M/s. Demosha Chemicals Pvt. Ltd., Mumbai

xiv. The Authority kept available non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the Authority and kept open for inspection by the interested parties as per Rule 6(7).

xv. Cost investigation was also conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally

Accepted Accounting Principles (GAAP) and the information furnished by the petitioner. The cost data of the following domestic producers was provided and analysed:--

1. M/s Transpeak Silox Industry Ltd., Vadodara
2. M/s. Demosha Chemicals Pvt. Ltd., Mumbai

- xvi. ****In this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xvii. Investigation was carried out for the period starting from 1st April 2001 to 30th September 2002 i.e. the period of investigation (POI).

B . VIEWS OF EXPORTERS, IMPORTERS AND OTHER INTERESTED PARTIES

1. PETITIONER'S VIEWS

a. PRODUCT UNDER CONSIDERATION

The product under consideration is known as Sodium Hydrosulphite It is a white or grayish crystalline powder, free from visible foreign particles with pungent odour. It has been imported under Chapter 28 and 29 of Customs Tariff Act.

b) DOMESTIC INDUSTRY

The petition has been filed by M/s. Transpeak Silox Industry Ltd., and M/s. Demosha Chemicals Pvt. Ltd., on behalf of the domestic industry. These petitioner companies represent 54.80% of the production of the subject goods under consideration.

c) LIKE ARTICLE

- i. Sodium Hydrosulphite produced by the Indian industry and imported from Germany and Korea are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used the two interchangeably. Sodium Hydrosulphite produced by the petitioners and imported from Germany and Korea should be treated as like articles in accordance with the anti dumping Rules.

- ii. The technology adopted by the Indian industry is comparable with the technology adopted by the manufacturers of Sodium Hydrosulphite in Germany and Korea.

d) DUMPING

- i. Petitioners have made their best efforts to trace evidence of the prices of this product in the domestic market in Germany. Petitioners have been able to trace actual transaction prices in respect of sale in EU. The normal value on this basis of sales invoices comes as US\$ **** per MT.
- ii. With regard to Korea, efforts were made to get information on prices of the subject goods in the domestic market of Korea. Efforts were made to get the price lists of the exporters or price evidence for their exports to other countries. However, any evidence either with regard to the prices of subject goods in Korea or price list of the exporters either for sale in that country or for exports to other countries could not be traced. No information, however could be traced about the prices of subject goods in the domestic market of Korea RP.
- iii. In view of the above, petitioners have procured information from Export - Import Statistics of Korea. It is found that these information reveals not only the volume and value of material exported from Korea to India, but also reveals the information with regard to volume and value of imports of this material into Korea. It is found that Korea has been importing substantial volumes of this product from China.
- iv. The price at which the consumers in Korea are importing the material from China should not be substantially higher than the price at which the Korean producers are selling their product in the Korean market. In fact, the export price from China to Korea at best can be lower than the price at which the Korean producers are selling in their own market. In view of the same, petitioners submit that the price at which the Chinese material has been imported from China to Korea RP is a good basis to determine selling price of the subject goods in Korea.
- v. It may be observed that Korea has exported the subject goods to India at US\$ /MT (CIF), whereas the consumers in Korea imported the subject goods from China at US\$ /MT (CIF Korea) in 2001 (Jan-Dec). Further in April-July 2002 the export price of subject goods from China to Korea declined to US\$ /MT, while export price to India has not proportionately declined. This is apparently due to imposition of the anti dumping duty by India on imports of Sodium Hydrosulphite from China. It appears that China is looking for other markets after imposition of anti dumping duty by India on subject goods. Hence to gain market, exporters from China seems to have reduced the prices. Either exporters in Korea are facing loss or exporters in China are significantly

undercutting the prices in Korea. In other words China seems to have started dumping of Sodium Hydrosulphite in Korea. Hence the export price to Korea by China in April-July 2002 does not appear representative of the price at which the Korean producers should be selling the material. Further, port expenses and Inland transportation have been added to this price to determine normal value. Thus normal value on this basis comes to US\$****/MT.

- vi. It was found in the previous investigation against China that imports have been cleared under a large number of customs subheadings, it is submitted that the information compiled by the DGCI&S under the sub-heading no. 2831.1001 and 2832.1002 can not be considered as complete and exhaustive information with regard to volume of imports of Sodium Hydrosulphite in India. However, the information can be reasonably considered for determination of export price of the subject goods from Germany to India. We have accordingly assessed export price for Germany from the data published by DGCI&S considering sub-heading no. 28311001 and 28321002.
- vii. The petitioner has claimed the adjustment on ocean freight, marine insurance, commission, inland transportation, port handling and port charges for arriving at ex-factory export price.

e) INJURY

- i. It may be seen that the quantum of imports from each of the subject country is more than the de-minimus limits. Cumulative assessment of the effects of imports is appropriate since the exports from the subject countries directly compete with the like goods offered by the domestic industry in the Indian market. The Authority is, therefore, requested to assess injury to the domestic industry cumulatively from the subject countries.
- ii. It would be seen that the share of subject countries in imports of subject goods has increased significantly in 2001-2002. Share of other countries, at the same time, declined significantly.
- iii. Production and capacity utilisation of the domestic industry has declined. Sales volumes have increased with the increase in the demand. However, the sales volumes could not increase upto the expectations of the domestic industry with the imposition of anti dumping duty on dumped imports from China.
- iv. It is evident that industry has been able to increase its selling price in 2000-2001 after initiation of previous investigation against China. This price increases were necessitated by the loss being suffered by the domestic industry. However, the selling price of the domestic industry have once again come under pressure and have declined in 2001-2002 due to imports are being available at much lower prices from Germany and Korea RP. Thus, even before

- the domestic industry could raise the prices to the level of non-injurious price, the domestic industry has been forced to reduce the prices again.
- v. The imports are so low priced that the landed price of imports is significantly below the selling price of the domestic industry. Dumped imports are causing severe price undercutting in the market.
 - vi. Landed value of the dumped imports are significantly below the cost of production of the domestic industry resulting in severe price suppression to domestic industry.
 - vii. In spite of imposition of anti dumping duty on dumped imports from China, the industry is making losses.
 - viii. The domestic industry has lost sales, as imports are available at much lower prices.
 - ix. Imports from other countries are either de-minimus or the export prices are significantly higher or these imports are injurious but now attracting anti-dumping duties, as may be seen from the statement of Country-wise imports.
 - x. There is continuous increase in demand of Sodium Hydrosulphite. Contraction in demand is not, therefore, a possible reason for injury to the domestic industry.
 - xi. Material injury is being caused to domestic industry from dumped imports from subject countries. The petitioner is producing the subject goods for the past several years. The technology adopted by domestic industry is comparable to the technology being adopted by other players world-over. There is no significant difference in the manufacturing process. The petitioner has in fact made an efforts in reducing its cost of production. Availability of dumped imports in the market is the sole reason for the present injury being suffered by the domestic industry.
 - xii. In view of the above, the domestic industry could not reduce the selling prices. At the same time, the imports are available in the market at very low prices. As a consequences, in spite of increase in demand the domestic industry has lost significant sales volume.
 - xiii. The imports are so low priced that the landed price of imports is significantly below the selling price of the domestic industry. Dumped imports are causing severe price undercutting to the domestic industry.
 - xiv. Landed value of the dumped imports are significantly below the cost of production of the domestic industry resulting in severe price suppression/depression to the domestic industry.

2. IMPORTER/USER'S VIEW

M/s. Ramanand Kidarnath International has responded to the initiation notification dated 14th November 2002 and details have been furnished in the importers

questionnaire. There has been no arguments or witeups on the dumping or injury parameters in this instant case.

3. EXPORTER'S VIEWS

M/s. BASF, Germany have filed their submission to the initiation notification dated **14th November 2002** in the exporters questionnaire. There has been no arguments regarding the dumping and material injury to the domestic industry. The exporters questionnaires have been examined by the Authority for the purpose of dumping.

C. EXAMINATION BY AUTHORITY

The foregoing submissions made by the exporter and the petitioner, to the extent these are relevant as per Rules and have a bearing upon the case, have been examined, considered and dealt with at appropriate places in these findings.

1. PRODUCT UNDER CONSIDERATION

The product under consideration is known as Sodium Hydrosulphite (Also referred to as subject goods hereinafter). It is a white or grayish crystalline powder, free from visible foreign particles with pungent odour. It has been imported under Chapter 28 and 29 of Customs Tariff Act. Though the classifications sub-headings 2831.1001 and 2832.1002 suggest description as Sodium Hydrosulphite but correct Custom classification may be treated under 6 digit heading 2831.10 as Sodium Sulphites. The classification is, however indicative only and is in no way binding on the scope of the present investigation.

The Authority notes that the investigation covers all forms of Sodium Hydrosulphite as product under consideration

2. LIKE ARTICLE

- i. There is no significant difference in Sodium Hydrosulphite produced by the Indian industry and Sodium Hydrosulphite exported from Germany and Korea, which can have an impact on price. Sodium Hydrosulphite produced by the Indian industry and imported from Germany and Korea are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers have used the two interchangeably. Sodium Hydrosulphite produced by the petitioners and

imported from Germany and Korea should be treated as like articles in accordance with the anti dumping Rules.

- ii. The technology adopted by the Indian industry is comparable with the technology adopted by the manufacturers of Sodium Hydrosulphite in Germany and Korea.
- iii. The Authority therefore for the purpose of preliminary determination pending final determination holds that the goods produced by the Domestic Industry and those exported from the subject countries are like article within the meaning of the Rules 2(d).

3. DOMESTIC INDUSTRY

- i. The petition has been filed by M/s. Transpeak Silox Industry Ltd., and M/s. Demosha Chemicals Pvt. Ltd., on behalf of the domestic industry. These petitioners companies represent 54.80% of the production of the subject goods under consideration.
- ii. The Authority also notes that the petitioners constitute more than 50% of the total domestic production and therefore have the standing to file the petition on behalf of the domestic industry as per Rule 5 (3) (a) and (b) of the Anti-Dumping Rules and also represent Domestic Industry in terms of Rule 2(b)

4. NORMAL VALUE & EXPORT PRICE

Under Section 9A(1)(c), normal value in relation to an article means:

- i. The comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
- ii. When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:-
 - a. Comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
 - b. The cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section(6);

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

The normal value and ex-factory export price determination is illustrated below.

Germany

M/s. BASF, Germany

A. NORMAL VALUE

The Authority sent questionnaires to all the known exporters for the purpose of determination of normal value in accordance with Section 9 A (1) (C). None of the exporters/producers from Germany except M/s. BASF Aktiengesellschaft, Germany has cooperated and responded in the exporters questionnaire to the initiation notification. The Authority however notes that the exporter has not furnished the details as per the exporters questionnaire regarding factory cost and profit of exports to India, cost and profit of domestic sales and cost and profits of exports to countries other than India as solicited in Appendixes 8,9 & 10 respectively. In Appendix 7 the exporter has stated that there are 8000 other products so their details cannot be given in the multi product company. Subject to rectification of the deficiencies which will be indicated to the exporter in the course of investigation, the Authority has accepted provisionally the claim of the exporter with regard to the Domestic Sales and adjustments claimed thereof for the Preliminary Findings . The adjustments which have been claimed in Appendix 5 are considered and allowed to arrive at ex- factory Normal value.

ii) Based on the above, subject to further clarification and rectification of deficiencies in the course of investigation, the Authority has referenced the Normal Value for M/S BASF, Germany as *****/MT for the purpose of preliminary determination pending final determination.

B. EXPORT PRICE

In response to the questionnaire the exporter has furnished details of export made to India during the period of investigation in Appendix 2. The exporter has also furnished the copy of invoices in support of the same. The adjustments which have been claimed in Appendix 4 in regard to inland freight, storage, handling, insurance, packaging, overseas freight etc. have been considered and allowed to arrive at ex-

factory export price to India. The Authority has thus determined the ex-factory export price for M/S BASF Germany as US\$ ***/MT of Sodium Hydrosulphite for the purpose of preliminary determination pending final determination.

Other Exporters/Producers from Germany

Normal Value

- i. The Authority notes that none of the exporters from Germany except M/s. BASF has responded by way of questionnaire response to the initiation notification. The Authority in view of non cooperation, has constructed the normal value for all other producers/exporters on the basis of best available information in accordance with Rule 6 (8) of anti dumping Rules.
- ii. The normal value is therefore referenced as ***/MT for Germany for the purpose of preliminary determination pending final determination.

Export Price

- i. The Authority notes that the export price has been provided by the petitioners on the basis of the data from DGCI&S Kolkata. The petitioners have also claimed adjustments on ocean freight, ocean insurance, commission, inland freight and port expenses to an extent of ***/MT, ***/MT, ***/MT, ***/MT, and ***/MT respectively for non-cooperative exporters/producers from Germany.
- ii. The ex-factory export price is referenced as ***/MT for the purpose of preliminary determination pending final determination.

Korea

Normal Value

- i. The Authority notes that none of the exporters from Korea has responded by way of questionnaire response to the initiation notification. The Authority in view of non cooperation, has constructed the normal value for all producers/exporters on the basis of best available information in accordance with Rule 6 (8) of anti dumping Rules. Thus the constructed cost of production with due adjustments has therefore been referenced for the purpose of determination of normal value of the subject goods in Korea.
- ii. The normal value is therefore referenced as ***/MT for Korea for the purpose of preliminary determination pending final determination.

Export Price

- i. The Authority notes that the export price has been provided by the petitioners on the basis of the data from DGC&S Kolkata. The petitioners have also claimed adjustments on ocean freight, ocean insurance, commission, inland freight and port expenses to an extent of ****\$/MT, ****\$/MT, ****\$/MT, ****\$/MT, and ****\$/MT respectively.
- ii. The ex-factory export price is referenced as ****\$/MT for the purpose of preliminary determination pending final determination.

5. DUMPING- Comparison of Normal Value & Export Price

The rules relating to comparison provides as follows:

"While arriving at margin of dumping, the Designated Authority shall make a fair comparison between the export price and the normal value. The comparison shall be made at the same level of trade, normally at ex-works level, and in respect of sales made at as nearly possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are demonstrated to affect price comparability."

The authority has carried out weighted average normal value comparison with the weighted average ex-factory export price in Period of Investigation, for evaluation of the dumping margin for all the exporter/producers of the subject countries.

The dumping margin for exporter/producers comes as under:

Exporter/ Producer	Normal value(NV) \$/MT	Export Price(EP) \$/MT	Dumping margin as % of EP
(1) Germany			
(a) M/s BASF,	****	****	28.95%
(b) All other exporters/ Producers	****	****	69.01%
2. Korea RP			
All Exporters/Producers	****	****	102.86%

CUMULATIVE ASSESSMENT OF INJURY

- i. It is observed from the facts available on record that the margins of dumping from each of the subject countries are more than the 2% limit expressed as % of export price. Also the volumes of imports from each of the country are more than deminimus. Cumulative assessment of the effects of imports would be appropriate since the exports from the subject countries directly compete with

each other and with the goods offered by the domestic industry in the Indian market. The Authority, therefore, proposes to assess injury to the domestic industry from the subject countries cumulatively.

- ii. The Authority notes that the margin of dumping and quantum of imports from subject countries are more than the limit prescribed above. Cumulative assessment of effect of imports from Germany and Korea RP are appropriate since the export prices from these countries were directly competing with the prices offered by the domestic industry in the Indian market and displacing domestic producers.
- iii. As regards the impact of the dumped imports on the domestic industry the principle (iv) of Annexure-II of the Anti Dumping Rules states:
 - a. "The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the Industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilisation of capacity; factors affecting domestic prices, the magnitude of margin of dumping actual and potential negative effects on cash flow inventories, employment wages growth, ability to raise capital investments."
 - b. The Authority notes that the non-injurious price has been evaluated for the various domestic producers by appropriately considering the sales realisation from the related products. Also in order to eliminate inefficiencies, the Authority has normated and benchmarked the best practices on utilisation of raw materials, utilities etc..
 - c. As regards the injury which could happen on account of higher cost of production in India, the Authority notes that under the Indian Anti Dumping Rules it is the lesser duty rule which is applied.

6. INJURY AND CAUSAL LINK

Under Rule 11 supra, Annexure-II, when a finding of injury is arrived at, such finding shall involve determination of the injury to the domestic industry, ".....taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles...." In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

- i. For the examination of the impact of the dumped imports on the domestic industry in India, we may consider such indices having a bearing on the state of the industry as production, capacity utilisation, sales quantum, stock, profitability, net sales realisation, the magnitude and margin of dumping, etc. in accordance with Annexure II(iv) of the rules supra.
- ii. The Authority examined the following economic parameters in the case of domestic producers,

Volume and market share of dumped imports

Particulars	Unit	1999-00		2000-2001		Apr. 01 – Sept. 02		Investigation period Annualized	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
		MT	(Lacs)	MT	(Lacs)	MT	(Lacs)	MT	(Lacs)
Imports									
Germany	MT	449	178	30	7.2	714	251.86	476	168
Korea	MT	0	0	144	35.17	338	100.19	225	67
Subject Countries	MT	449	178	174	42.37	1052	352.05	701	235
Share of subject countries	%	17.51%		10.96%		36.26%		36.26%	
Other Countries	MT	2115	627	1413	431.63	1886	536.65	1257	358
Share of other countries	%	82.49%		89.04%		63.80%		63.80%	
Total imports	MT	2564	805	1587	474	2938	888.70	1959	592

- i. Based on the information provided by DGCI&S Kolkata and secondary sources, the imports from subject countries have increased significantly both in relative and absolute terms. It is also evident that the imports are increased in relation to production of the domestic industry and share of imports in demand of the product in the country.
- ii. There has been a significant increase in imports in a relatively short time and the rate of growth of dumped imports from subject countries is significant. The increase of imports both in absolute terms as well as percentage terms of Sodium Hydrosulphite has led to the loss of sales/contract to the domestic industry.

Production & Capacity Utilisation

Particulars	Unit	1999-00		2000-2001		Apr. 01 – Sept. 02		Investigation period Annualized	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
		MT	(Lacs)	MT	(Lacs)	MT	(Lacs)	MT	(Lacs)
Capacity	MT	17100		17100		27135		18090	
Production	MT	15123		14540		21635		14423	
Capacity Utilisation	%	88.44		85.03		79.73		79.73	
Domestic sales	MT	14468		13939		20650		13767	

- i. The production of Sodium Hydrosulphite by the domestic industry has decreased from 15123 MT in 1999-2000 to 14540 MT in 2000-2001, which has further decreased to 14423 MT during the POI (Annualized). In general production has declined. There has been a consistent decline in the capacity utilisation from 88.44% in 1999-2000 to 85.35% in 2000-2001 and finally 79.73% in POI annualized.
- ii. Sales of the domestic industry showing a consistent decline from 14468 MT in 1999-2000 to 13939 MT in 2000-2001 finally to 13767 MT during the annualized POI. The dumped imports are instrumental for a declining trend both in capacity utilisation as well as in the sales volume of the subject goods respectively, and since the sales volumes is declining, the domestic industry does not want increase the production which will lead to the inventory stock.

Profitability

Particulars	Unit	1999-00		2000-2001		Apr. 01 – Sept. 02		Investigation period Annualized	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
		MT	(Lacs)	MT	(Lacs)	MT	(Lacs)	MT	(Lacs)
Unit cost of production	MT	****		****		****		****	
Trend	%		100		98.43		93.91		93.91
Unit selling price	MT	****		****		****		****	
Trend	%		100		100.14		100.16		100.16
Unit Profit/Loss		****		****		****		****	

The cost of production of the domestic industry has declined whereas selling price has not showing a decreasing trend. The domestic industry is incurring financial losses but profitability of domestic industries has improved due to the financial restructuring and reducing cost on account of interest of one of the petitioner companies. It is also observed that the domestic industry could not recover the loss even after the subject goods are attracting anti dumping duty on Chinese imports, which is a indication that the recovery of the domestic industry is prevented due to the new source of alleged dumping.

Price undercutting

The Authority notes that the dumping by the subject countries have a significant impact on the net sales realisation by the domestic industry for the subject goods. To hold on its market share the petitioner had to compete with the low price and dumped imports from the subject countries. Thus dumped imports were undercutting the prices of the domestic industry as landed value of imports from the subject countries was below the selling price of the domestic industry.

Price Underselling

The Authority has also examined the claim of domestic industry that the industry is suffering on account of direct losses. The Authority notes that price underselling is an important indicator of assessment of injury thus the Authority has worked out a fair selling price and compared the same to the landed value to arrive at the extent of price underselling.

Price suppression/depression

The selling price of domestic industry is below the cost of production of subject goods and further imports were thus preventing the domestic industry effecting legitimate price increase.

Loss Contracts

The domestic industry is either losing its consumers or its off take as source of customers are declining due to the availability of dumped imports from subject countries. In this regard domestic industry has supplied the evidence regarding the loss sales due to dumped imports. The sales of M/s. Demosha Chemicals Pvt. Ltd., has decreased from 1193 MT in 1999-2000 to 754 MT in 2001-2002 whereas sales of M/s. Transpek Silok Industry Ltd., Baroda is declined to 212 MT in 2002-2003 (up to Dec. 02) from 695 MT in 2000-2001.

Inventory/Stocks

Particulars	Unit	1999-00		2000-2001		Apr. 01 – Sept. 02		Investigation period Annualized	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
		MT	(Lacs)	MT	(Lacs)	MT	(Lacs)	MT	(Lacs)
Opening Stock	MT	1093		849		936		936	
Trend	%	100		77.68		85.64		85.64	
Closing stock	MT	849		936		1328		1328	
Trend	%	100		110.25		156.42		156.42	
Average stock	MT	971		893		1132		1132	
Trend	%	100		91.92		116.58		116.58	

The Authority notes that the declining sales volume has resulted in increase in stocks inspite of declining in production. The closing stocks have increased from 893 MT in 2000-2001 to 1132 MT in the period of investigation whereas average inventory is showing a growth from 91.92% in 2000-2001 to 116.80% in POI.

Return on Investment and ability to raise capital

The rate of return on investment during POI for the product under consideration is negative due to loss for the domestic industry, as a result of which the domestic industry has not able to raise fresh capital or plan new investment in this product.

7. Causal Link:

In determining whether injury to the domestic industry was caused by the dumped imports, the Authority took into account the following facts:

- i. Substantial imports of subject goods from Germany and Korea RP at dumped priced forced the domestic industry to maintain its selling prices to un-remunerative level, which has resulted in a situation of price undercutting in the Indian market.
- ii. The imports from Germany and Korea RP suppressed the prices of the product in the Indian market to such an extent that the domestic industry was prevented from recovering its full cost of production and earn a reasonable profit from the sale of subject goods in India.

Particulars	Unit	1999-00		2000-2001		Apr. 01 – Sept. 02		Investigation period Annualized	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
		MT	(Lacs)	MT	(Lacs)	MT	(Lacs)	MT	(Lacs)
Demand									
Imports	MT	2564		1587		2938		1959	
Sales of domestic industry	MT	14468		13939		20650		13767	
Total demand	MT	27017		28286		42746		28497	
Share in demand									
Imports from subject country	%	1.66		0.62		2.50		2.50	
Other country	%	7.83		5.00		4.41		4.41	
Petitioner	%	53.55		49.28		48.31		48.31	
Share of Import									
Share of subject countries		17.51		10.96		36.20		36.20	
Other countries		82.49		89.04		63.80		63.80	

- iii. From the above table it is observed that the share of volume of dumped imports in total consumption has increased from 0.62% in 2000-2001 to 2.5% during POI, whereas the market share of domestic industry fell from 53.55% in 1999-2000 to 48.31% during the POI. The dumped imports were coming into India at price that significantly undercut the prices of like domestic product. Thus the prices of dumped imports have caused both price depression and price suppression on the prices of like domestic products.
- iv. There is no contraction in demand (demand has rather increased). Further, there is no other factor such as trade restrictive practice or development in

technology which could have caused material injury to the domestic industry. Increase in imports in absolute terms as also relative to the production and consumption in India have directly resulted increase in the sales, which further resulting in decline in the share of the domestic industry in the demand of the product in the country. Further, the low prices of imports have prevented the domestic industry from optimizing their profitability.

The Authority, therefore, notes from the above that the landed value of imports from the subject countries have been at a price below the selling price of the domestic industry. Further, the imports into India have been at a price lower than the non-injurious price for the domestic industry. As a consequence thereof the domestic industry has not been able to earn a reasonable return. These parameters collectively and cumulatively indicate that the petitioner has suffered material injury due to the dumped imports.

8. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

The Authority holds that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the Domestic Industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

The Authority also recognises that though the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products, however, fair competition in the Indian market will not be reduced by these anti-dumping measures. On the contrary, imposition of anti-dumping measures would remove the unfair advantages gained by the dumping practices and would prevent the decline of the domestic industry and help maintain availability of wider choice of the subject goods to the consumers.

The Authority notes that the imposition of anti-dumping measures would not restrict imports from Germany and Korea RP in any way, and, therefore, would not affect the availability of the products to the consumers. The consumers would still maintain two or more sources of supply.

9. LANDED VALUE

The landed value of imports for the purpose shall be the assessable value as determined by the customs under Customs Tariff Act, 1962 and applicable level of custom duties except duties levied under Section 3, 3A, 8B, 9, 9A of the Customs Tariff Act, 1975.

D. CONCLUSIONS:

The Authority has, after considering the foregoing, come to the conclusion that :

- a. Sodium Hydrosulphite in all forms originating in or exported from Germany and Korea RP have been exported to India below its normal value.
- b. The domestic industry has also suffered material injury by way of financial loss due to depressed Net Sales Realisation (NSR) on account of price depression caused by low landed prices of the dumped subject goods.
- c. The injury has been caused cumulatively to the domestic industry by dumping of the subject goods originating in or exported from the subject country.
- d. The Authority thus considers necessary to recommend anti-dumping duty on imports of subject goods falling under Chapter 28 originating in or exported from the subject country.
- e. It was considered to recommend the amount of anti-dumping duty equal to the margin of dumping so as to remove the injury to the domestic industry accrued on account of dumping. Accordingly the Authority recommends the provisional duty be imposed on all imports of Sodium Hydrosulphite originating in/or exported from Germany and Korea RP. The anti dumping duty shall be the difference between amount mentioned in Col. 3 of the following table and the landed value of imports/MT to be imposed from the date of notification to be issued in this regard by the Central Government on all the imports of Sodium Hydrosulphite falling under Chapter 28, Custom Sub-heading 2831.10 of the Customs tariff originating in or exported from the countries mentioned below:-

Sl. No.	Name of the exporter/producer	Amount of duty (US\$/MT)
1.	Germany a. M/s. BASF b. All other exporters/producers	US\$ 1058.866/MT US\$ 1058.866/MT
2.	Korea RP All producers/exporters	US\$ 1058.866/MT

E. FURTHER PROCEDURE

The following procedure would be followed subsequent to notifying the preliminary findings:

- a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
- b. Exporters, Importers, Petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make

known their views, within forty days from the date of the despatch of the letter. Any other interested party may also make known its views within forty days from the date of publication of these findings;

- c. The Authority would conduct verifications to the extent deemed necessary;
- d. The Authority would provide opportunity to all interested parties for oral submissions, for which the date and time shall be communicated to all known interested parties separately;
- e. The Authority would disclose essential facts before announcing final findings.

(L V SAPTHARISHI),
Designated Authority