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**Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti-Dumping & Allied Duties
Udyog Bhavan, New Delhi – 110011**

INITIATION NOTIFICATION

Dated the 21st June, 2013

Subject: Initiation of Anti-Dumping Investigation concerning imports of USB flash drives originating in or exported from China PR, Chinese Taipei and Korea RP.

No.14/22/2012-DGAD - Whereas Storage Media Products Manufacturers & Marketers Welfare Association (hereinafter referred to as the applicant) has filed an application before the Designated Authority (hereinafter referred to as the Authority), on behalf of the domestic industry represented by Moser Baer India Limited (hereinafter referred to as Moser Baer), in accordance with the Customs Tariff Act, 1975, as amended from time to time (hereinafter 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, as amended from time to time (hereinafter referred to as the Rules), alleging dumping of USB flash drives (hereinafter referred to as the subject goods), originating in or exported from China PR, Chinese Taipei and Korea RP (hereinafter referred to as the subject countries), for initiation of anti-dumping investigation and for levy of anti-dumping duties on the imports of the subject goods, originating in or exported from the subject countries.

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

PRODUCT UNDER CONSIDERATION

3. The product under consideration in the present investigation is USB flash drives and includes all its commercial/trade parlance names. As stated by the applicant, the product is also known in the market parlance by various other names such as pendrive, keychain drives, key drives, USB sticks, flash sticks, jump sticks, USB keys or memory keys. These are also known by their proprietary names, such as Thumb Drive (Trek Technology), Jump Drive (Lexar), Data Traveler (Kingston), Cruzer Blade (SanDisk) or Jet Flash (Transcend). A USB flash drive is a data storage device which uses flash memory and USB (Universal Serial Bus) interface to interact with computers or other multimedia devices for data exchange.

4. USB flash drives are typically small, light weight, hot-swappable and rewritable. They are hot-swappable in the sense that they may be plugged or removed without shutting down or causing significant interruption to the system. They are rewritable in the sense that they support overwriting of previously recorded data. The capacity of the flash memory used depends on the capacity of the flash memory used. The subject goods are classified under Customs Classification Code 85235100. However, the customs classification is indicative only and in no way binding on the scope of this investigation.

DOMESTIC INDUSTRY STANDING

5. The application has been filed by Storage Media Products Manufacturers & Marketers Welfare Association on behalf of Moser Baer, the sole producer of the product under consideration in India. From the available information, the Authority prima facie notes that the production of Moser Baer accounts for “a major proportion” of total production of the product under consideration in India. The Authority, therefore, prima facie determines that Moser Baer constitutes domestic industry within the meaning of the Rule 2 (b) and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

LIKE ARTICLE

6. The applicant has claimed that the subject goods, which are being dumped into India, are like articles to the goods produced by the domestic industry. There are no differences between the goods produced by the applicant and goods imported into India from the subject countries in terms of technical characteristics, functions & uses, product specifications, distribution & marketing, pricing and tariff classification of the goods. The two are technically and commercially substitutable and hence be treated as ‘like article’ under the Rules. For the purpose of the present investigation, the subject

goods produced by the applicant in India are being treated prima facie as 'like article' to the subject goods being imported from the subject countries.

COUNTRIES INVOLVED

7. The countries involved in the present investigation are China PR, Chinese Taipei and the Republic of Korea.

NORMAL VALUE

8. The applicant has claimed that China PR should be treated as a non-market economy and determined normal value in accordance with Para 7 and 8 of Annexure I of the Rules. The applicant has claimed normal value on the basis of cost of production in India, duly adjusted. In terms of Para 8 in Annexure 1 to the Rules it is presumed that the producers of the subject goods in China PR are operating under non-market economy conditions. In view of the above non-market economy presumption and subject to rebuttal of the same by the responding exporters, normal value of the subject goods in China PR has been estimated in terms of Para 7 of Annexure 1 to the Rules. As regards Chinese Taipei and Korea RP, the applicant has submitted that best possible efforts were made to procure evidences of domestic price in Chinese Taipei and Korea RP but reliable evidence of actual selling prices could not be procured since prices are determined by negotiations between buyers and sellers, fluctuate frequently. Further, no published information as to domestic prices of the product in Chinese Taipei and Korea RP are available. The applicant has claimed normal value for Chinese Taipei and Korea RP on the basis of estimates of cost of production, duly adjusted to include selling, general & administrative costs and reasonable profits.

EXPORT PRICE

9. The applicant has claimed export prices on the basis of data obtained from Cybex Exim Solutions. The data from the same source has been taken into consideration for the injury period including the POI. Price adjustments have been prima facie allowed on account of overseas freight, overseas insurance, commission, port expenses, inland freight and bank charges to arrive at the net ex-factory export price.

DUMPING MARGIN

10. Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of each of the subject countries. There is prima facie evidence to show that the normal value of the subject goods in each of the subject countries is significantly higher than the ex-factory export price to India,

indicating, prima facie, that the subject goods are being dumped into the Indian market by the exporters from the subject countries. The dumping margins estimated are significantly above de minimis.

INJURY AND CAUSAL LINK

11. The applicant has furnished evidence regarding the 'injury' having taken place as a result of the alleged dumping in the form of increased volume of dumped imports, price undercutting, price depression, negative profitability, financial losses, declining return on capital employed, declining cash flow, etc. There is sufficient prima facie evidence of 'injury' being suffered by the domestic industry, caused by dumped imports from the subject countries to justify initiation of an antidumping investigation.

PERIOD OF INVESTIGATION

12. The Authority has considered the period of investigation for the purpose of the present investigation as January 2012-December 2012 (12 months). The injury investigation period will however cover the periods April 2009-March 2010, April 2010-March 2011, April 2011-March 2012 and the POI.

SUBMISSION OF INFORMATION

13. The known exporters in the subject countries and their Governments through their respective Embassies in India, importers and users in India known to be concerned with the product under consideration and the domestic industry are being informed separately to enable them to file all relevant information in the form and manner prescribed. Any other interested party may also make its submissions relevant to the investigation within the time-limit set out below and write to:

**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.**

TIME LIMIT

14. 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 40 (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 40 (forty) days from the date of the letter addressed to them separately. If no information is received within the prescribed time limit or the submitted information is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

SUBMISSION OF INFORMATION ON NON-CONFIDENTIAL BASIS

15. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non-Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.

16. Information supplied without any mark shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies each of the confidential version and the non-confidential version must be submitted.

17. For information claimed as confidential, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed and/or why summarization of such information is not possible.

18. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out / summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, party submitting the confidential information may indicate that such information is not susceptible of summary; a statement of reasons why summarization is not possible, must be provided to the satisfaction of the Authority.

19. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to

make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

20. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information provided; shall not disclose it to any party without specific authorization of the party providing such confidential information.

INSPECTION OF PUBLIC FILE

21. 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 the interested parties.

NON-COOPERATION

22. In case any interested party refuses access to and 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.

(J.S. Deepak)
The Designated Authority