

To be published in Part-I Section I of the Gazette of India Extraordinary

F. No. 6/05/2023-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001

Case No – AD(OI) – 05/2023

INITIATION NOTIFICATION

Dated: 30th June, 2023

Subject: - Initiation of Anti-Dumping Investigation concerning imports of Isobutylene-Isoprene Rubber (IIR) originating in or exported from China PR, Russia, Saudi Arabia, Singapore and the United States of America.

1. Having regards to the Customs Tariff Act 1975, as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter also referred to as the “Rules or AD Rules”), Reliance Sibur Elastomers Private Limited (hereinafter referred to as the “applicant”) has filed an application before the Designated Authority (hereinafter referred to as the “Authority”) for initiation of anti-dumping investigation concerning imports of “Isobutylene-Isoprene Rubber” (hereinafter referred to as the “subject goods” or the “product under consideration” or “PUC” or “IIR”) originating in or exported from China PR, Russia, Saudi Arabia, Singapore and the United States of America (hereinafter referred to as the “subject countries”).
2. The applicant has alleged that dumped imports of the subject goods originating in or exported from the subject countries has materially retarded the establishment of the domestic industry and has caused material injury to the domestic industry. Accordingly, the applicant has requested for the imposition of anti-dumping duty on the imports of the subject goods from the subject countries. However, the Authority has *prima facie* considered that dumped imports of the subject goods originating in or exported from the subject countries has caused material injury to the domestic industry.

A. Product under consideration

3. The product under consideration in the present investigation is Isobutylene-Isoprene Rubber (“IIR”) which is a synthetic rubber, commonly used to manufacture inner tubes for tires and other high-pressure tubes. IIR has applications in the tube and tyre inner liners, which form an integral part of the pneumatic tyre manufacturing process. It is also used in diaphragms, gaskets, wire and cable insulations, liners, O-rings, seals, weather stripping, and bottle closures.
4. The product under consideration is classified under Chapter 40, under tariff code 4002 31 00 of the First Schedule to the Customs Tariff Act, 1975. The customs classification

is only indicative and is not binding on the scope of the present investigation.

5. The interested parties in the subject investigation may provide their comments on the PUC as well as their proposal for the construction of PCNs, if any, within 30 days from the date of initiation of this investigation.

B. Like article

6. The applicant has claimed that there are no known significant differences in the goods produced by the domestic industry and that exported from the subject countries. Both the products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The applicant claimed that the two are technically and commercially substitutable. Therefore, for the purpose of the present investigation, the subject goods produced by the applicant are being treated as 'like article' to the subject goods originating in or exported from the subject countries.

C. Domestic industry and standing

7. The application has been filed by Reliance Sibur Elastomers Private Limited. The applicant has stated that it has imported the product under consideration from the subject countries prior to the commencement of commercial production as such imports were necessary to perform seed marketing activity prior to the commercial launch of its production. However, no imports have been made post commencement of commercial production.
8. The applicant has further stated that it is a joint venture between Reliance Industries Limited and Sibur Investment AG. Sibur Investment AG is a 100% subsidiary of PJSC SIBUR Holding, which used to be a 100% holding company of SIBUR Togliatti, a producer of the product under consideration in Russia. SIBUR also has a stake in PJSC Nizhnekamskneftekhim, a producer of the product under consideration in Russia. However, there are no direct exports of such producers to India. Exports, if any, have been made by the traders. The applicant has claimed that Reliance Industries Limited holds majority shares and, accordingly, exercises control over Reliance Sibur Elastomers Private Limited. Further, the applicant and PJSC Nizhnekamskneftekhim cannot be considered related under Rule 2(b) since the two entities are not in a position to legally or operationally control each other and are not controlled by a third entity, it should not be considered related to any exporter or producer of the subject goods in the subject countries.
9. From the information on record, the Authority notes that Reliance Elastomers Private Limited is the sole producer of like article in India. The applicant accounts for a major proportion of the total domestic production in India. In view of the above and after due examination, the Authority *prima facie* notes that the applicant constitutes eligible domestic industry in terms of Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

D. Normal value

Normal value for China PR

10. The applicant has claimed that China PR should be treated as a non-market economy and unless the Chinese producers show that market economy conditions prevail, their normal value should be determined in terms of Paragraph 7 of Annexure-I to the Rules. The normal value has been constructed based on the cost of production in India, duly adjusted for selling, general and administrative expenses with reasonable profits.

Normal value for Russia, Saudi Arabia, Singapore and United States of America

11. The applicant has claimed that it was not able to find evidence regarding the domestic selling price in the subject countries. Since most of the countries are net exporters of the subject goods with a very low volume of imports, import prices cannot be relied upon. The applicant has, therefore, proposed to construct normal value for Russia, Saudi Arabia, Singapore and the United States of America on the basis of the best available information, having regard to the cost of production in India, duly adjusted for selling, general and administrative expenses with reasonable profits.

The Authority has accepted the claim of the applicant in respect of the determination of normal value for the subject countries for the purpose of initiation of this investigation.

E. Export price

Export price for China PR

12. The applicant has claimed that the export price for China PR reported in the DGCI&S data appears to suffer from some inaccuracy and is significantly higher than the export prices for other countries. Accordingly, the applicant has taken the FOB price reported in Trade Map data and adjusted for inland freight, port expenses, bank charges and commission to arrive at the ex-factory export price for China PR.
13. However, the Authority has considered the export price of the subject goods by considering CIF price of the subject goods, as reported in the DGCI&S transaction-wise data. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight, and bank charges to arrive at the ex-factory export price.

Export price for Russia, Saudi Arabia, Singapore and United States of America

14. Export price of the subject goods from other subject countries has been determined by considering the CIF price of the subject goods, as reported in the DGCI&S transaction wise data. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight, and bank charges to arrive at an ex-factory export price.

F. Dumping margin

15. The normal value and export price have been compared at the ex-factory level. There is sufficient 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 the exporters from the subject countries into the Indian market and the dumping margin is above *de-minimis* so as to justify initiation of the investigation.

G. Injury and Causal link

16. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has claimed that the imports have materially retarded its establishment. However, the applicant has also furnished its injury information over the injury period. The information concerning imports and economic parameters of the domestic industry over the injury period show that the imports have prevented price increases, which otherwise would have occurred. The applicant has also claimed that it has been forced to export in order to dispose of its production and has sold in the domestic market below its cost of sale. As a result, the applicant has sold the subject goods at increasing losses and incurred cash losses and a negative return on its capital employed. There is sufficient *prima facie* evidence of injury being caused to the domestic industry by the dumped imports from the subject countries to justify the initiation of an anti-dumping investigation.

H. Initiation of Anti-Dumping Investigation

17. On the basis of the duly substantiated application filed by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the applicant, substantiating dumping of the product under consideration originating in or exported from the subject countries, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the subject goods originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

I. Subject countries

18. The subject countries for the present anti-dumping investigation are China PR, Russia, Saudi Arabia, Singapore and the United States of America.

J. Period of investigation

19. The applicant has provided information considering January – December 2022 as the period of investigation. The applicant has provided data for the periods 2019-20, 2020-21, and 2021-22, the proposed period of investigation for the purpose of injury analysis. **However, the period of investigation (POI) adopted by the Authority for the present investigation is from 1st April 2022 to 31st March 2023 (12 months).** The injury analysis period covers the period of investigation and the three preceding financial years, 2019-20, 2020-21, 2021-22 and the period of investigation.

K. Procedure

20. Principles, as given in Rule 6 of the Rules, will be followed for the present investigation.

L. Submission of Information

21. In view of the special circumstances arising out of the COVID-19 pandemic, all communication should be sent to the Authority via email at the email addresses dd15-dgtr@gov.in, jd16-dgtr@gov.in, adv13-dgtr@gov.in, adg16-dgtr@gov.in, and. It should be ensured that the narrative part of the submission is in searchable PDF/MS Work format and data files are in MS Excel format.
22. The known producers/exporters from the subject countries, their Governments through their Embassies in India, the importers and users in India known to be concerned with the subject goods and the domestic producers are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
23. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time limit set out below on the email addresses mentioned hereinabove.
24. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
25. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

M. Time Limit

26. Any information relating to the present investigation should be sent to the Authority via email at the email addresses dd15-dgtr@gov.in, jd16-dgtr@gov.in, adv13-dgtr@gov.in, and adg16-dgtr@gov.in within thirty days (30 days) from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its finding on the basis of the facts available on records in accordance with the Rules.
27. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

N. Submission of information on confidential basis

28. Any party making any confidential submission or providing information on a confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/submissions.

29. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority, including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
30. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
31. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which is claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, 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.
32. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and 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 a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to a summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority. The other interested parties can offer their comments on the confidentiality claimed within 7 days of the receiving the non-confidential version of the document.
33. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied, the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.
34. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.
35. 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 information.

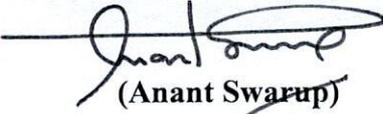
O. Inspection of Public File

36. A list of registered interested parties will be uploaded on the DGTR’s website along with the request therein to all of them to email the non-confidential version of their submissions/response/information to all other interested parties. Failure to circulate a non-confidential version of submissions/response/information might lead to the

consideration of an interested party as non-cooperative.

P. Non-cooperation

37. 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.



(Anant Swarup)

Designated Authority