

F. No. 7/28/2023 – 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

Dated: 25th May 2024

FINAL FINDING
CASE NO. SSR-11/2023

Subject: Sunset review investigation of anti-dumping duty imposed on imports of Chlorinated Polyvinyl Chloride (CPVC) – Whether or not further processed into compound from China PR and Korea RP.

F. No. 7/28/2023-DGTR - Having regard 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 “Rules”)

The Designated Authority (hereinafter referred to as “the Authority”) received an application from DCW Limited (hereinafter referred to as the ‘applicant’ or the “the domestic industry”) seeking initiation of a sunset review for extension and modification of the anti-dumping duty imposed on imports of Chlorinated Polyvinyl Chloride (hereinafter to be referred to as “CPVC” or the “subject goods” or the “the product under consideration” or the “PUC”), originating in or exported from China PR and Korea RP (hereinafter referred to as the “subject countries”).

A. BACKGROUND OF THE CASE.

1. The original anti-dumping investigation concerning the imports of the product under consideration from the subject countries was initiated by the Authority vide Notification No. 06/03/2019-DGTR dated 28th March 2019. The Authority issued preliminary finding vide notification no. 06/03/2019-DGTR dated 12th July 2019 recommending imposition of provisional anti-dumping duties on imports of the product under consideration from the subject countries for a period of 6 months. The Ministry of Finance vide Notification No. 33/2019-Customs dated 26th August 2019 imposed provisional anti-dumping duties on imports of the product under consideration from the subject countries for a period of 6 months.
2. Thereafter, the final finding was issued vide Notification F. No. 06/03/2019-DGTR dated 19th February 2020 wherein the Authority recommended definitive anti-dumping duty for a period of 5 years. The anti-dumping duty was imposed vide Notification No.

05/2020-Customs (ADD) on 7th March 2020. The said duties were levied for a period of 5 years and are set to expire on 25th August 2024.

3. In terms of Section 9A (5) of the Act, any anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition. Further, Rule 23(1B) of the Rules provides as follows:

“any definitive antidumping duty levied under the Act, shall be effective for a period not exceeding five years from the date of its imposition, unless the designated Authority comes to a conclusion, on a review initiated before that period on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, within a reasonable period of time prior to the expiry of that period, that the expiry of the said anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry”

4. In accordance with the above, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry, as to whether the expiry of existing anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury.
5. On the basis of *prima facie* evidence submitted by the domestic industry, the Authority issued a public notice vide notification no. 7/28/2023- DGTR dated 29th December 2023 published in the Gazette of India, Extraordinary, initiating the subject investigation. The investigation was initiated in accordance with Section 9A (5) of the Act read with Rule 23 of the Rules to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry and if there is a need for continued imposition of the anti-dumping duties.
6. The scope of the present review covers all aspects of the final finding no. 06/03/2019- DGTR dated 19th February 2020, and notification no. 05/2020-Customs (ADD) dated 7th March 2020.

B. PROCEDURE

7. The procedure described below has been followed with regard to the investigation:
 - i. The Authority notified the embassy of the subject countries in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5.
 - ii. The Authority issued a notification dated 29th December 2023, published in the Gazette of India Extraordinary, initiating the sunset review anti-dumping investigation concerning the imports of the product under consideration from the subject countries.
 - iii. The Authority sent a copy of the initiation notification dated 29th December 2023 to the embassy of the subject countries in India, the known producers, and exporters

from the subject countries, known importers and users in India, and the other interested parties, as per the email addresses made available by the domestic industry.

- iv. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the embassy of the subject countries in India in accordance with Rule 6(3) of the Rules.
- v. The embassy of the subject countries in India was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire was sent along with the names and addresses of the known producers/exporters of the subject countries.
- vi. The Authority sent exporter's questionnaire to the following known producers/exporters in subject countries in accordance with Rule 6(4) of the Rules:

SN	Name of producer/exporters in the subject countries.
1	Everun Chemical Limited, China PR
2	Haitian Middle East Fze, China PR
3	Henan Buckton Industry and Commerce Co. Ltd., China PR
4	Jiangsu Lee And Man Chemical Limited, China PR
5	Kapsun Resources Corporation (Hk) Ltd, China PR
6	Maxwin Overseas Limited, China PR
7	Mitsui & Co., Ltd, China PR
8	Shandong Gaoxin Chemical Co. Ltd., China PR
9	Shandong Novista Chemicals Co., Lim, China PR
10	Shandong Pujie Rubber and Plastic, China PR
11	Shandong Xiangsheng New Materials, China PR
12	Shandong Yada New Material Co., Ltd, China PR
13	Texpo International Limited, China PR
14	Weifang Hota New Material Technology, China PR
15	Weifang Sundow Chemicals Co., Ltd., China PR
16	Winwell Industry Co., Ltd, China PR
17	Hanwha Solutions Corporation, Korea RP

- vii. In response, only Hanwha Solutions Corporation (hereinafter referred to as "Hanwha") from Korea RP has provided exporter questionnaire response. Additionally, its unrelated exporter SAR Overseas has also filed exporter's questionnaire response in the prescribed format.
- viii. The Authority send importer's questionnaire to the following known importers/users of the product under consideration in India calling necessary information in accordance with Rule 6(4) of the Rules.

SN	Name of users/importers of the product under consideration in India.
1	A.G. Import Hub
2	Ajay Industrial Corporation Limited

SN	Name of users/importers of the product under consideration in India.
3	Apollo Pipes Limited
4	Astral Limited
5	Avon Plastic Industries Private Limited
6	Basil Prompt Vinyl Private Limited
7	Bothara Agro Equipments Private Limited
8	Finolex Industries Limited
9	HIL Limited
10	Hydraguard International Private Limited
11	Kapsun Resources Corporation
12	Kisan Irrigations and Infrastructure Limited
13	Kuntal Organics LLP
14	Lalitha Chem Industries Private Limited
15	Makwell Plastisizers Private Limited
16	Matrix Impex
17	Mayur Dyes & Chemicals Corporation Limited
18	Meet Marketing (India) Private Limited
19	Navyug Chemicals Private Limited
20	Omya India Private Limited
21	Pearl Precision Products Private Limited
22	Prayag Polymers Private Limited
23	Precision Sanitary Products Private Limited
24	Pushp Global Company Private Limited
25	Reva Polytech Private Limited
26	Rishabh Triexim LLP
27	Shreeji Impex
28	Signet Industries Limited
29	Sudhakar Irrigation Systems Private Limited
30	Supreme Industries Limited
31	Tyk Polymers Private Limited
32	Vahini Irrigation Private Limited
33	Vectus Industries Limited
34	Waterflow Piping System

ix. The following users/importers have filed questionnaire response.

SN	Name of producer/exporters in the subject countries.
1	Ashirvad Pipes Private Limited (hereinafter referred to as "Ashirvad")
2	Lubrizol Advanced Materials India Private Limited (hereinafter referred to as "Lubrizol")

x. The Authority also sent copies of initiation notification to the following association and sought their comments:

SN	Name of producer/exporters in the subject countries.
1	All India Federation of Plastic Industries.
2	The All-India Plastic Manufactures Association (AIPMA)

- xi. None of the above associations responded to the initiation notification.
- xii. Foreign producers, exporters and other interested parties who have not responded to the Authority, or have not supplied information relevant to this investigation, have been treated as non-cooperating with interested parties.
- xiii. The Authority issued an economic interest questionnaire to all the known producers and exporters, importers, and the domestic industry. The economic interest questionnaire was also shared with the administrative line ministry. Economic interest questionnaire was filed only by the domestic industry. None of the other interested parties have filed the economic interest questionnaire.
- xiv. The Authority made available the non-confidential version of the submissions made by the various interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.
- xv. The period of investigation (POI) for the purpose of present investigation is 1st July 2022 to 30th June 2023 (a period of 12 months) The injury analysis period covers 1st April 2019 to 31st March 2020, 1st April 2020 to 31st March 2021, 1st April 2021 to 30th June 2022 and the period of investigation.
- xvi. Non-injurious Price (hereinafter referred to as 'NIP') has been determined based on the cost of production and reasonable profits of the subject goods in India, based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules so as to ascertain whether an anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- xvii. The Authority, during the course of the investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of this final finding, to the extent possible and verified the data documents submitted by the domestic industry and the interested parties to the extent considered relevant, practicable and necessary.
- xviii. In accordance with Rule 6(6) of the Rules, the Authority provided an opportunity to the interested parties to present their views orally in a public hearing held on 6th March 2024 in hybrid mode. The parties that presented their views in the oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The parties shared their non-confidential submissions with other interested parties and were advised to offer their rebuttals.
- xix. The information provided by the interested parties on confidential basis was examined with regard to the sufficiency of such confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on

confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.

- xx. A disclosure statement containing the essential facts in this investigation which have formed the basis of the final findings was issued to the interested parties on 12.05.2024 and the interested parties were allowed time up to 18.05.2024 to comment on the same. The comments on disclosure statements received from the interested parties have been considered, to the extent found relevant, in this final finding notification.
- xxi. Wherever an interested party has refused access to or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the present final finding on the basis of the facts available.
- xxii. The Authority has considered all the arguments raised and information provided by all the interested parties to the extent the same is supported with evidence and considered relevant to the present investigation.
- xxiii. “****” in this final finding represents information furnished by an interested party on a confidential basis and so considered by the Authority under the Rules.
- xxiv. The exchange rate adopted by the Authority for the subject investigation is 1 US\$=Rs **82.39**.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Submission of the other interested parties.

- 8. The other interested parties have not made any submissions with regards to the product under consideration and like article.

C.2 Submission of the domestic industry.

- 9. The domestic industry has submitted as follows with regards to the scope of the product under consideration and like article:
 - a. The scope of the product under consideration in the present investigation is the same as defined in the original investigation.
 - b. The product under consideration is classified under Chapter 39, under sub-heading 39049010 & 39049090. However, despite having dedicated classification, the product under consideration is being imported under various other sub-headings.

SN	HS Code	2019-20	2020-21	Apr'21-Jun'22	*POI
1	39049010	37,570	1,13,557	1,75,735	1,77,290
2	39049090	2,672	6,258	13,111	16,740
3	39042100	5,429	3,665	9,402	7,971
4	39041090	11,792	6,119	5,199	1,631
5	39042200	1,690	2,297	1,471	1,479
6	39041020	316	238	90	454
7	39041010	-	-	147	351

8	39011090	-	-	144	336
9	39044000	452	-	-	126
10	39172310	-	-	348	40
11	39049000	1,08,435	-	-	-
12	39046990	6	-	-	-
13	39043090	12	-	3	-
14	39045090	-	-	124	-
15	Total	1,68,374	1,32,134	2,05,773	2,06,417

*POI 1st July 2022-30th June 2023.

- c. Reference placed on Gujarat High Court in the case of *Ajanta Pvt. Ltd. vs UOI*, ruled that anti-dumping duty cannot be charged unless all HSN codes are covered in the duty table.
- d. Customs authorities prioritize notifications from the Ministry of Finance over final findings, so it's crucial for duty tables to include all classifications. Failure to include relevant codes in customs notifications could lead to evasion.
- e. There have been no developments in the product and the product produced by the domestic industry continues to remain like article to the imported product.

C.3. Examination by the Authority.

10. The present investigation is a sunset review investigation and the scope of the product under consideration remains the same as defined in the original investigation. The product under consideration as defined in the original investigation is reproduced hereunder-

“10. The product under consideration for the purpose of the present investigation is “Chlorinated Polyvinyl Chloride (CPVC) - whether or not further processed into compound”.

11. The product under consideration is classified under Chapter 39 of Customs Tariff Act. Import data received from DGCI&S and DG Systems shows that the product has been imported under 39042110, 39042190, 39042210, 39042290, 39041090 and 39049000. The Customs classification is indicative only and not binding on the scope of the present investigation.

11. Sample picture of the product is as below.



12. None of the interested parties have made any submissions on the scope of the product under consideration.
13. On the issue of inclusion of both CPVC resin and compound, the Authority had held as follows at the time of original investigation.

“16. The Authority has examined the argument made by interested parties that CPVC resin and compound are distinct products as both are produced in different stages of processing. Based on the submissions made by the Applicant and the other interested parties, the Authority notes that CPVC resin is an intermediate product which eventually is to be converted into compound for making pipes and there is no other independent uses of CPVC resin. CPVC resin cannot be used as it is, and it has to be compulsorily processed into compound for making it usable, a fact that has not been disputed by the opposing interested parties. It is noted that difference in the cost of production and selling price is not the only criterion to treat one product different from the other. Compound is nothing but further processed form of CPVC resin to make it useable. It is also noted that compounding basically involves mixing of additives with resin without any substantial manufacturing activity. Therefore, the process to convert CPVC resin into compound is a mere incremental process and this process does not transform the essential characteristics of the product, but merely makes it usable. The very fact that the process involved in conversion of resin into compound does not lead to change in tariff code appears to suggest that the process is incremental in nature. Even if additives are to be considered in computation of value addition in the production phase between CPVC resin and compound, CPVC resin is the most expensive ingredient used to produce Compound. Besides, the end-use markets for CPVC resin and compound, are essentially the same. CPVC resin and compound possess the same chemical structure and, CPVC resin imparts essential characteristic to compound. CPVC resin and compound possess the same chemical structure and, CPVC resin imparts essential characteristic to compound. Most importantly, submissions on record show that a lot of compound manufacturers in India are importing CPVC resin and converting the same into compound. In view of this, exclusion of compound from purview of levy of anti-dumping duty is likely to lead

to direct export of compound from subject countries to India, thereby nullifying the very purpose of entire exercise of imposition of anti-dumping duty. In view of the above, the Authority holds that the scope of product under consideration in the present investigation includes Chlorinated Polyvinyl Chloride (CPVC), both in resin and compound form, as one article.”

14. Having regard to the final findings notified by the Authority and considering the submissions made by the interested parties in the present investigation, the Authority confirms the same scope of the product under consideration as was notified earlier. The product under consideration for the purpose of present final finding is -

“Chlorinated Polyvinyl Chloride (CPVC) - whether or not further processed into compound”.

15. The product under consideration is classified under Chapter 39 of the Customs Tariff Act, 1975 under HS code 39049010 and 39049090. The Authority has examined the DG System's Transaction wise data and found that the product under consideration has also been imported under 39041010, 39041020, 39041090, 39042100, 39042200, 39043090, 39044000, 39045090, 39046990 and 39049000 as well.

SN	HS Code	UOM	2019-20	2020-21	Apr'21-Jun'22	POI
1	39041010	MT	-	-	264	397
2	39041020	MT	282	289	893	446
3	39041090	MT	12,075	6,030	6,367	3,544
4	39042100	MT	4,779	3,442	10,137	7,825
5	39042200	MT	1,575	3,327	1,813	1,495
6	39043090	MT	12	-	3	-
7	39044000	MT	452	-	-	126
8	39045090	MT	-	-	124	-
9	39046990	MT	6	-	-	-
10	39049000	MT	83,293	-	-	-
11	39049010	MT	29,401	98,965	1,84,237	1,59,481
12	39049090	MT	2,236	7,126	21,980	24,813
Total		MT	1,34,109	1,19,179	2,25,818	1,98,128

16. It is also noted that the customs classification is indicative only and is in no way binding on the scope of subject investigation.

17. The Authority notes that the product produced by the domestic industry are comparable to the imported goods from the subject countries in terms of chemical characteristics, product specifications, technical specifications, manufacturing process, and technology, functions and uses, pricing, distribution and marketing, and tariff classification of the

goods. The two are technically and commercially interchangeable. Accordingly, the Authority notes that the product produced by the domestic industry are ‘like article’ to the product under consideration imported from the subject countries in terms of Rule 2(d) of the Rules and the scope of the product under consideration remains the same as defined in the original investigation.

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING.

D.1 Submission made by the other interested parties.

18. The other interested parties have submitted as follows with regards to the scope of the domestic industry and standing:
 - a. Lubrizol along with Grasim Industries Limited is setting up a CPVC resin manufacturing unit with the capacity of 1,00,000 MT to meet the growing demand for piping applications in neighboring countries. The plant is expected to be operational by early 2025.

D.2. Submission made by the domestic industry.

19. The domestic industry has submitted as follows with regards to the scope of the domestic industry and standing:
 - a. The application was filed by DCW limited and supported by Epigral Limited. There are no other producers producing the product in the market during the period of investigation.
 - b. The domestic industry was being asked unreasonably lower price by the customers citing Chinese prices. The domestic industry decided to purchase a small quantity of CPVC resin from the market to check the import prices.
 - c. Imposition of the measures improved the performance of the domestic industry. The domestic industry has fully established itself and has been producing to the optimum levels. Further, this has now encouraged other domestic players to set up their plants for the product under consideration. The domestic industry has also enhanced capacities for the product. The below table shows investment already made or announced by now by Indian industry.

SN	Particular	UOM	POI	*SSR POI	Current	2025+
1	Number of producers	No.	1	2	3	3+2 (EC)
2	Capacity	MT	10,000	40,000	195,000	215,000
3	Investment	Rs. (Crore)	300	+200	+1400	> 2400
4	Demand	MT	130,000	235,000	240,000	252,000

*POI 1st July 2022-30th June 2023.

SN	Producer	Capacity (MT)	Investment Rs. (Crore)	Status
1	DCW Limited	10,000	300	Started

2	Epigral Limited	30,000	200	Started
3	DCW Limited	10,000	150	Expected production in Q4 of 2023-24
4	Epigral Limited	45,000	300	Expected production in Q4 of 2023-24
5	Lubrizol	1,00,000	1200	Plant construction started
6	DCW Limited	20,000	150	Environmental Clearance pending
	Total	2,15,000	> 2400	

D.3. Examination by the Authority.

20. The Authority notes that the present application has been filed by DCW Limited. DCW Limited has certified that it has not imported the product under consideration. The Authority has examined DG System's transaction-wise data and found that there are no imports of the product under consideration by DCW Limited. DCW Limited has further provided information that it purchased certain quantities of the CPVC resin from the domestic market. The information regarding the purchase made by DCW Limited in absolute terms and in relation to total imports is shown below.

SN	Particulars	UOM	2020-21	Apr'21 to Jun'22	*POI
1	Purchase of CPVC resin	MT	***	***	***
2	DCW's production of CPVC resin	MT	***	***	***
3	Share of purchase in production of CPVC resin	%	***	***	***
4	Demand in India of CPVC resin	MT	***	***	***
5	Share of purchase in demand	%	***	***	***
6	Total imports into India of CPVC resin	MT	1,19,179	2,25,818	1,98,128
7	Share of purchase in total imports of CPVC resin	%	***	***	***
8	Share of purchase in total imports of CPVC resin	Range	***	***	***
9	Imports from China PR of CPVC resin	MT	7,826	54,012	54,872
10	Share of purchase in China imports of CPVC resin	%	***	***	***
11	Share of purchase in China imports of CPVC resin	Range	***	***	***

*POI 1st July 2022-30th June 2023.

21. It is seen that the purchase of CPVC resin by the domestic industry is minuscule in volume. The Authority is required to examine if the domestic industry has imported or

purchased imported the product under consideration in such large volumes and under such condition as to render such domestic producer ineligible.

22. The Authority notes that the domestic industry has undertaken substantial investment of Rs 100 crore to set up its 2nd plant for the product under consideration and the plant has become operational. DCW Limited has also submitted that it has plan to set up 3rd plant for the product. DCW Limited has provided reason of purchase of small quantities of CPVC Resin from the domestic market. They have stated that the purchase was made just to check the import prices of the product, owing to significant difference between the price being reported by customers and the prices being reported in customs data. The domestic industry was being asked unreasonably lower prices by the customers, citing Chinese prices. Therefore, the domestic industry decided to buy some material from the market to test the business situation prevalent in the market. Based on the import price examined below, it is seen that the reason given by the producer is justified. Therefore, the Authority concludes that DCW Limited satisfies the requirement of Rule 2(b) of the Rules.
23. Epigral Limited (formerly known as Meghmani Finechem Limited) is a producer of the product in India. Epigral Limited has started production in the period of investigation only. The company has supported the application. Epigral Limited had a capacity of 30,000 MT in the period of investigation. Epigral Limited has filed a letter stating that they have expanded capacity and commenced commercial production on their new plant of 45,000 MT.
24. Lubrizol has participated in the present investigation as a consumer of the product under consideration. The company has stated that is setting up a CPVC resin facility with a total capacity of 100,000 MT in Vilayat, Gujarat with an intended investment of USD 150 million, which is likely to be commercialized by 2025.
25. There is no other producer of CPVC Resin in India in the period of investigation. While there are producers who import CPVC Resin and convert the same into CPVC compound, they have not been considered as “the domestic industry” within the meaning of Rule 2 (b) for the purpose of this law and in line with original investigation. In the original investigation, the Authority had held as below: -

“23. There are few producers of CPVC compound who are buying CPVC resin either from DCW or importing the resin and processing the same to manufacture CPVC compound for making pipes. Companies who do not have manufacturing facilities for CPVC resin but are only compounders from purchased CPVC resin (indigenously and/or imported), including Lubrizol India, have not been considered as “the domestic industry” within the meaning of Rule 2 (b) for the reasons that (a) the product under consideration in the present investigation is “Chlorinated Polyvinyl Chloride (CPVC) - whether or not further processed into compound. The subject good, thus, is CPVC resin or CPVC resin and compound.

It is, thus, essential for the domestic producer(s) to be a manufacturer of CPVC resin, whether or not they are into the business of compounding the resin, in order to be eligible, the domestic industry and (b) the compounders sourcing CPVC resin domestically procure it only from DCW Ltd. on account of it being the sole producer of CPVC resin and, hence, inclusion of their production quantity would amount to double counting since production of DCW Ltd has already been taken into account.”

26. It is noted that the applicant is eligible 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, even though standing within the meaning of Rule 5(3) is not required to be established in a sunset review initiated under Rule 23.

E. MISCELLANEOUS SUBMISSIONS

E.1 Submission of the other interested parties.

27. The other interested parties have made following miscellaneous submissions:

- i. Ashirvad has submitted that Rule 29 and Rule 30 provide for the procedure and process to be followed for initiation and determination of anti-absorption. Sunset reviews are subject matter of Section 9A (5) of the Act and Rule 23 of the Rules. These cannot be interchangeably used.
- ii. Ashirvad has submitted that anti-absorption remedy should be a separate investigation under Rules.
- iii. Ashirvad has submitted that since no injury is being suffered by the domestic industry, continuation of duties through modification of form of duty is not justified nor substantiated.
- iv. Ashirvad has submitted that trigger price or variable price as a form of duty shall ensure that the domestic industry does not unfairly gain from the duty.
- v. Ashirvad has submitted that it is not aware, involved or in any manner connected with any practices pertaining to manipulation or evasion of import duty.
- vi. Hanwha has submitted that the since the domestic industry has itself admitted that there are no instances in the past where Korean producers adopted unfair practices. For Hanwha, prices to India, third countries and in the domestic market in Korea are based on the price prevailing in the market. There was hardly any variance in the prices.
- vii. Hanwha has submitted that while the domestic industry has highlighted that share of traders in imports has increased, majority of imports from Korea RP to India were made by the user industry and not by trader.
- viii. Hanwha has submitted that the initiation notification or questionnaire specifies that the exporter needs to be provided information on POI within the previous 3 years. The accounting year for Hanwha Corporation is a calendar year and information has been provided accordingly.

- ix. Lubrizol has submitted that exporters from China PR have been circumventing duties by aligning import price with benchmark level, misdeclaration of country of origin. There is huge difference between price of duty free and duty paid imports.
- x. Lubrizol has submitted that the number of traders exporting from China PR have increased from 14 trading companies in 2020 to 41 trading companies in 2023. Almost 1/3rd of the total exports is made by new traders only.
- xi. Lubrizol has submitted that the increasing participation of traders indicates some of kind of arrangements in which a higher price for the product under consideration is reported which is then adjusted with import price of other products.
- xii. Lubrizol has submitted that the prices of CPVC originating from Korea RP have remained consistent since 2020 and does not reflect various changes in the market in terms of increases in manufacturing costs, energy, and freight costs.

E.2 Submission made by the domestic industry.

- 28. The domestic industry has made following miscellaneous submissions.
 - i. Large volumes of imports are being made by countries where there is no production of CPVC resin. CPVC Resin is being exported from China PR and Korea RP to non-producing countries and from non-production countries to India to circumvent the duties. The domestic industry had filed an anti-circumvention application which was not initiated on the ground that there was no surge in the import volumes.
 - ii. The domestic industry had filed an anti-absorption and an anti-circumvention application for modification of form of duties. However, the investigation has not been initiated so far. The Authority has in various past investigations, changed the form of duty from benchmark/reference price form to ad-valorem form of duty.
 - iii. Lack of participation of Chinese producers depicts their unwillingness to report actual prices at which they are exporting the product under consideration. Chinese producers had participated in the original investigation wherein volume of imports was only 34,000 MT but they have not participated in the present investigation despite the volume increasing to 60,000 MT. They should be treated as non-cooperative.
 - iv. Before the imposition of measures, all imports were made directly by users. However, post the imposition of the measures, 30% of imports are being made by traders. 90% of imports by traders are importing from the subject countries.
 - v. The number of traders rose from 7 in 2019-20 to over 60 during the period of investigation.
 - vi. The benchmark duty may have been justified initially due to a demand-supply gap, it is no longer required as the domestic industry has been in existence for a long period and the demand-supply gap is likely to be bridged. There is no need for benchmark form of measures and the same should now be changed.
 - vii. Benchmark form of measure was not imposed with the intention to allow foreign producers to adjust their prices. The Authority has historically used this approach when imports were necessary for meeting domestic demand. Its purpose was to address varying degrees of dumping by collecting duty based on the difference

between benchmark and landed prices, not to facilitate price realignment by exporters.

- viii. The injury period in the present investigation is 2019-20, 2020-21, Apr 2021- June 22 and the period of investigation. However, in the questionnaire response filed by Hanwha, it has provided data for 2020, 2021, 2022 and the period of investigation. The data for the base year, i.e., 2019 has been withheld by Hanwha Solutions Corporation.
- ix. There is a large volume of imports of the product under consideration from countries in which there is no production of CPVC resin or CPVC compound. CPVC resin is only being produced in China PR, India, Japan, Korea RP, Thailand and United States of America. However, CPVC resin is being imported from Colombia, Malaysia, Nepal, Sri Lanka, United Arab Emirates. Further, CPVC compound is being imported from Colombia, Malaysia, Mexico, Nepal, United Arab Emirates, Sri Lanka, Saudi Arabia without any resin production.
- x. It can be seen that there is a large volume of imports from countries where there is no production of CPVC resin. CPVC in resin form is being exported from China and Korea to these countries where it is either directly shipped or being converted into compound form and exported to India.
- xi. If both resin and compound imported from China or Korea are subject to measures, it follows that resin or compound imported from any country other than China PR and Korea RP should be subject to measures, if the resin is of Chinese or Korean origin.

E.3 Examination by the Authority.

- 29. As regards the submission of the parties on the change in the form of duty, the Authority considers that form of measures is required to be seen on a case-to-case basis. Neither Section 9A (5) of the Act nor Rule 23 of the Rules prescribes or proscribes any particular form or modification of the form at the stage of review. The Authority has in past several investigations modified the form of measures in a sunset review investigation where the facts of the investigation so justified it.
- 30. In the original investigation, the anti-dumping measures were imposed in the form of benchmark. It was attributable to the fact that there was a large present and potential demand and supply gap, the domestic industry in that investigation was at a nascent stage. It has been in operation for a substantial period. Further, the domestic industry has undertaken one expansion and has plans to undertake second expansion as well. Epigral Limited has also set up two plants in India with a combined capacity of 75,000 MT. Further, third producer Lubrizol Advanced Materials India Private Limited is also setting up a plant of 1,00,000 MT. The table below shows present and potential capacities as provided by the domestic industry in this product.

SN	Particular	UOM	OI POI*	SSR POI*	2025+**
1	Consumption	MT	***	***	2,52,000
2	Demand met by other countries	MT	***	***	37,000
3	Net demand for India and subject countries	MT	***	***	-
4	Capacity in India	MT	10,000	40,000	2,15,000
5	Demand met by dumped imports	MT	***	***	

Source- *as per original and review final finding.

** as per domestic industry's submission.

31. Therefore, circumstances which existed at the time of original investigation have materially changed now. Further, the likely circumstances in nearly foreseeable future shall also be substantially different.
32. The Authority also notes that the submissions of various interested parties on significant difference in the import price of duty free and duty paid imports, change in pattern of trade by increasing involvement of traders and alignment of import price to benchmark form of measures.
33. The Authority notes that it has been contended by the domestic industry and other interested parties that CPVC resin is being exported from China PR and Korea RP to other countries and the same is being thereafter either directly shipped to India or converted into compound and then exported to India. The domestic industry has submitted that there is no CPVC resin production in these countries. The Authority has examined the DG Systems transaction wise data and found the below volume of imports of CPVC resin into India from countries which are not producing CPVC resin.

SN	Countries	UOM	2019-20	2020-21	Apr'21-Jun'22	POI
1	United Arab Emirates	MT	408	596	120	148
2	Colombia	MT	-	-	80	-
3	Malaysia	MT	-	45	18	-

Source – as per DG system's data.

*POI 1st July 2022-30th June 2023.

34. The table below shows the volume of imports of CPVC Compound into India.

SN	Countries	UOM	2019-20	2020-21	Apr'21-Jun'22	POI
1	United Arab Emirates	MT	1,413	3,788	4,709	1,691
2	Sri Lanka	MT	469	1,044	1,264	1,296
3	China P RP	MT	213	7	439	479
4	Malaysia	MT	623	1,807	1,241	-

5	Colombia	MT	-	100	208	-
6	Mexico	MT	35	177	-	-
7	Saudi Arabia	MT	11	137	11	-

Source – as per DG system's data.

**POI 1st July 2022-30th June 2023.*

35. The Authority notes that CPVC resin imports from non-subject countries but having country of origin as subject countries will already be covered under the subject investigation and attract anti-dumping duty. With regard to imports of CPVC compound into India from non-subject countries, having CPVC resin origin of subject country-China PR, the domestic industry has not provided evidence to substantiate their claim.

F. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

F.1. Submission of the other interested parties.

36. The other interested parties have made the following submissions on normal value, export price and dumping margin:

- Hanwha has submitted that despite the anti-dumping measures in force in the form of reference price, the export price by Hanwha is market driven and not influenced by the reference price duty.
- Hanwha has submitted that the domestic industry's claims of unreliable export price is true for China PR but not for Korea RP. Further the monthly trend of raw material reported by the domestic industry and export price to India is showing the same flow.
- Hanwha has submitted that it has not engaged in dumping as it has exported the product under consideration to India at prices higher than the domestic prices in Korea and the export price to other countries.
- SAR has submitted that its prices are market driven and are in line with the international prices of the subject goods.
- SAR has submitted that its export price was more than 20% above the reference price notified by the Authority in the original investigation.

F.2. Submission of the domestic industry.

37. The domestic industry has made following submissions on normal value, export price and dumping margin:

- Since none of the producer from China PR have participated in the present investigation, the Authority is required to determine normal value in terms of Para 7 of annexure I and consider normal value based on the import price from Thailand.
- In the original investigation, six producers from China PR had participated and individual duties were granted to them. However, in the present investigation, none of the producers or exporters participated. This is despite a significant increase in the volume of imports from 34,000 MT in the original investigation 60,000 MT in the present investigation.

- iii. The domestic industry had claimed normal value based on the import price from Thailand. However, in the initiation notification, the Authority considered normal value based on the price payable in India. The hierarchy laid down in the rules is required to be followed.
- iv. The per unit capital employed for the product is more than Rs *** per MT. If only 5% return is allowed as reasonable return for normal value, it means a profit of Rs *** per MT which would mean a profit of only ***%. No producer would want to invest if these are considered as prices in the market. Therefore, profit for constructed normal value should be considered based on average profit margin of the domestic industry.
- v. Dumping margin based on the average import price from China PR and Korea RP is unreliable as the import prices have remained around the level of benchmark irrespective of its input prices.
- vi. It can be seen from the response filed by Hanwha that while the export price to other countries has declined in the period of investigation, the export price to India has remained at the same rate. The above clearly shows that the prices in the Indian market were aligned at the benchmark level.
- vii. As regards the submission that import price from Hanwha was at market price, it cannot be considered that the benchmark was the market price. Had the benchmark level been the market price, import price from other countries too would have remained at the same level.
- viii. The difference between duty-free import prices and duty-paid import prices was minimal before the imposition of the anti-dumping measures. Shortly after the imposition of measures, producers from the subject countries aligned their duty paid prices to the benchmark level. However, the price in the duty-free market has remained significantly low. The table below illustrates the import prices of duty-free and duty-paid imports.

SN	Period	UOM	Duty Free	Duty paid	Difference
1	Dec-18	Rs/MT	88,755	89,600	845
2	Oct-19	Rs/MT	86,789	1,02,680	15,891
3	Nov-19	Rs/MT	85,680	1,18,078	32,398
4	Jan-20	Rs/MT	85,424	1,32,740	47,316
5	Mar-20	Rs/MT	89,100	1,36,242	47,142
6	Apr-20	Rs/MT	93,147	1,42,143	48,996
7	Aug-20	Rs/MT	92,459	1,46,625	54,166
8	Sep-20	Rs/MT	88,179	1,54,653	66,474
9	Oct-20	Rs/MT	1,22,394	1,52,713	30,319
10	Nov-20	Rs/MT	98,274	1,49,274	51,000
11	Dec-20	Rs/MT	1,31,135	1,39,773	8,638
12	Jan-21	Rs/MT	1,08,104	1,47,241	39,137
13	Feb-21	Rs/MT	1,10,242	1,44,098	33,856
14	Mar-21	Rs/MT	1,05,023	1,41,014	35,992

15	Apr-21	Rs/MT	1,17,290	1,52,321	35,031
16	May-21	Rs/MT	1,30,370	1,46,420	16,050
17	Jun-21	Rs/MT	1,30,030	1,47,548	17,518
18	Aug-21	Rs/MT	1,29,001	1,40,675	11,674
19	Sep-21	Rs/MT	1,30,390	1,38,950	8,560
20	Sep-22	Rs/MT	1,53,966	1,64,636	10,670
21	Nov-22	Rs/MT	1,28,030	1,69,365	41,335
22	Jan-23	Rs/MT	1,08,463	1,52,581	44,118
23	Feb-23	Rs/MT	1,11,105	1,50,900	39,795
24	Apr-23	Rs/MT	1,14,120	1,57,262	43,143
25	May-23	Rs/MT	1,02,277	1,62,887	60,609
26	Jun-23	Rs/MT	1,00,917	1,75,596	74,678

Source – Domestic industry's submission.

- ix. Before the measures were imposed, the difference between duty free and duty paid imports was low. However, post anti-dumping measures, the difference between the duty free and duty paid imports gradually increased in the injury period and significant in the period of investigation (POI 1st July 2022-30th June 2023). In fact, the gap has increased to as high as Rs 74,678 per MT.
- x. The table below shows the monthly import price of raw material and CPVC resin for the period of investigation. This shows that whereas the prices of CPVC were earlier aligned and should be aligned to price of PVC resin, it is no longer so after the imposition of measures.

SN	Period	Month	Import price of CPVC Resin		Import price PVC (RM) \$/MT	Difference with China \$/MT	Difference with Korea \$/MT
			China PR \$/MT	Korea RP \$/MT			
1	Pre-Duty	Apr-19	1,188	1,222	910	278	291
2		May-19	1,186	1,181	886	299	283
3		Jun-19	1,142	1,189	862	280	328
4		Jul-19	1,179	1,195	867	312	320
5		Aug-19	1,183	1,173	876	307	283
6	Post duty	Sep-19	1,306	1,308	887	419	414
7		Oct-19	1,422	1,205	898	524	304
8		Nov-19	1,633	1,213	890	743	316
9		Dec-19	1,633	1,461	879	754	593
10		Jan-20	1,846	-	858	988	619
11		Feb-20	1,837	1,467	845	992	613
12		Mar-20	1,827	-	853	974	553
13		Apr-20	1,848	1,439	861	987	554
14		May-20	1,917	-	874	1,043	589
15		Jun-20	1,892	1,595	762	1,130	853

16	Jul-20	2,000	-	733	1,267	872
17	Aug-20	1,933	1,751	756	1,177	968
18	Sep-20	2,076	1,752	826	1,250	929
19	Oct-20	2,053	-	895	1,158	872
20	Nov-20	1,990	1,754	963	1,027	812
21	Dec-20	1,873	1,451	1,074	799	430
22	Jan-21	1,988	1,799	1,184	804	645
23	Feb-21	1,953	1,800	1,283	670	490
24	Mar-21	1,915	1,798	1,342	573	419
25	Apr-21	2,028	1,809	1,316	712	411
26	May-21	1,958	1,879	1,431	527	392
27	Jun-21	1,988	1,842	1,540	448	242
28	Jul-21	1,926	1,844	1,542	384	369
29	Aug-21	1,871	1,890	1,467	404	533
30	Sep-21	1,872	1,871	1,318	554	561
31	Oct-21	1,999	1,867	1,450	549	426
32	Nov-21	2,146	1,872	1,588	558	286
33	Dec-21	2,366	1,892	1,731	635	327
34	Jan-22	2,420	1,847	1,826	594	267
35	Feb-22	2,327	2,050	1,685	642	490
36	Mar-22	2,383	2,303	1,570	813	764
37	Apr-22	2,432	2,181	1,542	890	642
38	May-22	2,320	2,095	1,550	770	492
39	Jun-22	2,407	2,417	1,529	878	844
40	Jul-22	2,394	2,141	1,444	950	750
41	Aug-22	2,192	2,181	1,321	871	1,022
42	Sep-22	2,047	2,165	1,137	910	1,110
43	Oct-22	1,989	2,195	993	996	1,214
44	Nov-22	2,034	2,145	946	1,088	1,226
45	Dec-22	1,894	2,143	873	1,021	1,276
46	Jan-23	1,835	2,090	805	1,030	1,296
47	Feb-23	1,816	2,019	836	980	1,138
48	Mar-23	2,157	1,958	882	1,275	1,010
49	Apr-23	1,892	2,021	921	971	1,082
50	May-23	1,963	1,905	890	1,073	1,053
51	Jun-23	2,110	1,885	858	1,252	1,048

Source – domestic industry's claim.

xi. There is no co-relation between the raw material price movement and the import price from China PR. The gap, which was around 300 \$/MT prior to the imposition of measures, increased to 1000 \$/MT when the duties were place. However, as global trade was impacted by the freight issue, the PVC resin prices went up. But the price of the

product under consideration (CPVC resin) remained at the same level and the gap declined to around 500 \$/MT. In the recent period, as the freight issue normalized and the prices of the PVC declined, the price of the product under consideration have remained at same level.

- xii. The evidence clearly shows that the import price reported to the customs authorities are unreliable and there are compensatory arrangements between the exporters and the importers.
- xiii. Prior to the imposition of anti-dumping duty, practically entire imports were being made by the consumers in India. However, post imposition of measures, a large number of traders have emerged and more than 90% of the subject imports are by traders. Further, the traders are not sourcing the product from the other CPVC resin producing countries despite their prices being in the same range (the volume of imports from subject countries has increased, whereas the volume of imports from non-subject countries has remained at similar levels). The increasing involvement of traders further highlights that the import prices cannot be relied upon.
- xiv. The import price for the purpose of determination of dumping margin and injury margin must be considered based on the import price in the duty-free market. Since the import price in the duty-free market is unaffected by dumping, it can be considered as a basis of import price. Similar approach was undertaken by the Authority in case of sunset review investigation concerning imports of Melamine from China PR.

F.3. Examination by the Authority.

F.3.1 Normal value and export price for China PR.

a. Normal value for China PR

- 38. Article 15 of China's Accession Protocol in WTO provides as follows: Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

(ii) *The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*

(b) *In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

(c) *The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.*

(d) *Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provision of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector."*

39. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status
40. As none of the producers from China PR have filed a questionnaire response, the normal value has been determined in accordance with para 7 of Annexure I to the Rules which read as under:

"7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary,

to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated the Authority in a reasonable manner [keeping in view the level of development of the country concerned and the product in question and due account shall be taken of any reliable information made available at the time of the selection. Account shall also be taken within time limits; where appropriate, of the investigation if any made in similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

8. (1) The term "non-market economy country" means any country which the designated the Authority determines does not operating on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).

(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated the Authority or by the competent the Authority of any WTO member country during the three-year period preceding the investigation is a non-market economy country. Provided, however, that the non-market economy country or the concerned firms from such country may rebut such presumption by providing information and evidence to the designated the Authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3).

(3) The designated the Authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such firms subject to anti-dumping investigations, the designated the Authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.

(4) Notwithstanding, anything contained in sub-paragraph (2), the designated the Authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in sub paragraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of anti-dumping investigations, by a country which is a Member of the World Trade Organization.”

41. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of price or constructed value in a market economy third country, or the price from such a third country to any other country, including India, or where it is not possible, on any reasonable basis, including the price actually paid or payable in India for the like article, duly adjusted, if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure-I.
42. At the stage of initiation, the Authority had determined normal value based on cost of production of the domestic industry with reasonable addition for profit.
43. The Authority notes that none of the interested parties have provided any information with regard to domestic price, constructed value or export price of the product in an appropriate market economy third country. The Authority notes that it is required to select an appropriate country on the basis of information and evidence brought on record by the interested parties. Since neither the domestic industry nor any other interested party has provided any verifiable information, the normal value could not be determined on this basis of appropriate market economy third country.
44. The Authority notes that in the original anti-dumping investigation, normal value was determined based on import price from Thailand into India adjusted to arrive at ex-factory level. Therefore, the Authority finds it appropriate to consider the same methodology in the present investigation as well. Accordingly, the Authority has considered the import price from Thailand into India as a basis of normal value. Since the data reported is at CIF level, adjustments have been made for ocean freight, inland freight, port expenses and bank charges. Furthermore, a separate normal value has been determined for CPVC resin and CPVC compound.

b. **Export price for China PR**

45. Since none of the producer from China PR has participated, the net export price for China PR has been determined based on facts available in terms of Rule 6(8) of the Rules. The net export price has been calculated from the DG Systems transaction-wise data. Since the data reported is at CIF level, adjustments have been made for ocean freight, marine

insurance commission, inland freight, port expenses and bank charges. Furthermore, a separate export price has been determined for CPVC resin and CPVC compound.

46. The domestic industry contended that the price of the duty paid imports is unreliable and is impacted by benchmark form of measures, and therefore, the dumping margin should be determined only based on import price of duty-free imports. The Authority notes that the claim of the domestic industry with regard to unreliability of price of imports under duty paid category is undisputed by the Chinese producers (on account of non-participation). In fact, the Korean producer, Lubrizol and Epigral has also supported the contention of the domestic industry in this regard.
47. The Authority has determined dumping margin for the product under consideration as a whole and then separately for duty free and duty paid imports considering the associated volumes.

F.3.2 Normal value and export price for Korea RP.

Normal value and export price for M/s Hanwha Solutions Corporation, Korea RP (Producer/Exporter) and M/s SAR Overseas Ltd, U.K. (Unrelated Trader)

- a. **Normal value for M/s Hanwha Solutions Corporation, Korea RP**
48. Hanwha Solutions Corporation, the producer from Korea RP has participated and provided the relevant information. The normal value and export price for the producer are determined below.
49. The producer has reported domestic sales of *** MT and ***MT of CPVC resin and CPVC Compound respectively in the period of investigation. The producer has claimed that all domestic sales are made to unrelated parties and also submitted that CPVC compound was not exported to Indian market during the POI. To determine the normal value, the authority conducted the ordinary course of trade test to determine profit making domestic sales transactions with reference to the cost of production of subject goods. If profit making transactions is more than 80% of the total sales, then all the transactions in the domestic sales has been considered for the determination of normal value and in cases where profit making transactions is 80% or less of the total sales, then, profitable domestic sales have been taken into consideration for the determination of the normal value. In the present case since more than 80% of domestic sales are profitable, hence all the domestic sales have been considered to determine the normal value.
50. Hanwha Solutions Corporation, Korea RP, has claimed adjustment on account of inland transportation, packing expenses and credit cost and the same have been allowed by the Authority. Accordingly, normal value at ex-factory level for Hanwha Solutions Corporation, Korea RP, for CPVC resin has been determined and the same is shown in the dumping margin table below.

b. **Export price for M/s Hanwha Solutions Corporation, Korea RP**

51. The producer has reported ***MT as exports of the product under consideration to India during the period of investigation. The producer has claimed adjustment on account of ocean freight, marine insurance, credit cost, commission, and inland transportation. Further, ***MT of exports have been made through the unrelated party i.e., SAR overseas Ltd., which too has participated in the present investigation. The unrelated exporter has claimed adjustment on account of ocean freight, marine insurance, credit cost, commission, and inland transportation.

52. The Authority has undertaken desk verification and examined the claims made by the respondent. The claims made have been accepted. Since there are no exports of CPVC compound from Korea RP to India in the period of investigation, normal value and export price has been determined only for CPVC resin. The normal value and export price so determined is given below in the dumping margin table.

c. **Normal value and export price for others.**

53. The normal value and the export price for non-cooperative producers/exporters from the Korea RP has been determined based on facts available in terms of Rule 6(8) of the Rules. The normal value and net export price so determined is mentioned in the dumping margin table below.

F.3.3 Examination by the Authority.

54. Based on normal value and export price as determined above, the dumping margin has been determined below.

SN	Particulars	Normal value	Export price	Dumping margin		
		\$/MT	\$/MT	\$/MT	%	Range
1	China PR					
A	Resin	***	***	***	***	0-10
B	Compound	***	***	***	***	0-10
2	Korea RP					
A	Hanwha Solutions Corporation	***	***	***	***	Negative
	Resin	***	***	***	***	Negative
	Compound	***	***	***	***	-
B	Any other	***	***	***	***	0-10
	Resin	***	***	***	***	0-10
	Compound	***	***	***	***	-

55. It is seen that dumping margin is positive in case of China PR but negative for the participating producer from Korea RP.

G. ASSESSMENT OF INJURY AND CAUSAL LINK.

G.1. Submission of the other interested parties.

56. The other interested parties have made the following submissions with regard to injury and causal link:

- a. Lubrizol has submitted that dumped imports have not only impacted the performance of the domestic compound producer but have also impacted the fair priced imports from other countries.
- b. Lubrizol has submitted that imports from the subject countries are at dumped price, and it would severely affect the upcoming investments in India.
- c. Lubrizol has submitted that the imposition of measures has led to improvement in domestic industry performance and have reduced import volumes of the subject countries.
- d. Lubrizol has submitted the increase in involvement of traders suggests that ongoing circumvention of duties. Multiple instances where in different exporters having same addresses have exported the materials.
- e. Lubrizol has submitted the increase in exporter/trader is solely for the purpose of misdeclaration and duty evasion by exporting countries having no manufacturing facilities.
- f. Lubrizol has submitted that the pattern indicates that despite the presence of duties, the exporter/trader have resorted to such measures, there is a likelihood if the duties ceased to exist, the same exporter/trader can disrupt the Indian market stability.
- g. Hanwha has submitted that there is no injury to the domestic industry. Thus, the application lacks any merit or substance to claim continuation of anti-dumping duties on the ground of likelihood or presence of injury or likelihood or presence of continuation of injury.
- h. Hanwha has submitted that after imposition of anti-dumping measures, the domestic industry has made bumper profits and all the performance parameters have experienced robust growth. Continuation of duty will lead to undue advantage to the domestic industry and disadvantage to the users and consumers.
- i. Astral has submitted that the domestic industry does not have the capacity to cater to the demand of users and users demand is increasing. If the domestic industry is suffering from any injury, it is restricted to the extent of capacity of the domestic industry.

G.2. Submission of the domestic industry.

57. The domestic industry has made the following submissions with regard to injury and causal link:

- i. Imposition of measures have improved the performance of the domestic industry who has been fully established, has been producing to optimum levels. Further, the measures encouraged other producers to set up manufacturing plants.
- ii. The imposition of anti-dumping duty has had positive effects on the economic parameters of the domestic industry. The domestic industry has been able to sell its entire production domestically at profitable prices, leading to improved profitability and enhanced cash flow allowing it to invest in further expansion.
- iii. Despite a small market share, the domestic industry has secured better prices despite demand-supply gap. With upcoming capacity expansions in India, price competition will intensify, potentially causing financial losses and cash flow issues for Indian producers.
- iv. The imports from the subject countries declined in 2020-21 due to imposition of anti-dumping duties in 2019 and decline in demand. The imports from the subject countries increased sharply in 2021-22 and further increased in the period of investigation.
- v. The imports from the subject countries have increased over and above the increase in demand.
- vi. The domestic industry has received verbal communications from its customers of lower price quoted by the exporters as compared to the price reported in the import data. While the price undercutting appears to be negative, the import price in fact is lower than the prices of the domestic industry.
- vii. The analysis of import prices, on an average basis, is not appropriate as the import prices are impacted by the benchmark form of measures.
- viii. The domestic industry has been able to charge adequate remunerative prices because of the presence of the anti-dumping measures.
- ix. The domestic industry has been able to sell its production in the domestic market and the inventory lying with the domestic industry is not significant.
- x. The volume of imports significantly increased in 2021-22 and in the period of investigation, the market share of dumped imports has increased and is highest over the injury period.
- xi. The same supplier and the same buyer are doing business for PVC and CPVC and the value of CPVC has been overstated and value of PVC has been understated. The prices get adjusted thus, resulting in no adverse impact to the buyers on account of customs duties.
- xii. It does not even involve any forex law violation as the total of forex payments for CPVC and PVC resin purchase remains the same. However, the Indian industry is adversely impacted.
- xiii. The transaction-wise import statement shows that the price of the product under consideration is not influenced by the prices of PVC, which is the raw material required to produce the product.

SN	Period	Month	UOM	CPVC Resin import price from			

				China	Korea	PVC (RM) Price	Difference with China	Difference with Korea RP
1	Pre-Duty	Apr-19	\$/MT	1,188	1,222	910	278	291
2		May-19	\$/MT	1,186	1,181	886	299	283
3		Jun-19	\$/MT	1,142	1,189	862	280	328
4		Jul-19	\$/MT	1,179	1,195	867	312	320
5		Aug-19	\$/MT	1,183	1,173	876	307	283
6	Post duty	Sep-19	\$/MT	1,306	1,308	887	419	414
7		Oct-19	\$/MT	1,422	1,205	898	524	304
8		Nov-19	\$/MT	1,633	1,213	890	743	316
9		Dec-19	\$/MT	1,633	1,461	879	754	593
10		Jan-20	\$/MT	1,846	-	858	988	619
11		Feb-20	\$/MT	1,837	1,467	845	992	613
12		Mar-20	\$/MT	1,827	-	853	974	553
13		Apr-20	\$/MT	1,848	1,439	861	987	554
14		May-20	\$/MT	1,917	-	874	1,043	589
15		Jun-20	\$/MT	1,892	1,595	762	1,130	853
16		Jul-20	\$/MT	2,000	-	733	1,267	872
17		Aug-20	\$/MT	1,933	1,751	756	1,177	968
18		Sep-20	\$/MT	2,076	1,752	826	1,250	929
19		Oct-20	\$/MT	2,053	-	895	1,158	872
20		Nov-20	\$/MT	1,990	1,754	963	1,027	812
21		Dec-20	\$/MT	1,873	1,451	1,074	799	430
22		Jan-21	\$/MT	1,988	1,799	1,184	804	645
23		Feb-21	\$/MT	1,953	1,800	1,283	670	490
24		Mar-21	\$/MT	1,915	1,798	1,342	573	419
25		Apr-21	\$/MT	2,028	1,809	1,316	712	411
26		May-21	\$/MT	1,958	1,879	1,431	527	392
27		Jun-21	\$/MT	1,988	1,842	1,540	448	242
28		Jul-21	\$/MT	1,926	1,844	1,542	384	369
29		Aug-21	\$/MT	1,871	1,890	1,467	404	533
30		Sep-21	\$/MT	1,872	1,871	1,318	554	561
31		Oct-21	\$/MT	1,999	1,867	1,450	549	426
32		Nov-21	\$/MT	2,146	1,872	1,588	558	286
33		Dec-21	\$/MT	2,366	1,892	1,731	635	327
34		Jan-22	\$/MT	2,420	1,847	1,826	594	267
35		Feb-22	\$/MT	2,327	2,050	1,685	642	490
36		Mar-22	\$/MT	2,383	2,303	1,570	813	764
37		Apr-22	\$/MT	2,432	2,181	1,542	890	642
38		May-22	\$/MT	2,320	2,095	1,550	770	492
39		Jun-22	\$/MT	2,407	2,417	1,529	878	844

40		Jul-22	\$/MT	2,394	2,141	1,444	950	750
41		Aug-22	\$/MT	2,192	2,181	1,321	871	1,022
42		Sep-22	\$/MT	2,047	2,165	1,137	910	1,110
43		Oct-22	\$/MT	1,989	2,195	993	996	1,214
44		Nov-22	\$/MT	2,034	2,145	946	1,088	1,226
45		Dec-22	\$/MT	1,894	2,143	873	1,021	1,276
46		Jan-23	\$/MT	1,835	2,090	805	1,030	1,296
47		Feb-23	\$/MT	1,816	2,019	836	980	1,138
48		Mar-23	\$/MT	2,157	1,958	882	1,275	1,010
49		Apr-23	\$/MT	1,892	2,021	921	971	1,082
50		May-23	\$/MT	1,963	1,905	890	1,073	1,053
51		Jun-23	\$/MT	2,110	1,885	858	1,252	1,048

Source – Domestic industry's submission.

- xiv. Because of the benchmark form of measures in place, the prices in the duty paid market are not reflective of the aggressive pricing of the Chinese producers.
- xv. The purpose of recommending anti-dumping duty in the form of benchmark duty is not to allow the foreign producers to artificially align the prices to the benchmark and avoid payment of anti-dumping duty. The purpose was to collect anti-dumping duty only to the extent of difference between import price and the benchmark. In the present case, however, and particularly the Chinese producers aligned their prices to benchmark form by artificially invoicing the product at a level where anti-dumping duty was not payable.
- xvi. It is the price of duty-free imports that represents the real import price during the present period of investigation and the price that is likely to prevail in the market in the event of cessation of anti-dumping duty.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	POI
1	CIF price duty free	Rs/MT	86,214	1,13,908	1,35,601	1,08,953
2	CIF price duty paid	Rs/MT	87,929	1,46,239	1,74,450	1,62,639
3	Difference	Rs/MT	1,715	32,331	38,849	<u>53,686</u>

Source – Domestic industry's submission.

- xvii. The fact that the even the present imports are adversely impacting the price of the product in the market gets fully established by the fact that the domestic industry has been forced to significantly reduce the prices in the post period of investigation as would be seen from the table below.

SN	Month	UOM	Domestic industry price	Chinese import price	Raw material price
1	Jul-22	\$/MT	***	2,394	***
2	Aug-22	\$/MT	***	2,192	***
3	Sep-22	\$/MT	***	2,047	***
4	Oct-22	\$/MT	***	1,989	***
5	Nov-22	\$/MT	***	2,034	***
6	Dec-22	\$/MT	***	1,894	***

7	Jan-23	\$/MT	***	1,835	***
8	Feb-23	\$/MT	***	1,816	***
9	Mar-23	\$/MT	***	2,157	***
10	Apr-23	\$/MT	***	1,892	***
11	May-23	\$/MT	***	1,963	***
12	Jun-23	\$/MT	***	2,110	***
13	Jul-23	\$/MT	***	2,053	***
14	Aug-23	\$/MT	***	1,968	***
15	Sep-23	\$/MT	***	2,090	***
16	Oct-23	\$/MT	***	1,879	***
17	Nov-23	\$/MT	***	2,056	***
18	Dec-23	\$/MT	***	1,896	***

Source – Domestic industry's submission.

xviii. Duty free imports show likely price undercutting in case of cessation of anti-dumping duty. The price of duty-free imports is significantly below the selling price of the domestic industry. The imports will undercut the prices of the domestic industry which will force the industry to reduce the prices.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Domestic industry price	Rs/MT	***	***	***	***
2	CIF price duty free imports	Rs/MT	86,214	1,13,908	1,35,601	1,08,953
3	Price undercutting	Rs/MT	***	***	***	***
4	CIF price duty paid imports	Rs/MT	95,184	1,58,303	1,88,842	1,76,057
5	Price undercutting	Rs/MT	***	***	***	***

Source – Domestic industry's submission.

*1st July 2022-30th June 2023

xix. The duty-free imports are not only undercutting the selling price of the domestic industry but also undercutting the cost of the domestic industry.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Cost of sales	Rs/MT	***	***	***	***
2	CIF price duty free imports	Rs/MT	86,214	1,13,908	1,35,601	1,08,953
3	Cost undercutting	Rs/MT	***	***	***	***
4	CIF price duty paid imports	Rs/MT	95,184	1,58,303	1,88,842	1,76,057
5	Cost undercutting	Rs/MT	***	***	***	***

Source – Domestic industry's submission.

*1st July 2022-30th June 2023

xx. If the domestic industry matches the duty-free import price, it will suffer from financial losses.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	CIF price duty free imports	Rs/MT	86,214	1,13,908	1,35,601	1,08,953
2	CIF price duty paid imports	Rs/MT	87,929	1,46,239	1,74,450	1,62,639
3	Cost of sales	Rs/MT	***	***	***	***
4	Selling price	Rs/MT	***	***	***	***
5	Profit/loss at duty free import price	Rs/MT	***	***	***	***

Source – Domestic industry's submission.

**1st July 2022-30th June 2023*

xxi. The imports from the subject countries have increased in absolute terms and relative terms despite existing anti-dumping duty. The imports will further increase if the measures are implemented.

xxii. The producers in the subject countries have excess capacities and are export oriented. The demand in the Indian market will also increase. In the event of cessation of anti-dumping duty, these excess capacities will be utilized for exports to India. The imports from the subject countries are likely to further increase in absolute terms and relative terms if the measures are not extended.

xxiii. The import price of the duty-free imports clearly establishes that the imports are likely to undercut the prices of the domestic industry to a significant extent.

xxiv. The present import price in the duty-free market will be the price at which the product will be imported in the Indian market. This price is below the cost and selling price of the domestic industry and the industry will be forced to meet these prices. If the domestic industry meets the import price, it will suffer financial losses, deterioration in cash flows and return on investment.

G.3. Examination by the Authority.

G.3.1. Assessment of demand

58. The Authority has determined demand or apparent consumption of the product in India as the sum of domestic sales of CPVC resin and compound of the domestic industry, the supporter, and imports of resin and compound from all sources. Since CPVC compound producers are sourcing their requirement of resin from either the Indian industry or imports, their production and sales has not been considered to avoid double accounting.

SN	Particulars	UOM	2019-20	2020-21	Apr'21 - Jun 22 (A)	*POI

1	Sales of the domestic industry	MT	***	***	***	***
	Trend	Index	100	117	133	137
2	Sales of supporter	MT	***	***	***	***
	Trend	Index	0	0	0	100
3	Subject countries import	MT	26,640	9,529	59,085	66,462
A	China PR	MT	14,491	7,826	43,210	54,872
B	Korea RP	MT	12,148	1,703	15,875	11,590
4	Other countries import	MT	1,07,469	1,09,650	1,21,570	1,31,665
5	Total demand	MT	***	***	***	***
	Trend	Index	100	91	135	157

* 1st July 2022-30th June 2023

59. It is seen that as compared to 2019-20, the demand for the product under consideration declined in 2020-21 (due to Covid) but increased in 2021-22 and has further increased in the period of investigation. The demand has increased over the injury period.

G.3.2. Volume effect of dumped imports

a. Imports in absolute and relative terms

60. The information on volume of imports in absolute terms and relative terms over the injury period and in the period of investigation is as below.

SN	Particulars	UOM	2019-20	2020-21	Apr'21 - Jun 22 (A)	*POI
1	Subject imports	MT	26,640	9,529	59,085	66,462
a	China PR	MT	14,491	7,826	43,210	54,872
b	Korea RP	MT	12,148	1,703	15,875	11,590
2	Other imports	MT	1,07,469	1,09,650	1,21,570	1,31,665
3	Total imports	MT	1,34,109	1,19,179	1,80,655	1,98,127
4	Subject countries import in relation to					
A	Indian Production	%	***	***	***	***
	Trend	Index	100	31	168	75
B	Indian Demand	%	***	***	***	***
	Trend	Index	100	40	165	159
C	Total Imports	%	20%	8%	33%	34%

* 1st July 2022-30th June 2023

61. It is seen that:

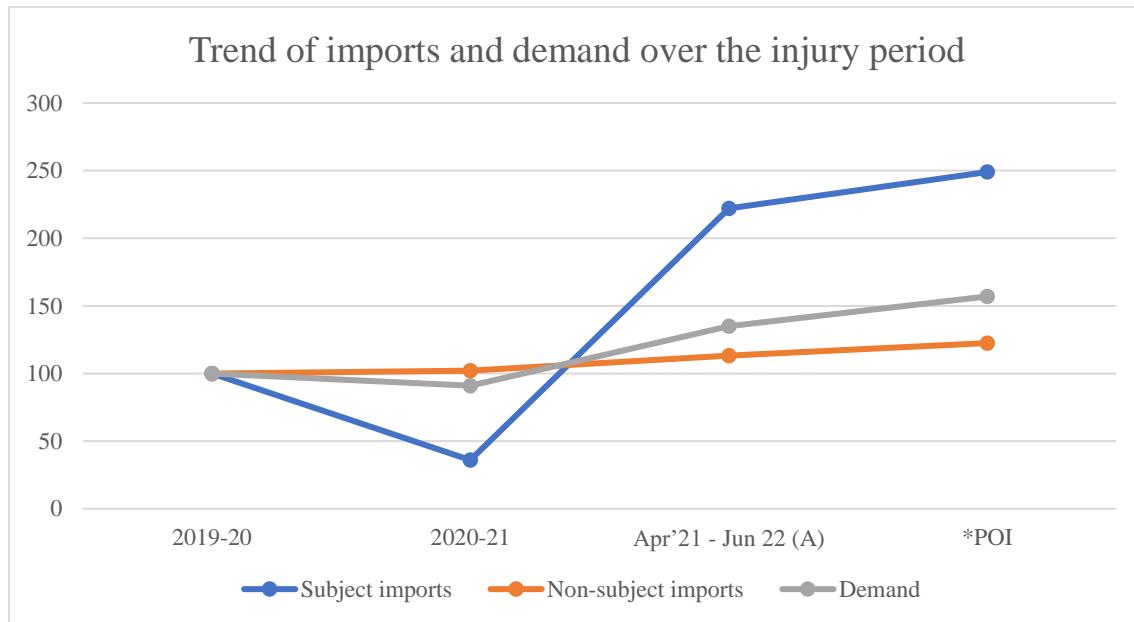
- The volume of subject imports declined in 2020-21 due to a decline in demand and outbreak of Covid-19.
- The volume of imports from the subject countries increased sharply in 2021-22 and has further increased in the period of investigation.

- c. The subject imports have increased in the period of investigation in absolute terms as well as in relation to consumption and total imports.
- d. The imports from subject countries have declined in relation to Indian production in the period of investigation due to the fact that the domestic industry and other producer commenced commercial production for the product under consideration in India.

62. The graph and table below show the trend of demand and imports from the subject countries over the injury period. Considering the low capacity with the Indian industry and the huge demand in the country, it was natural that the imports from all sources would have increased.

SN	Particulars	UOM	2019-20	2020-21	Apr'21 - Jun 22 (A)	*POI
1	Subject imports	Indexed	100	36	222	249
2	Non-subject imports	Indexed	100	102	113	123
3	Demand	Indexed	100	91	135	157

* 1st July 2022-30th June 2023



G.3.3. Price effect of dumped imports

63. With regard to the effect of dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared to the price of the like product 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. In this regard, a comparison has been made between the landed value of the product from the subject countries and the average selling price of the domestic industry, net of all rebates and taxes, at the same level of trade as the cost of sales.

a. **Significant difference in price of imports in duty free market and duty paid market.**

64. The domestic industry claimed that there is significant difference in the price of imports cleared in the duty paid market and the duty-free market. The Authority notes that while the examination of imports is undertaken considering the total imports cleared in duty free and duty paid market, however, considering that the present anti-dumping measures were imposed in the form of benchmark form of duty, and the present investigation is a sunset review investigation, it is appropriate to analyze imports separately in respect of imports cleared with and without payment of customs duty. This is relevant and appropriate for the reason that since the form of measure is benchmark, the imports are likely to attract anti-dumping measures only if the same are cleared without payment of customs duty and landed price of imports is below the benchmark form of measure imposed.

65. It is also noted that no interested party has disputed the claims of the domestic industry with regard to re-alignment of import price. In fact, the responding exporter from Korea, and Lubrizol (who has imported from non-subject sources) have also implicitly supported the claim of the domestic industry that the import prices were aligned to the benchmark in those transactions where the imports were made after payment of basic customs duty. If imports were made without payment of customs duty, in any case, the measure was also not payable irrespective of the import prices.

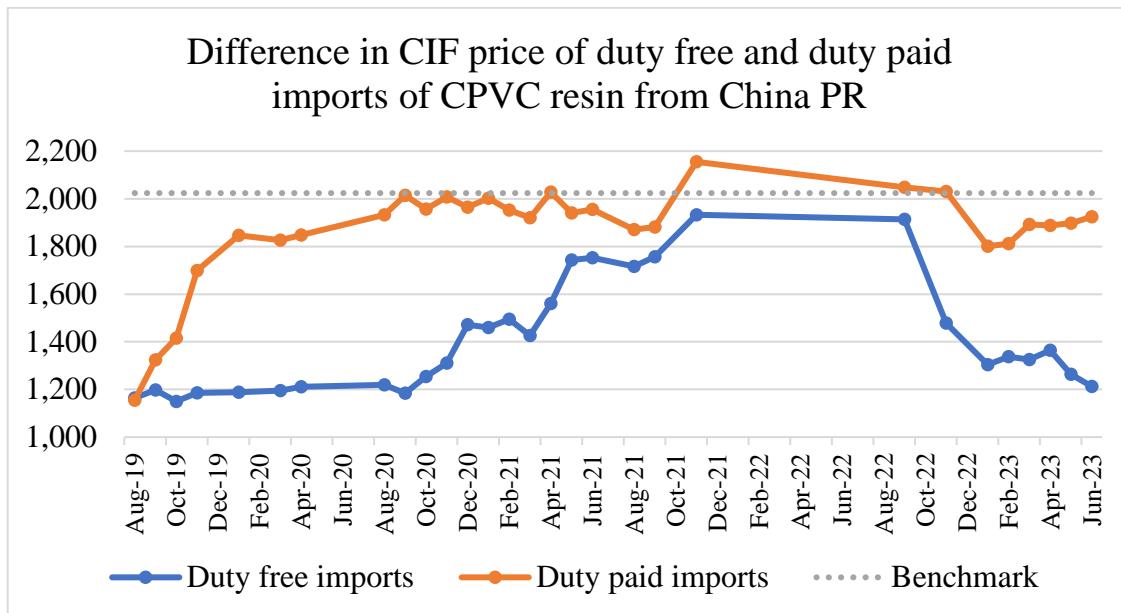
66. Even though the domestic industry has lodged its own claim demonstrating difference between prices in respect of duty free and duty paid imports, the Authority called DG systems data and has examined the same. The table below shows the difference in the duty-free imports and the duty paid imports of CPVC resin imported from China PR over the injury period. The comparison has been made at CIF level.

SN	Period	UOM	CIF price of duty-free imports	CIF price of duty paid imports	Difference
1	Apr-19	\$/MT	No imports	1,163	NA
2	May-19	\$/MT	No imports	1,169	NA
3	Jun-19	\$/MT	No imports	1,142	NA
4	Jul-19	\$/MT	No imports	1,174	NA
5	Aug-19	\$/MT	1,164	1,155	9
6	Sep-19	\$/MT	1,198	1,324	-126
7	Oct-19	\$/MT	1,150	1,416	-267
8	Nov-19	\$/MT	1,185	1,699	-514
9	Dec-19	\$/MT	No imports	1,767	NA
10	Jan-20	\$/MT	1,188	1,846	-658
11	Feb-20	\$/MT	No imports	1,901	NA
12	Mar-20	\$/MT	1,195	1,827	-632
13	Apr-20	\$/MT	1,211	1,848	-637

14	May-20	\$/MT	No imports	1,917	NA
15	Jun-20	\$/MT	No imports	1,892	NA
16	Jul-20	\$/MT	No imports	2,001	NA
17	Aug-20	\$/MT	1,219	1,933	-715
18	Sep-20	\$/MT	1,184	2,014	-830
19	Oct-20	\$/MT	1,254	1,957	-703
20	Nov-20	\$/MT	1,310	2,008	-698
21	Dec-20	\$/MT	1,472	1,965	-492
22	Jan-21	\$/MT	1,460	2,003	-543
23	Feb-21	\$/MT	1,494	1,953	-459
24	Mar-21	\$/MT	1,426	1,921	-495
25	Apr-21	\$/MT	1,561	2,028	-466
26	May-21	\$/MT	1,743	1,941	-198
27	Jun-21	\$/MT	1,752	1,955	-203
28	Jul-21	\$/MT	No imports	1,926	NA
29	Aug-21	\$/MT	1,716	1,871	-155
30	Sep-21	\$/MT	1,756	1,882	-126
31	Oct-21	\$/MT	No imports	2,005	NA
32	Nov-21	\$/MT	1,933	2,155	-222
33	Dec-21	\$/MT	No imports	2,354	NA
34	Jan-22	\$/MT	No imports	2,417	NA
35	Feb-22	\$/MT	No imports	2,390	NA
36	Mar-22	\$/MT	No imports	2,380	NA
37	Apr-22	\$/MT	No imports	2,443	NA
38	May-22	\$/MT	No imports	2,385	NA
39	Jun-22	\$/MT	No imports	2,396	NA
40	Jul-22	\$/MT	No imports	2,383	NA
41	Aug-22	\$/MT	No imports	2,164	NA
42	Sep-22	\$/MT	1,914	2,048	-133
43	Oct-22	\$/MT	No imports	1,965	NA
44	Nov-22	\$/MT	1,478	2,031	-552
45	Dec-22	\$/MT	No imports	1,895	NA
46	Jan-23	\$/MT	1,304	1,801	-497
47	Feb-23	\$/MT	1,337	1,812	-475
48	Mar-23	\$/MT	1,326	1,892	-566
49	Apr-23	\$/MT	1,364	1,888	-524
50	May-23	\$/MT	1,263	1,897	-634
51	Jun-23	\$/MT	1,213	1,925	-713

Source – DG System transaction wise data.

67. The Authority notes that there is a wide difference in the import price of CPVC resin from China in respect of imports made without payment of customs duty and after payment of customs duty. There is no difference in the product properties. It is also seen that the difference between the import price in the duty free and duty paid imports increased sharply in the period of investigation. Further, while the price of duty-free imports fluctuated over the injury period, the price of duty-paid imports has remained almost at the same level and around the benchmark.



Source – DG System transaction wise data. Price - \$/MT

68. The Authority also examined the trends in the price of major raw materials, i.e. PVC resin. It is noted that the price of CPVC resin follows very closely the price of PVC resin. The table below shows the price movement of PVC resin and import price of duty free, and duty paid imports of CPVC resin from China PR. It is seen that the price of duty paid imports of CPVC resin has not moved in tandem with the price of PVC resin.

69. It is thus seen that the import price of duty paid imports has not moved in tandem with the input prices and is influenced by the benchmark form of duty. The Authority therefore hold that it is the price of duty-free imports that is relevant for the purpose of the present determination whether cessation of anti-dumping measures is likely to lead to injury to the domestic industry. This is the price at which the product will be exported if the measures are not continued.

70. The domestic industry has additionally provided copy of the DRI Order stating that it has found evidence of higher than the actual value was being declared before the customs, and minimum or no anti-dumping duty was being paid. The investigation is in process. Therefore, the Authority notes that the import price cannot be relied upon.

71. It is noted that there are no imports of CPVC resin from Korea RP without payment of customs duty. Further, there are no imports of CPVC compound from any subject countries in the duty-free market.

b. Price undercutting

72. The table below shows the price undercutting over the injury period.

CPVC Resin

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Price undercutting					
a	Subject Countries	₹/MT	***	***	***	***
b	China PR	₹/MT	***	***	***	***
c	Korea RP	₹/MT	***	***	***	***
2	Price undercutting					
a	Subject Countries	%	***	***	***	***
b	China PR	%	***	***	***	***
c	Korea RP	%	***	***	***	***
3	Price undercutting					
a	Subject Countries	Range	10-20%	(10-20) %	(0-10) %	(10-20) %
b	China PR	Range	10-20%	(10-20) %	(10-20) %	(10-20) %
c	Korea RP	Range	10-20%	(10-20) %	0-10%	(10-20) %

* 1st July 2022-30th June 2023

CPVC Compound

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Price undercutting					
A	Subject Countries	₹/MT	***	***	***	***
B	China PR	₹/MT	***	***	***	***
C	Korea RP	₹/MT	***	***	***	***
2	Price undercutting					
A	Subject Countries	%	***	***	***	***
B	China PR	%	***	***	***	***
C	Korea RP	%	***	***	***	***
3	Price undercutting					
A	Subject Countries	Range	0-10%	0-10%	(0-10) %	(10-20) %
B	China PR	Range	0-10%	0-10%	(0-10) %	(10-20) %
C	Korea RP	Range	10-20%	NA	NA	NA

* 1st July 2022-30th June 2023

73. It is seen that price undercutting is positive in the year 2019-20. This was the period when anti-dumping measures were not in force for some period. Post the imposition of anti-dumping measures in the form of benchmark measures, the landed price of imports is above the selling price of the domestic industry resulting in negative price undercutting.

74. The domestic industry has submitted that the import price in the duty paid market cannot be relied upon for comparison because of the alignment of imports to benchmark level by the producers and significant difference in the duty free and duty paid import prices. Having examined the submission of the domestic industry and found that the average import price in the duty-free imports is impacted by the benchmark form of measures, the Authority has examined price undercutting for duty paid as well as duty free imports which is shown below.

SN	Particulars	UOM	Price in respect of duty-free imports	Price in respect of duty paid imports
1	Domestic industry price (CPVC Resin)	Rs/MT	***	***
2	Landed price	Rs/MT	1,18,262	1,80,207
3	Price undercutting	Rs/MT	***	***
4	Price undercutting	%	***	***
5	Price undercutting	Range	30-40	Negative

75. It is seen that while the price undercutting is negative in duty paid imports, the price undercutting is very positive in case of duty-free imports.

c. Price suppression / depression

76. Comparison of cost of sales and selling price of the subject imports is given below:

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	* POI
A	CPVC Resin					
1	Cost of Sales	₹/MT	***	***	***	***
	Trend	Index	100	91	114	109
2	Net Selling Price	₹/MT	***	***	***	***
	Trend	Index	100	119	153	143
B	CPVC Compound					
1	Cost of Sales	₹/MT	***	***	***	***
	Trend	Index	100	91	112	115
2	Net Selling Price	₹/MT	***	***	***	***
	Trend	Index	100	113	146	141

* 1st July 2022-30th June 2023

77. The domestic industry has submitted that the anti-dumping measures have allowed the domestic industry to fetch adequate remunerative prices. Therefore, the imports have not had any suppressing/depressing impact on the prices of the domestic industry.

G.3.4. Impact on economic parameters of the domestic industry.

78. Rule 11 of the Rules read with Annexure-II provides that an injury determination shall involve an examination of factors that may indicate 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. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude, and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.

79. The Authority has taken note of the various submissions made by the domestic industry and other interested parties on injury and causal link and has analyzed the same considering the facts available on record and applicable laws. The injury analysis made by the Authority *ipso facto* addresses submissions made by the domestic industry and other interested parties.

80. In consideration of the various submissions made by the interested parties in this regard, the Authority has examined the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury.

a. Capacity, production, capacity utilization and domestic sales.

81. Information on capacity, production, capacity utilization and domestic sales over injury period is as follows:

SN	Particulars	UOM	2019-20	2020-21	Apr21-Jun 22 (A)	*POI
1	Installed capacity	MT	***	***	***	***
	Trend	Index	100	100	100	100
2	Capacity utilization	%	***	***	***	***
	Trend	Index	100	115	133	135
3	Resin production	MT	***	***	***	***
	Trend	Index	100	115	132	135

4	Captive transfer to compound	MT	***	***	***	***
	Trend	Index	100	190	246	178
5	Compound production	MT	***	***	***	***
	Trend	Index	100	189	244	187
6	Domestic Sales					
a	Resin	MT	***	***	***	***
	Trend	Index	100	97	102	123
b	Compound	MT	***	***	***	***
	Trend	Index	100	181	232	181
c	Total for the product under consideration	MT	***	***	***	***
	Trend	Index	100	117	133	137

* 1st July 2022-30th June 2023

82. It is seen that: -

- a. The capacity of the domestic industry has remained the same over the injury period. The domestic industry has been able to utilize its capacity.
- b. With imposition of anti-dumping duty, the production, capacity utilization and domestic sales of the domestic industry has increased.
- c. The domestic industry commenced production after installing another plant having capacity of 10,000 MT and has commenced production in its plant from October 2023. The domestic industry has also submitted that it plans to set up another plant with a capacity of 10,000 MT.

b. Market share.

83. Information on market share of imports and the domestic industry over the period was as follows:

SN	Market share of	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Domestic industry	%	***	***	***	***
	Trend	Index	100	129	99	84
2	Supporter	%	***	***	***	***
	Trend	Index	0	0	0	100
3	Subject countries import	%	***	***	***	***
	Trend	Index	100	40	165	153
4	Other countries import	%	***	***	***	***
	Trend	Index	100	113	84	79

* 1st July 2022-30th June 2023

84. It is seen that: -

- i. The market share of imports from the subject countries has increased over the injury period.

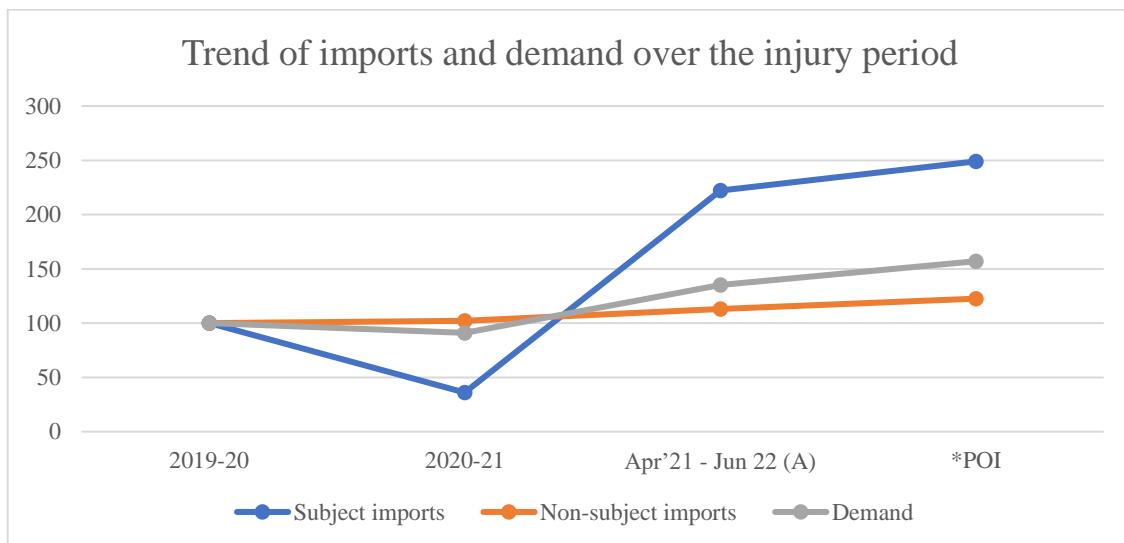
- ii. The domestic industry has been able to achieve market share it could have, having regard to its capacity.
- iii. The market share of imports from the non-subject countries has declined.

85. The producers in the subject countries have been able to increase their market share despite the anti-dumping measure in force. This was at the cost of non-subject imports, who have lost significant market share. The table below shows the volume and market share of imports from subject as well as non-subject countries.

SN	Market share of	UOM	2019-20	2020-21	Apr'21-Jun'22 (A)	*POI
1	Imports from subject countries	MT	26,640	9,529	59,085	66,462
2	Imports from non-subject countries	MT	1,07,469	1,09,650	1,21,570	1,31,665
3	Market shares subject countries	%	***	***	***	***
4	Market share non subject countries	%	***	***	***	***

* 1st July 2022-30th June 2023

86. It is noted that whereas absolute volume of imports from the non-subject countries was almost at the same level as before over the injury period, volume of imports has shown increase only from the subject countries, resulting in increase in their market. Market share of subject countries increased while the market share of non-subject imports declined.



c. Profitability, cash profits and return on investment.

87. Information on profitability, return on investment and cash profits was as follows:

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22 (A)	*POI
1	Profit/(Loss)	₹/MT	***	***	***	***
	Trend	Index	-100	7114	10578	8499
2	PBIT	₹/MT	***	***	***	***
	Trend	Index	100	258	314	255
3	Cash Profit	₹/MT	***	***	***	***
	Trend	Index	100	249	317	266
4	ROCE	%	***	***	***	***
	Trend	Index	100	280	420	380

* 1st July 2022-30th June 2023

88. It is seen that the domestic industry was suffering losses in 2019-20. With the imposition of anti-dumping duties in August 2019, the domestic industry has been able to fetch profitable prices, and their profitability has improved. Resultantly, the domestic industry has been able to increase its profits, cash profit, PBIT and return on capital employed.
89. The domestic industry has stated that as compared to the demand in India, it had limited capacity to sell. Therefore, even when the actual import price was lower, the benchmark form of measures has allowed the domestic industry to sell the volumes to the extent of its capacity and at desired prices.

d. Inventories.

90. Information on inventories is as follows:

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	Opening inventory	MT	***	***	***	***
2	Closing inventory	MT	***	***	***	***
3	Average inventory	MT	***	***	***	***
4	Trend	Index	100	57	61	68

* 1st July 2022-30th June 2023

91. The inventories of the domestic industry have declined over the injury period. The domestic industry stated that it has been able to sell its production in the domestic market and the inventory held is not significant.

e. Employment, wages and productivity

92. Information of productivity, employment and wages over the injury period is as under:

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22 (A)	*POI
1	No of employees	Nos	***	***	***	***

	Trend	Index	100	98	98	100
2	Salary & Wages	₹ Lacs	***	***	***	***
	Trend	Index	100	92	92	112
3	Productivity per day	MT/Days	***	***	***	***
	Trend	Index	100	113	130	135
4	Productivity per employee	MT/Nos	***	***	***	***
	Trend	Index	100	118	134	134

* 1st July 2022-30th June 2023

93. The productivity of the domestic industry has improved over the injury period with increase in production. The wages paid have increased as compared to the base year as well as in the previous year. The number of employees has remained constant over the injury period.

f. Growth.

94. The domestic industry has reported that imposition of measures has allowed it to grow in both volume and pricing accounts. However, profit/ loss, cash profit ROCE growth has declined in the period of investigation. It is seen that the domestic industry has been able to utilize its capacities and sell the product at profits.

SN	Particulars	Unit	2019-20	2020-21	Apr'21-Jun'22 (A)	*POI
1	Capacity	Y/Y	-	-	-	-
2	Production	Y/Y	-	15%	15%	2%
3	Sales	Y/Y	-	17%	14%	3%
4	Market share	Y/Y	-	29%	-23%	-15%
5	Profit/loss	Y/Y	-	7214%	49%	-20%
6	Cash profit	Y/Y	-	149%	27%	-16%
7	ROCE	Y/Y	-	230%	35%	-7%

* 1st July 2022-30th June 2023

g. Ability to raise capital investment.

95. With the imposition of anti-dumping measures, the ability of the domestic industry to raise capital investment has improved. The domestic industry has expanded its capacity in the post period of investigation by adding another 10,000 MT capacity with investment of Rs 150 crores. Imposition of anti-dumping duties has led to encouraged other producers to set up investment in India.

96. As submitted by the domestic producers, the measures also led to setting up of capacities by other producers as can be seen in table below.

SN	Producer	Capacity (MT)	Investment Rs. (Crore)	Status

1	DCW Limited	10,000	300	Existing
2	Epigral Limited	30,000	200	Started
3	DCW Limited	10,000	150	In operation from October, 23
4	Epigral Limited	45,000	300	In operation from April, 24
5	Lubrizol	1,00,000	1200	Plant construction started
6	DCW Limited	20,000	150	Environmental Clearance pending
	Total	2,15,000	> 2400	

h. Margin of dumping

97. It is seen that there is significant continued dumping of the subject goods in India from China PR in respect of duty-free imports. Dumping margin in respect of Korea RP is negative.

H. CAUSAL LINK & NON-ATTRIBUTION ANALYSIS

98. As per the Rules, the Authority is required to, *inter alia*, examine any known factors other than dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. While the present investigation is a sunset review investigation and causal link has already been examined in original investigation, the Authority examined whether other known listed factors have caused or are likely to cause injury to the domestic industry. It was examined whether other factors listed under the Rules could have contributed or likely to contribute to the injury suffered by the domestic industry.

a. Volume and price of imports from third countries.

99. It is seen that there were imports above *de-minimis* limits from other sources including European Union, Japan, Thailand, and United States of America. The price of the imports from non-subject countries is significantly higher. The table below shows the price of imports from non-subject countries in the period of investigation.

Month	Non subject countries prices- ₹/MT		DI Prices- ₹/MT		Price Difference- ₹/MT	
	Resin	Compound	Resin	Compound	Resin	Compound
Jul-22	1,77,214	2,60,689	***	***	***	***
Aug-22	1,89,216	2,52,557	***	***	***	***
Sep-22	1,78,003	2,65,268	***	***	***	***
Oct-22	1,84,560	2,65,416	***	***	***	***
Nov-22	1,92,816	2,60,655	***	***	***	***
Dec-22	2,10,889	2,55,294	***	***	***	***
Jan-23	1,95,301	2,45,666	***	***	***	***
Feb-23	1,75,991	2,47,553	***	***	***	***
Mar-23	1,76,390	2,29,841	***	***	***	***
Apr-23	1,70,651	2,28,887	***	***	***	***

May-23	1,66,698	2,32,015	***	***	***	***
Jun-23	1,65,182	2,37,510	***	***	***	***
Average	1,81,766	2,49,772	***	***	***	***

100. These imports have been consistently at higher prices. These imports have not impacted the performance of the domestic industry in the past and do not appear likely to affect the performance of the domestic industry.

b. Contraction in demand and / or change in pattern of consumption.

101. The demand for the product under consideration has increased over the injury period. Further, the demand is likely to increase more in future.

c. Trade restrictive practices.

102. The Authority notes that there is no trade restrictive practice.

d. Development of technology.

103. The Authority notes that technology for production of the product has not undergone any change.

e. Export performance.

104. The domestic industry has not exported the product.

f. Performance of other products.

105. The Authority has considered the data relating to the performance of the product under consideration only. Therefore, performance of other products produced and sold by the domestic industry is not a possible cause of the injury to the domestic industry.

I. MAGNITUDE OF INJURY MARGIN.

106. The Authority has determined the non-injurious price for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The non-injurious price has been compared with the landed price of the product under consideration from the subject countries for calculating injury margin. For determining the non-injurious price, the best utilization of the raw materials and utilities and best utilization of production capacity has been considered. Extraordinary or non-recurring expenses and/or assets have been excluded from the cost of production and/or non-injurious price. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) deployed for the product under consideration has been allowed for recovery of interest, corporate tax, and profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules.

SN	Particulars	NIP	Landed price	Injury margin		
		\$/MT	\$/MT	\$/MT	%	Range
1	China PR					
a	Resin	***	***	***	***	(0-10) %
b	Compound	***	***	***	***	(10-20) %
2	Korea RP					
a	Hanwha Solutions Corporation	***	***	***	***	(10-20) %
	Resin	***	***	***	***	(10-20) %
	Compound	-	-	-	-	-
b	Any other	***	***	***	***	(0-10) %
	Resin	***	***	***	***	(0-10) %
	Compound	-	-	-	-	-

J. LIKLIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

J.1. Submissions made by other interested parties.

107. The other interested parties have made the following submissions with regard to likelihood:

- i. The domestic industry has merely provided information on possible capacity increases and claims of excess capacity in China but has not provided any substantive evidence to establish the additional or expanded capacities.
- ii. Hanwha has submitted that the domestic industry has claimed negative dumping and injury margin for Korea RP which shows absence of likelihood of injury.
- iii. Hanwha has submitted that cessation of the duty on Korea RP is justified as Hanwha has negative dumping and injury margins. Hanwha has a market share in India less than 6%.
- iv. Hanwha has submitted that there are no trade remedy measures against Korea RP from other nations. The export price to India is market-driven pricing and absence of unfair practices.
- v. Hanwha has submitted that its exports to India have declined during the period of investigation compared to previous years indicating a lack of recurrence of dumping and injury.
- vi. Hanwha has submitted that it is the sole producer of CPVC resin and compound in Korea with the capacity of 44,000 MT and not 60,000 MT as alleged by the domestic industry.
- vii. Lubrizol has submitted that dumped imports from China PR is in significant volume and if duties are withdrawn there is a likelihood of increase in dumped imports from China PR.
- viii. Lubrizol has submitted that duty-free import prices are at significantly dumped prices and if the measures are not extended, import price of duty paid import would immediately align with the duty-free import price.

- ix. Lubrizol has submitted that there has been significant increase in the capacities of CPVC resin in China PR. China has increased its capacity by 20% in 2022 compared to 2021.
- x. Lubrizol has submitted that Shandong Xiangsheng has made investment of about USD 50 million for capacity expansion in CPVC in 2023.
- xi. Lubrizol has submitted that Inner Mongolia Chenhongli Chemical Co., Ltd., also announced CPVC capacity expansion of 100,000 MT per annum in 2017 which was supposed to be done in phases. These capacities will hit the market in the near future.
- xii. Lubrizol has submitted that 90% of Shandong Xiangsheng revenue is from exports and majority from India indicating export orientation.
- xiii. Lubrizol has submitted that two of the largest exporters from China PR are in the process of expanding their capacities. Furthermore, these two producers are largely export-oriented, exporting about 75-85% of their total revenues.
- xiv. Lubrizol has submitted that India is the largest destination for these producers accounting for about 77% overall exports. In the event, similar trends continue, these two exporters alone would have about 45-50% market share in India.
- xv. Lubrizol has submitted that capacity expansion coupled with decline in the demand in China PR poses a serious threat to the Indian market which accounts for over 75% of the overall exports from China PR followed by exports to the middle east.
- xvi. Lubrizol has submitted that the difference between duty paid, and duty-free imports clearly indicates that the higher price of duty paid imports is attributable only to the reference price duties.
- xvii. Lubrizol has submitted that the increase in participation of traders shows that it is attributable to misdeclaration and duty evasion by exporting countries. There are multiple instances wherein the different exporters have the same addresses.

J.2. Submission made by the domestic industry.

108. The domestic industry has made the following submissions with regard to likelihood:

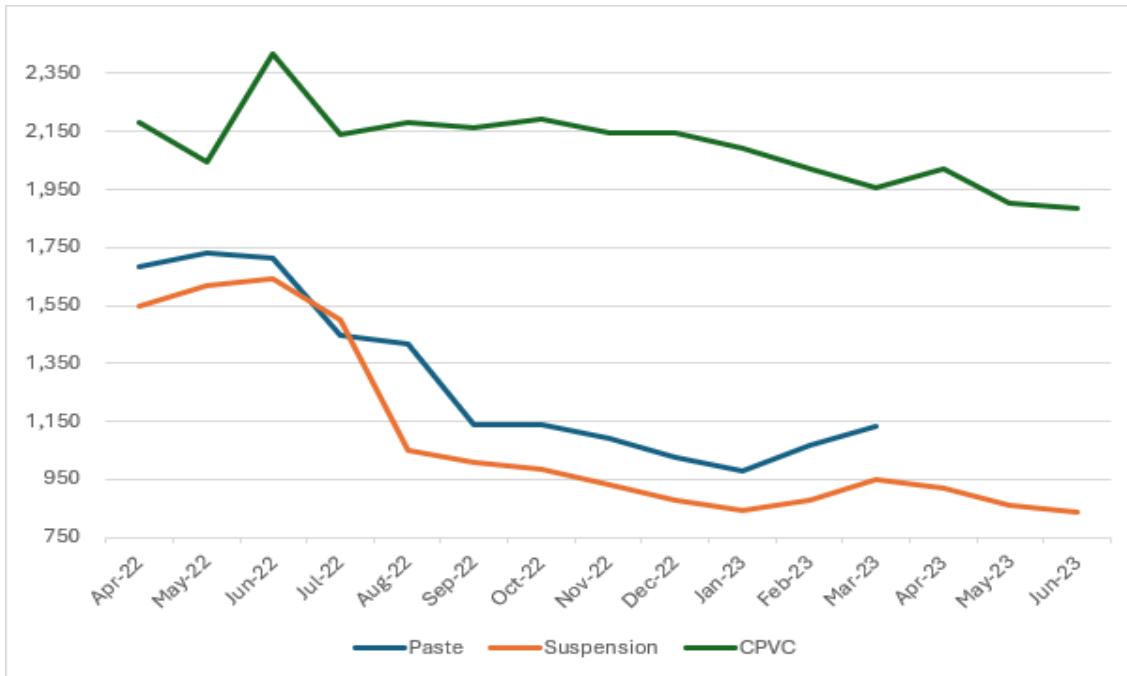
- i. The global demand for the product under consideration is around 5 lakh MT out of which, the demand in India is around 2.5 lakh MT. The demand in India is growing sharply due to infrastructure developments which will attract foreign suppliers to increase their exports to India.
- ii. Chinese producers operate with significant high capacities more than their demand and will dump their products in the Indian market.
- iii. The import prices are aligned with the benchmark form of measures. The price of duty-free imports represents the real imports, and the price is likely to prevail in the market in the event of cessation of measures.
- iv. The duty-free imports are below the selling price of the domestic industry, which shows the likelihood of significant price undercutting.
- v. The landed price of duty-free is below cost of sales of the domestic industry which will force the domestic industry to reduce the prices. The imports will depress the prices of the domestic industry.

- vi. If the domestic industry matches the duty-free import price, it will suffer from financial losses.
- vii. The demand for CPVC resin and compound is 130 KT and 119 KT which is significantly below the capacity in the subject country- China PR. The idle capacity will be directed towards Indian market if measures expire.
- viii. Despite 2/3rd capacities already being used for export purposes, Chinese producers are further adding capacities. The producers in the subject countries are heavily export oriented.
- ix. Hanwha Solutions Corporation has only reported a 47% increase in capacity, but as per evidence provided by the domestic industry, the capacity has doubled from 30,000 MT to 60,000 MT.
- x. Exports from subject countries to other countries are at prices below normal value, non-injurious price and selling price of the domestic industry. These exports are significant when compared to Indian consumption, the domestic industry sales, and sales of Indian Industry.
- xi. Imports from the subject countries have increased despite anti-dumping measures which show likelihood of further increase if measures expire.
- xii. Dumping margin and injury margin in respect of the duty-free imports are significantly high. Therefore, the imports continue to happen at dumped and injurious prices.
- xiii. Shandong Xiangsheng New Materials Technology Co., Ltd, and Shandong Novista Chemicals Co., Ltd (Novista Group) are heavily export oriented as they claim that their export operations amount to more than 70% of their operations.
- xiv. Shandong Gaoxin Chemical Co., Ltd. and Shandong Xiangsheng New Materials Technology Co., Ltd. have expanded their capacity. This is despite the producers operating with significantly high capacity.
- xv. Response filed by Hanwha establishes likelihood of increase in exports to India.

SN	Particulars	Unit	FY2020	FY2021	FY2022	POI	Change POI vs. 2022
1	Installed capacity	MT	100	100	110	147	34%
2	Production	MT	100	312	357	346	-3%
3	Domestic sales	MT	100	135	242	257	6%

- xvi. Hanwha produces PVC suspension, PVC paste resin and CPVC resin all these three products at the same location. A comparison between constructed price for CPVC by considering Hanwha's PVC suspension resin and conversion costs from PVC to CPVC will show that the constructed price of CPVC resin is significantly lower than the actual import price.
- xvii. The difference between constructed CPVC price and actual CPVC import price is not only very high, but also significantly increased over the period. This increase is because of the re-alignment of CPVC price to the benchmark. When suspension

price was declining, CPVC price did not proportionately decline. Indeed, when suspension price declined by about 45%, the CPVC prices remained almost in the similar region.



J.3. Examination by the Authority

109. The present investigation is a sunset review of duties imposed on the imports of the product under consideration from China PR and Korea RP. Under the Rules, the Authority is required to determine whether cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.
110. The Authority has examined the likelihood of continuation or recurrence of injury considering the requirement laid down under Section 9A (5), Rule 23 and parameters relating to the threat of material injury in terms of Annexure - II (vii) of the Rule rules, and other relevant factors brought on record by the interested parties.
111. There are no specific methodologies available to conduct such a likelihood analysis. However, Clause (vii) of Annexure II of the Rules provides, *inter alia* for factors which are required to be taken into consideration, viz.
 - a. A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.
 - b. Sufficient freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports.

- c. Whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices and would likely increase demand for further imports; and
- d. Inventories of the article are being investigated.

112. The Authority has, *inter alia*, considered the above requirements and following parameters in order to determine whether dumping is likely to recur in the event of cessation of anti-dumping duty, and if so, whether the same is likely to cause injury to the domestic industry. Additionally, the Authority has examined all the relevant information brought on record by the domestic industry and the other interested parties.

113. It is seen that there is no response from China PR. While six producers had participated in the original investigation, none of the Chinese producers have co-operated in the present investigation. The Authority notes that non-participation by the Chinese producers in the present investigation is quite concerning, particularly when there were serious allegations of differential pricing between duty free and duty paid imports from China and a claim of the domestic industry that likelihood of injury to the domestic industry is established by the price of duty-free imports, and duty paid imports should be completely ignored for the purpose. The Authority further notes that not only domestic industry but also other interested parties participating in the present investigation have, explicitly or implicitly, stated that the import price from China is tainted because of form of duties. The claims of interested parties on this account have remained completely unrebutted by Chinese exporters.

114. One producer from Korea RP, Hanwha, has participated in the present investigation. It has been submitted that it is the sole producer of the product under consideration from Korea RP. Therefore, in order to examine the likelihood of injury from Korea RP, only the information provided by Hanwha Corporation has been considered. For China PR, the information provided by the domestic industry has been considered.

a. Rate of increase of dumped imports into India indicating likelihood of increased importation.

115. The table below shows the information regarding the imports from the subject countries.

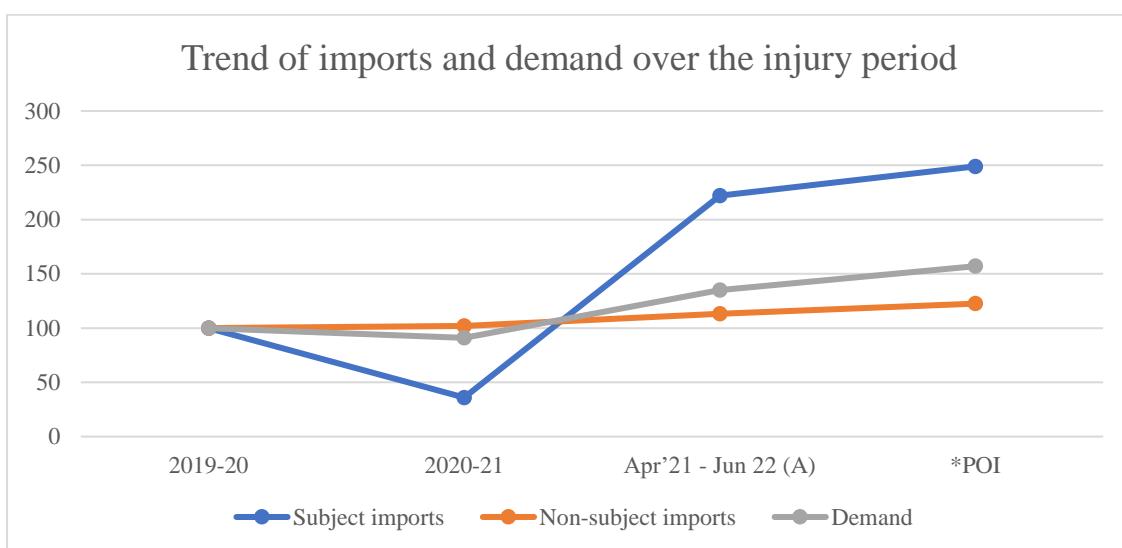
SN	Particulars	UOM	2019-20	2020-21	Apr'21 - Jun 22 (A)	*POI
1	Subject imports	MT	26,640	9,529	59,085	66,462
	China PR	MT	14,491	7,826	43,210	54,872
	Korea RP	MT	12,148	1,703	15,875	11,590
	Trend	Index	100	36	222	249
2	Non subject imports	MT	1,07,469	1,09,650	1,21,570	1,31,665
	Trend	Index	100	102	113	123
3	Share in Total Imports	%	20%	8%	33%	34%

	Trend	Index	100	40	165	169
4	Demand	MT	***	***	***	***
	Trend	Index	100	91	135	157

* 1st July 2022-30th June 2023

116. It is seen that: -

- The volume of imports from the subject countries has increased over the period of investigation.
- The imports from the subject countries have increased in relation to demand as well. The increase in relation to demand implies that the increase in the imports was more than the increase in the demand. It shows that the increase in imports was not solely due to the demand and supply gap.
- The imports from the subject countries have increased in relation to total imports.



117. Considering the low capacity with the Indian industry and the huge demand in the country, it was natural that the imports from all sources would have increased. It is seen that the increase in the imports from the subject countries is significantly more than the increase in the demand. Therefore, there is a further likelihood of increase in the imports from the subject countries in the event of expiry of measures.

b. Freely disposable capacity indicating the likelihood of substantially increased dumped exports to Indian markets.

118. The table below shows the information regarding capacity, production, domestic sales, and exports of participating producers from Korea RP.

SN	Particulars	UOM	2020	2021	2022	POI
1	Capacity	MT	***	***	***	***
2	Production	MT	***	***	***	***
3	Domestic sales	MT	***	***	***	***

4	Export to India	MT	***	***	***	***
5	Export to other countries	MT	***	***	***	***
6	Domestic sales as % of capacity	%	***	***	***	***
7	Export sales as % of production	%	***	***	***	***

119. It is seen that: -

- i. The capacity of the participating producer from Korea RP is higher than the domestic sales. The domestic sales are between 20-30% of the capacity in Korea RP. This indicates that the producer has surplus capacities.
- ii. More than 50% of the production of Hanwha is exported. High share of exports in the production indicates the export orientation of the producer.

120. The domestic industry and Lubrizol have provided information on export orientation of some of the producers in China PR.

SN	Producer	Source	Exports
1	Shandong Xiangsheng New Materials Technology Co., Ltd,	Domestic industry	60-70%
2	Shandong Novista Chemicals Co., Ltd (Novista Group)	Domestic industry	70-80%
3	Shandong Gaoxin	Lubrizol	75%

121. The domestic industry has additionally provided information on excess capacities in China PR. The relevant information is shown below.

SN	Particular	UOM	CPVC Resin	CPVC Compound
1	Supply	000 Tons	334.6	340
2	Demand	000 Tons	130.1	119
3	Excess	000 Tons	204.5	141.5
4	Excess capacity %	%	157%	119%

Source – Vynz Research.

122. It is seen that the capacities in China PR are far higher than the demand in their country. This indicates that the Chinese producers have surplus capacities and are export oriented.

c. Likely depressing or suppressing effect of imports on domestic prices.

123. Having examined that the import price in the duty paid segment is impacted by the anti-dumping measures in force, the Authority has found it appropriate to consider the import price in the duty-free segment to examine the likelihood of suppressing/depressing impact of imports.

124. The table below shows the landed price of imports in the duty-free market and the selling price and cost of sales of the domestic industry. Since there are no duty-free imports from Korea RP, the examination has been done only for Chinese imports of CPVC resin.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	CIF price of duty-free imports	Rs/MT	92,018	1,11,700	1,39,717	1,18,262
	Trend	Indexed	100	121	152	129
2	Cost of sales	Rs/MT	***	***	***	***
	Trend	Indexed	100	91	114	109
3	Selling price	Rs/MT	***	***	***	***
	Trend	Indexed	100	119	153	143

* 1st July 2022-30th June 2023, Source of imports – DG System transaction wise data.

125. It is seen that in the period of investigation, the price of duty-free imports is significantly below the selling price and cost of sales of the domestic industry. If the anti-dumping measures are not extended, and the imports from the subject countries happen at this price, the imports will be below the selling price and cost of sales of the domestic industry. Having already found that there is a likelihood of increase in the imports with the expiry of measures, the imports will have a significant depressing or suppressing effect on prices of the domestic industry.

d. Capacity expansion in the subject countries.

126. The domestic industry and Lubrizol Advanced Materials India Private Limited have provided information regarding capacity expansions being planned in the subject countries which is shown below.

SN	Name of producer	Source	Expansion
1	Shandong Gaoxin Chemical Co., Ltd.	Domestic industry	50,000 MT
2	Shandong Xiangsheng New Materials Technology Co., Ltd.	Domestic industry	1,00,000 MT
3	Shandong Rike	Lubrizol	20,000 MT

127. The participating producer from Korea RP has also admitted to the capacity expansion. The producer has stated that it has expanded its capacity by 14,000 MT in the period of investigation.

e. Evasion of anti-dumping duty in the imports of CPVC resin and CPVC compound:

128. The domestic industry has provided copy of the UO note no. HQ/05/CI/2024 issued by DRI dated 15.04.2024. Extract of the said U.O. note is reproduced below:

“1. Specific information received and further developed by this directorate indicated that actual value of import of CPVC resin from China is in the range of US\$ 1200-1600 per MT, however certain importers are importing and declaring the price in the range of US\$ 2000-2500 per MT so as to evade payment of Anti-Dumping Duty.

2. Definitive Anti-Dumping Duty was imposed on Chlorinated Polyvinyl Chloride Resin (CPVC) imported under CTH 3904 from China and Korea for a period of 5 years from 26th August, 2019 (except for the period 26th February to 6th March, 2020) vide Notification No. 05/2020-Customs (ADD) dated 07.03.2020. The anti-dumping duty was imposed at the rate equal to difference between landed value (CIF+BCD) and amount ranging from US\$ 2024-2853 per MT based on specification, country of origin and producer. Hence, lower the declared assessable value, higher the Anti-Dumping Duty.

3. Acting upon the intelligence, searches were conducted at the premises of various importers of Chinese-Origin CPVC Resin. The evidences resumed suggest that a higher than the actual value was being declared before the Customs, and minimum or no Anti-Dumping Duty was being paid.”

129. The Authority has taken cognizance of the above UO note for the purpose of determining the relevant form of duty in the subject investigation.

f. Cost and price undercutting by the duty-free imports.

130. The table below shows the cost and price undercutting of the duty-free imports.

SN	Particulars	UOM	2019-20	2020-21	Apr'21-Jun'22	*POI
1	CIF price of duty-free imports	Rs/MT	92,018	1,11,700	1,36,618	1,18,262
2	Cost of sales	Rs/MT	***	***	***	***
3		Rs/MT	***	***	***	***
4	Cost undercutting	%	***	***	***	***
5		Range	20-30%	(10-20)%	(0-10)%	0-10%
6	Selling price	Rs/MT	***	***	***	***
7	Price undercutting	Rs/MT	***	***	***	***
8		%	***	***	***	***

9		Range	10-20%	10-20%	20-30%	30-40%
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* 1st July 2022-30th June 2023, Source of imports – DG System transaction wise data.

131. It is seen that the import price in respect of the duty-free imports is significantly below the cost and selling price of the domestic industry. Therefore, there is a likelihood of imports from the subject countries undercutting the selling price and cost of sales of the domestic industry.

g. Continued dumping.

132. The table below shows the dumping margin in respect of the duty free, and duty paid imports.

SN	Particulars	UOM	China PR (CPVC Resin)		
			Price of imports in duty free market	Price of imports in duty paid market	Total
1	Normal value	\$/MT	***	***	***
2	Net export price	\$/MT	***	***	***
3	Dumping margin	\$/MT	***	***	***
4	Dumping margin	%	***	***	***
5	Dumping margin	Range	60-70%	0-10%	0-10%

133. It is seen that while dumping margin is positive in both duty free and duty paid markets, it is significantly high in case of duty-free imports. It is seen that the dumping from China PR has continued despite anti-dumping measures in force. Continuation of dumping even when measures are in force shows the likelihood of dumping if the anti-dumping measure expires.

134. The dumping margin in respect of the participating producer from Korea is negative.

h. Injurious imports in the Indian market.

135. The table below shows the injury margin in respect of the duty free, and duty paid imports.

SN	Particulars	UOM	China PR (CPVC Resin)		
			Price of imports in duty free market	Price of imports in duty paid market	Total
1	Non-injurious Price	\$/MT	***	***	***
2	Landed Price	\$/MT	***	***	***
3	Injury Margin	\$/MT	***	***	***
4		%	***	***	***
5		Range	35-45%	Negative	Negative

136. It is seen that while the injury margin is marginally negative in case of duty-free imports, it is materially high in case of duty-free imports. On a weighted average basis, it is seen that the injury margin is positive. The Authority notes that the imports have continued to remain injurious for the domestic industry.

i. Third country export analysis.

137. Information with respect to third country dumping is given below.

SN	Particular	UOM	Hanwha	China PR (Annualised)	Total
1	Total exports	MT	***	2,55,276	2,60,578
2	Exports at dumped prices	MT	***	1,67,297	1,69,557
3	% of dumped exports	%	***	66%	65%
4	% of dumped exports	Range	40-50%	60-70%	60-70%
5	Dumped exports in relation to Indian demand	%			76%
6	Dumped exports in relation to Indian demand	Range			70-80%

138. It is seen that 40-50% of exports from Korea RP to third countries are at dumped prices. Similarly in case of China PR, 60-70% exports are at dumped prices. When compared to the demand in India, these exports cumulatively are around 80% of the demand.

139. Information with respect to third country injurious exports is given below.

SN	Particular	UOM	Hanwha	China PR (Annualised)	Total
1	Total exports	MT	***	2,55,276	2,60,578
2	Exports at injurious prices	MT	***	1,26,527	1,28,617
3	% of injurious exports	%	***	50%	49%
4	% of injurious exports	Range	35-45%	45-55%	45-55%
5	Injurious exports in relation to Indian demand	%			58%
6	Injurious exports in relation to Indian demand	Range			55-65%

140. It is seen that 30-40% of exports from Korea RP to third countries are at injurious prices. Similarly in case of China PR, 50-60% exports are at injurious prices. When compared to the demand in India, these exports cumulatively are 58% of the demand.

K. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES

K.1. Submission of the other interested parties.

141. The other interested parties have made following submissions on Indian industry interest:

- Ashirvad has submitted that the downstream products manufactured from the product under consideration are used for transport of potable drinking water and are widely used in India. There is grave importance to ensure that harmful products at cheap and low-quality prices are not restricted to avoid any quality compromise or leakages of toxicity with the end products.
- Ashirvad has submitted that there is a demand and supply gap in India which is forcing the users to import.
- Lubrizol has submitted that Lubrizol and Grasim Industries Limited are setting up capacity of 1,00,000 MT in India with an investment of USD 150 million. The anti-dumping measures are required to be extended to safeguard the investments.

K.2. Submission of the domestic industry.

142. The domestic industry has made been following submissions on Indian industry interest:

- Indian industry is expanding capacity and is expected to invest around \$300 Million. Expiry of measures will pose threat to the investment made or planned.
- With new domestic players entering the CPVC market in India and existing producers expanding their capacities, by 2025, the demand supply gap will be largely bridged. There is no need for the users to resort to dumped imports as can be seen in table below.

SN	Particular	UOM	POI	SSR POI	Current	2025+
1	Consumption	MT	1,30,000	2,35,000	2,40,000	2,52,000
2	Being met by other countries	MT	90,000	1,30,000	1,30,000	37,000
3	Net demand	MT	40,000	1,05,000	1,10,000	-
4	Capacity	MT	10,000	40,000	95,000	2,15,000
5	Demand met by dumped imports	MT	30,000	65,000	15,000	

- The domestic industry makes efforts towards for the development of the society, which neither the exporters in the other countries nor the traders in India will make. In the period of investigation alone Rs 69 Lakhs were spent at the plant where the product is produced.
- The performance of the downstream industry has improved after the imposition of the measures which shows that the anti-dumping measures have not had adverse impact.
- The price of pipe (downstream product) has remained same despite changes in the CPVC resin prices. Prices of the downstream industry are not governed by prices of the product under consideration.

- f. With a cost to make of Rs 225 per pipe, the selling price of the pipes is considerably higher, ranging to around Rs 600. Pipe producers operate with high margins.
- g. Consumers have paid a staggering more than Rs 8000 Crores higher in procuring resin and compound from non-subject sources as compared to the price at which these were indeed available from subject sources. This shows that the pipe manufacturers are happily buying the product at much high price from non-subject sources despite availability of the product from China at much lower prices.
- h. CPVC pipes are used in the upper middle-income group. The lower income group uses PVC based pipes which are much lower priced. The PVC price is at least 2.5 times below the price of CPVC pipe. Further, even the price of galvanized iron pipe is lower than the price of CPVC pipe.
- i. The construction cost of a new house of around 1000 sq. is around Rs 18 lakh, the cost of CPVC pipes and fittings is only Rs 15,000. The share of CPVC Pipe in the cost of construction is hardly 0.83%.
- j. Even if the cost of CPVC pipe increases by Rs 1500 (10%), the impact on the construction cost will be 0.08%.
- k. The above impact only considers the construction cost. The impact will be much lower when the cost of land is considered. Land cost can be anywhere between 50% to 10 times of the construction cost.
- l. The domestic industry is not only competing with the other domestic producers and subject countries but also with non-subject countries. Even if the imports from the subject countries are restricted, it would not lead to the domestic industry monopoly in the Indian market.
- m. The producers from subject countries operate with only one objective of maximization of profits and if other markets offer better prices, they will shift their market. Whereas the domestic industry will keep the consumers' interest in mind.

K.3. Examination of the Authority

143. The Authority issued gazette notification inviting views from all the interested parties, including importers, consumers, and other interested parties. The Authority also prescribed a questionnaire for the consumers to provide relevant information with respect to the present investigation, including the possible effects of the anti-dumping duties on their operations. The Authority sought information on, *inter-alia*, the interchangeability of the product supplied by various suppliers from different countries, ability of the consumers to switch sources, the effect of anti-dumping duties on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by the imposition of the antidumping duties.

144. It is noted that the purpose of anti-dumping measures, 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 recognizes that the continuation of the anti-dumping duties might affect the price levels of the product under consideration as well

as other downstream products manufactured by using the subject goods in India. However, fair competition in the Indian market will not be reduced by the imposition of anti-dumping measures. On the contrary, the continuation of anti-dumping measures would prevent the decline of the domestic industry that may ensue as a consequence of low-priced imports from the subject countries and help maintain the wider availability of choices to the consumers of the product under consideration.

145. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties to this review investigation. Only the domestic industry has responded to the economic interest questionnaire. The domestic industry has supplied information related to the domestic industry as well as the user industry.
146. The Authority notes that the anti-dumping duties imposed in the past have led to the growth of the Indian industry. Not only has the imposition of anti-dumping measures allowed the domestic industry to recover from losses but has also stimulated other producers to setup plants in India. Prior to the imposition of measures, the capacity in India was only 10,000 MT. However, as submitted by domestic producers, large number of capacity expansions are planned in the country now as shown in the table below.

SN	Producer	Capacity (MT)	Investment Rs. (Crore)	Status
1	DCW Limited	10,000	300	Existing
2	Epigral Limited	30,000	200	Started
3	DCW Limited	10,000	150	In operation from October, 23
4	Epigral Limited	45,000	300	In operation from April, 24
5	Lubrizol	1,00,000	1200	Plant construction started
6	DCW Limited	20,000	150	Environmental Clearance pending
	Total	2,15,000	> 2400	

147. It is seen that the total capacity in India will increase from 10,000 in 2018 to 2,15,000 in 2025. The value of these investments is expected to be around Rs. 2,400 cr. (\$300 Million). There is a likelihood of increase in imports from the subject countries which could cause injury to the domestic industry if the measures are not extended. Therefore, extension of anti-dumping measures is necessary to safeguard the interests of the investments planned in the country.
148. It has also been claimed that there is a demand and supply gap in the country. However, the Authority notes that the demand-supply gap does not justify dumping. The Indian industry is undertaking significant capacity expansions which are likely to bridge the demand supply gap to large extent. It is also seen that there is large volume of imports from the non-subject countries as well. The imports from non-subject countries are more

than the imports from the subject countries. Therefore, the supply of the consumers will not be restricted if the measures are imposed.

149. As regards the impact of anti-dumping duty on the downstream industry, the consumers have set up their plants considering fair market conditions. It cannot be construed that the operations of the consumers would become unviable, merely because dumping is prevented by imposition of duty and fair competition is restored in the market. Anti-dumping duties can create a level playing field for domestic producers, allowing them to compete fairly and continue supplying the market.
150. The consumers have imported from subject as well as non-subject countries. The import price from non-subject countries is higher than the import price from subject countries. This itself shows that the price of the downstream product is inelastic to the price of resin or compound.
151. The domestic industry has additionally provided information on the impact of the anti-dumping measures on the public at large. It has been submitted that in the construction cost of a house of around 1000 sq., the cost of CPVC pipes and fittings is only Rs 15,000 which forms hardly 0.83% of the cost of construction (Rs 18 lakh). Even if price of CPVC increases by 10%, the impact will be 0.08%.

L. POST-DISCLOSURE COMMENTS

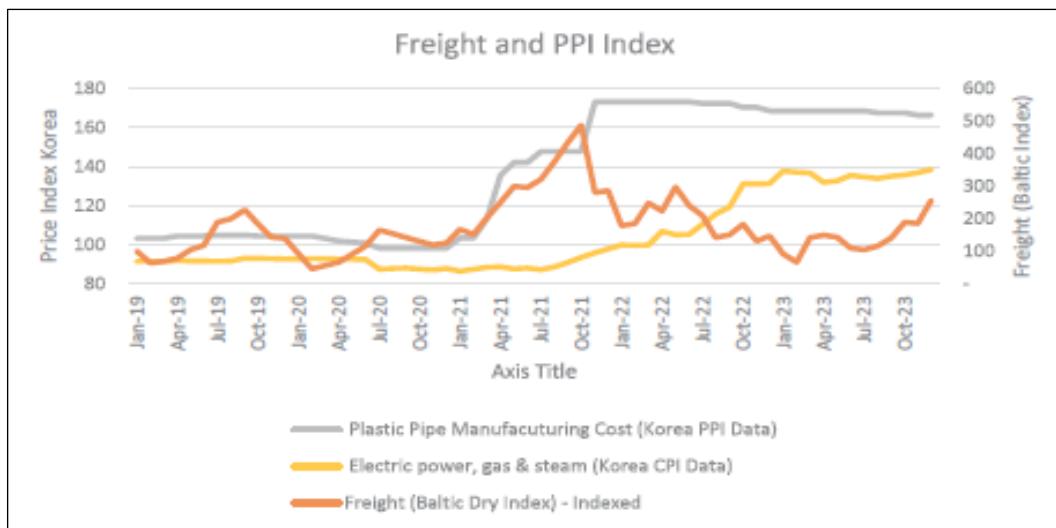
K.1. Submission of the other interested parties.

152. The other interested parties have made the following comments on the disclosure statement:
 - a. Hanwha has submitted that the benchmark influenced prices were applicable to China PR not to Hanwha and the domestic industry has itself admitted that they have not come across any instance in the past, where it was informed of any unfair practice being adopted by the Korean producer.
 - b. Hanwha has submitted that there is no major variation between the selling price in Korea RP, export prices to India and to third countries. If the export prices in India were influenced by the benchmark form of duty, they should not have been in line with the domestic sales prices or with third country sales prices.

Ex-Factory Prices of CPVC Resin (USD/MT)			
Month	Domestic Price (Korea RP)	Export to India	Export to Third Country
Jul-22	***	***	***
Aug-22	***	***	***
Sep-22	***	***	***
Oct-22	***	***	***
Nov-22	***	***	***

Dec-22	***	***	***
Jan-23	***	***	***
Feb-23	***	***	***
Mar-23	***	***	***
Apr-23	***	***	***
May-23	***	***	***
Jun-23	***	***	***

- c. Hanwha has submitted that it has fully backward integrated plant and the product under consideration is produced from the nascent stage of chlorine. The prices of the product under consideration are not impacted by purchase/market price of PVC.
- d. Hanwha has submitted that it sold the product under consideration under long term contracts. Even when the prices of raw materials change the export price remains unaffected.
- e. Hanwha has submitted that its installed capacity is 44,000 MT and not 60,000 MT as wrongly claimed by the domestic industry.
- f. Hanwha has submitted that despite the increase in capacity to 44000 MT, there is substantial decrease in exports to India. The exports to India were at 30% of the total capacity of Hanwha.
- g. Hanwha has submitted that the price of the product under consideration is highly volatile, and third country export analysis should not be undertaken based on average prices.
- h. Hanwha has submitted that during the original investigation, it was declared non-cooperative exporter because of the minor reconciliation errors in costing information. There was no concealment or malafide intention on the part of Hanwha.
- i. Hanwha has submitted that the Authority has on many previous occasions have given individual dumping margin/separate duty to the exporters in the sunset review investigation despite the fact that the same exporters were categorized as non-co-operative or have not participated in the original investigation.
- j. Hanwha has submitted that the total capacity of subject goods of Korea RP is 44000 MT and about ***% is already utilized during the period of investigation, hence, idle capacity of Korea RP is less than ***% of the total Indian demand.
- k. Lubrizol has submitted that the import prices from Korea RP are nearly at the level of the benchmark price. As per producer price index (PPI) published by the Government of Korea RP during the same period, the cost of manufacturing of the downstream product i.e., plastic pipes have increased significantly in Korea RP.

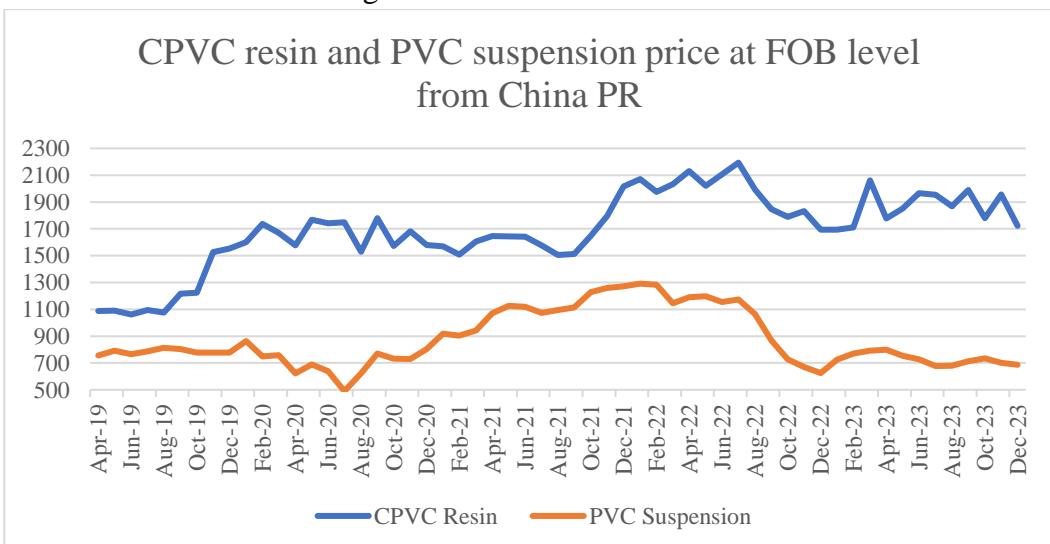


- l. The energy/fuel prices have increased by about 30% and the freight costs have surged multifold. Korean producers are charging high prices for their domestic sales and exporting to India at low and dumped prices.
- m. SAR has submitted that its prices are market driven and are in line with the international prices of the subject goods. Therefore, the allegations of the domestic industry as to the unreliable imports prices in the case of exporter ~~much less Korea RP~~ are not true and are baseless.
- n. Lubrizol has submitted that European Union may be considered as an appropriate market economy to China for determination of normal value.

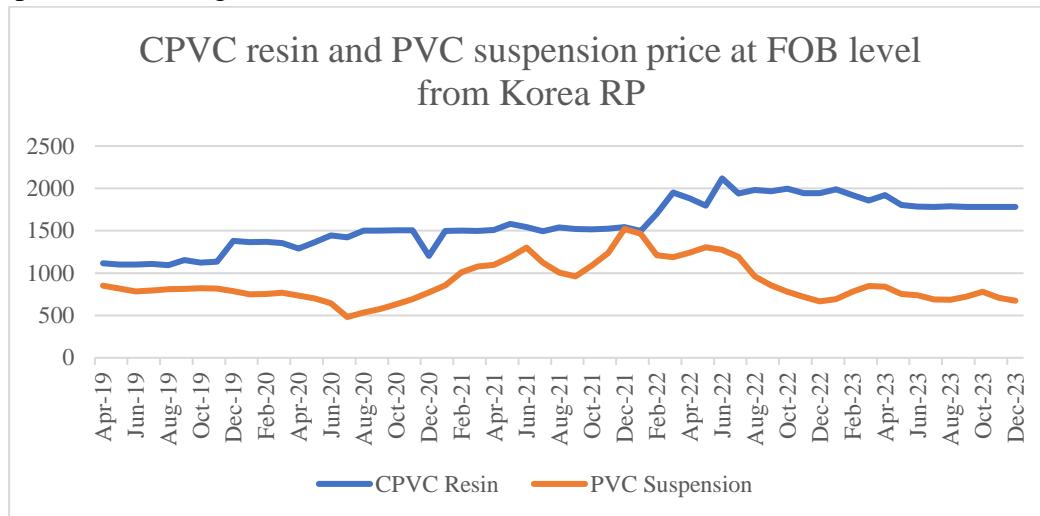
K.2. Submission of the domestic industry

153. The domestic industry has made following comments to the disclosure statement:

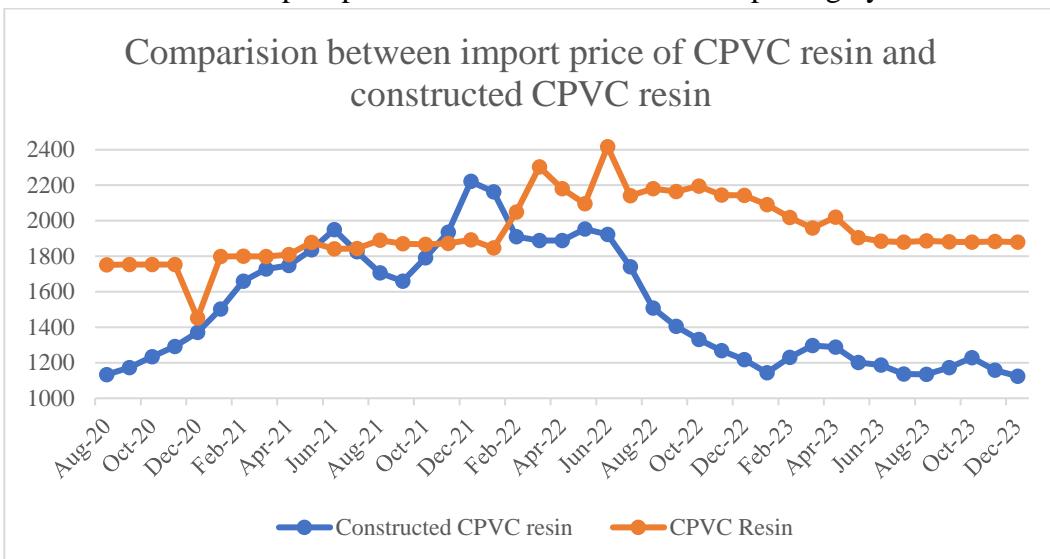
- i. There is no correlation between import price of CPVC resin and PVC suspension resin (raw material) from China. Since FOB level comparison eliminates the freight cost and freight had become abnormally high time during 2021-22, comparison at FOB level is far more revealing than at CIF level.



- ii. The difference between the price of imports in the duty-free segment and duty paid segment has further increased in the post period of investigation and is as high as 1000\$/MT.
- iii. Nowhere during the course of the investigation has Hanwha claimed that the benchmark form of measures was higher than its normal value and therefore, it was “forced” to export the product at these prices.
- iv. Gap between CPVC resin and PVC suspension was very low before the measures were imposed. As the post covid freight issue intensified, the prices of PVC suspension and CPVC resin went up. With the situation normalized now, the price of PVC suspension has declined. However, the price of CPVC resin has not undergone proportionate change.



- v. If the constructed price of CPVC resin (based on price of PVC suspension from Korea RP) is compared with actual price of CPVC resin, constructed price is significantly lower than the actual import price which shows the artificial pricing by Hanwha.



- vi. Hanwha is the sole producer/exporter from Korea and even though their response was rejected in the original investigation, the export price and the landed price calculated by the Authority was based on their exports. It should not be considered that the producer has participated for the first time in the sunset review investigation. The

producer had participated in the original investigation as well. The Authority had found that the producer was exporting the product to the Indian market at dumped prices.

vii. Producer has admitted that it has expanded its capacity by 30,000 MT. Considering the total capacity of 60,000 MT, the domestic sales are less than 15,000 MT. 75% of the capacity, which amounts to 45,000 MT will eventually be used for export purposes. As these capacities became operational, the producer started capturing the other markets.

SN	Particulars	UOM	Exports to India	Exports to rest of the world
1	2023-M10	USD/MT	1,545	1,733
2	2023-M11	USD/MT	1,867	1,620
3	2023-M12	USD/MT	1,880	1,805
4	2024-M01	USD/MT	1,868	1,290
5	2024-M02	USD/MT	1,873	1,075
6	2024-M03	USD/MT	1,846	1,085

viii. FOB price to the other countries have declined sharply whereas the export price to India has remained constant which establishes that the export price of Hanwha to India was impacted by benchmark form of measures and not market driven.

ix. If CPVC resin has come into non CPVC resin producing countries from China or Korea and has been converted into CPVC compound, it is clearly subject to duty. The exporters and importers should be required to establish the origin of CPVC resin in the CPVC compound exported from countries other than China and Korea RP.

x. The domestic industry has only requested for extension of duration of anti-dumping duty and modification of form of duty and not re-quantification of anti-dumping duty.

xi. As per Section 9A (5) of the Act and Rule 23 of the Rules, the only objective and purpose of a sunset review is to determine, after examination of relevant factors, whether the period of imposition is needed to be extended for a further duration of five years.

xii. If the Authority decides to extend the duration, the quantum or form of measure is not an automatic proposition/ conclusion/ determination but has to independently determine and decide whether quantum of anti-dumping duty should be the same as before, and whether the form will be the same as before.

xiii. If any party needs re-quantification of anti-dumping duty, the party is free to approach the Authority through the provisions of review under the law. A sunset review is not the appropriate review to seek re-quantification of anti-dumping duty.

xiv. The injury margin determined is negative only because of the benchmark form of measures. Otherwise, dumping margin and injury margin is not only positive, but also very significant, as is established by duty free category imports prices.

xv. WTO member countries, such as European Union (EU), USA, China, Argentina etc. extend the same quantum of anti-dumping and do not re-quantify quantum in sunset review.

xvi. In the sunset review of Caustic Soda from Chinese Taipei, Indonesia and EU (excluding France), the Authority determined a negative dumping margin for PT

Asahimas & Tricon. Since there was likelihood of duties, the Authority recommended same duties as determined in the 1st sunset review investigation.

xvii. In the sunset review investigation concerning imports of Viscose Staple Fibre, PT Asia Pacific did not participate in the original and 1st sunset review investigation. The injury margin determined for the producer in the second sunset review was negative. The Authority concluded that there is likelihood of continuation or recurrence of dumping and injury and recommended same duties for the producer as determined in the 1st sunset review investigation.

xviii. While the anti-dumping duties are operative, no definitive inference can be drawn from the change in the dumping margin and injury margin in such situations due to the fact that anti-dumping duty is in place.

xix. Re-quantification of duties is not appropriate as the Authority has already found that there is significant difference in the duty free and duty paid imports and the importers have reported import prices at higher than actual price. Further, because of the benchmark form of measures in force, the dumping margin cannot be considered relevant to determine if the exporters have resorted to aggressive pricing.

xx. Re-quantification of duties is not appropriate as the Authority has already found that there is significant difference in the duty free and duty paid imports and the importers have reported import prices at higher than actual price. Further, because of the benchmark form of measures in force, the dumping margin cannot be considered relevant to determine if the exporters have resorted to aggressive pricing.

xxi. Even in the original anti-dumping investigation, it had highlighted that the benchmark form of measures will not serve the purpose as the exporters keep price of the product artificially high to avoid benchmark form of anti-dumping duty. However, considering the huge demand supply gap at that time and the fact that the domestic industry had just commenced commercial production, the Authority found it appropriate to recommend anti-dumping duty.

xxii. The domestic industry has been in existence for a sufficiently long period now and new producers have entered into the market. Conditions which existed at the time of original investigation have now ceased. Therefore, there is no need for benchmark form of measures.

xxiii. Owing to the demand and supply gap, there were no aggressive price wars between the domestic industry and the subject exporters. But the situation is unlikely to continue in the market, as significant capacities are coming up in India. As the demand supply gap will be completely bridged soon, the price war will start. The consumers will buy from the supplier who offers lower prices.

xxiv. The non-participating producers from the original investigation must be treated non-cooperative and adverse facts must be applied and no separate anti-dumping duty should be granted.

L.3 Examination by the Authority

154. The Authority has examined the post disclosure submissions made by the domestic industry, and the other interested parties and notes that some of the comments are reiterations which have already been examined suitably and addressed adequately in the

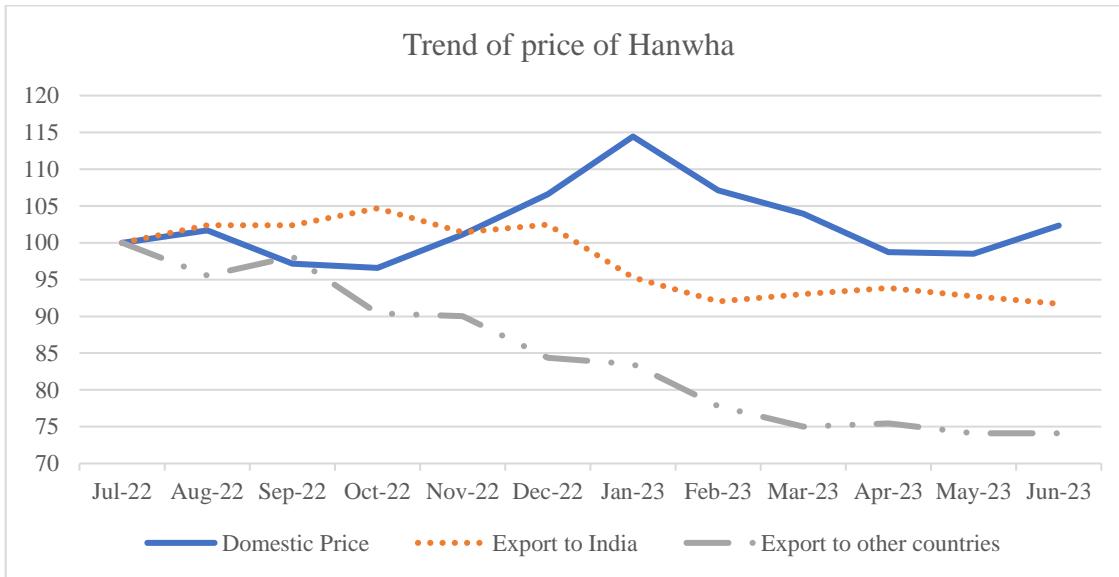
relevant paras of the disclosure statement. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.

155. As regard the submission of Lubrizol on European Union being considered as an appropriate market economy country for China PR, the Authority notes that an appropriate market economy third country shall be selected keeping in view the level of development of the country concerned and the product in question. However, no information has been provided by any interested parties to establish European Union as an appropriate market economy country.
156. As regards the submission of Hanwha that average normal value and non-injurious price should not be considered for third country analysis because the prices of the product are very volatile in nature, the Authority notes that Hanwha has not claimed any monthly price analysis in its questionnaire response. Hanwha has requested monthly comparison for the first time in the comments to the disclosure statement. It is seen that Hanwha itself has shown little variation in its export price to India, significant decline in export price to third countries over the investigation period, and fluctuating trends in its domestic prices. Further, Hanwha has provided monthly data which shows that whereas its export price to India and to the rest of the world were earlier higher than domestic price, the gap reduced during the investigation period and reversed towards the later part of the investigation period. In fact, by their own admission, its export price to rest of the world in last six months of the period of investigation were lower than domestic prices. The Authority also considers that the disclosure statement is not the relevant stage to make such significant claims, as it requires calling of significant information and thereafter its elaborate examination and investigation. Above all, even if the request of the exporter was to be considered, it is seen that Hanwha has not provided information on monthly cost of production. The export price of Hanwha to India has not shown such material movement over the period of investigation, as is seen in respect of export price to third countries. Further, it is seen that the domestic prices were relatively stable, despite changes in export prices and variations in input costs. While on one hand Hanwha has commented that the prices are volatile, it has also now claimed that exports are also under contract. Such significant statements on the pricing methodology at the stage of comments to disclosure statement casts significant doubts over the pricing methodology of the producer. Therefore, the submission cannot be entertained.
157. As regard the contention that the prices of CPVC resin are not dependent on the prices of PVC suspension resin, as the two products have different market and CPVC is produced from nascent stage of chlorine, the Authority notes that it is undisputed that PVC suspension resin is the immediately preceding raw material for CPVC resin. In the questionnaire response, Hanwha itself has recognized PVC suspension as the raw material. The domestic industry however had made elaborate submissions and presented comparisons between CPVC resin and PVC suspension in the application itself and highlighted it in the oral hearing and the written submissions. It is also noted that the

movements in CPVC prices in the domestic market, exports to India and to the rest of the world does not show either a similar pattern, or a consistent trend. None of these prices have moved in line with the export price of PVC suspension to India. The data also indicates relatively insulated domestic market, but export price being influenced by some other factor.

158. Hanwha did not dispute the comparison in any of its previous submission and has disputed it for the first time in the comments to the disclosure statement. The disclosure statement is not the relevant stage to advance such major claims and make new claims on parameters that affect essential facts. The Authority also notes that the prices of raw material and finished goods of the same producer should move in line unless the prices of one of the products are impacted due to some factor. Therefore, a comparison with of CPVC resin with PVC suspension will be appropriate.
159. As regards the submission that idle capacity with Hanwha is only 6% of the demand in India, the Authority notes that the producer is already exporting 46% of its total sales to India. These sales were more than the domestic sales of the domestic industry and Hanwha in the period of investigation. A significant share of its exports is being sold to the Indian market showing the importance of India for the CPVC resin operations of the producer. Further, the export price to other countries was significantly lower as compared to export price to India. Therefore, cessation of measures will allow the exporter to divert their exports to India.
160. As regards the prices of Hanwha being aligned to benchmark level, the Authority notes that the information provided by Hanwha itself shows that the export price to other countries has declined significantly over the period of investigation. The export price to India in the period of investigation has remained above 1800 \$/MT but the export price to other countries has declined to below 1600 \$/MT. The table below shows the submission of Hanwha.

Ex-Factory Prices of CPVC Resin (USD/MT)			
Month	Domestic Price (Korea RP)	Export to India	Export to Third Country
Jul-22	***	***	***
Aug-22	***	***	***
Sep-22	***	***	***
Oct-22	***	***	***
Nov-22	***	***	***
Dec-22	***	***	***
Jan-23	***	***	***
Feb-23	***	***	***
Mar-23	***	***	***
Apr-23	***	***	***
May-23	***	***	***
Jun-23	***	***	***



161. The post period of investigation information provided by the domestic industry also shows that the export price to other countries has declined to about 1000\$/MT whereas the export price to India has remained at almost the same level. Therefore, it cannot be considered that the export price to India is not impacted by the benchmark form of measures.

162. As regards the submission that the export price to India was under long term contract, the Authority notes that the claim has been made by Hanwha first time at this stage. Hanwha had claimed normal value and export price based on date of invoice. No claim was made in the questionnaire response or during the verification to take into account the pricing as per contract. In fact, while Hanwha has now claimed that it has exported under long term contracts, in Part II of the questionnaire response it had stated as below.

16. What percentage of your firm's sales of PUC to Indian customers are on a contract (per cent) vs. spot sales (percent) basis? If you sell on a contract basis, please answer the following questions with respect to provisions of a typical contract.

- (a) *What is the average duration of a contract?*
- (b) *How frequently are contracts renegotiated?*
- (c) *Does the contract fix quantity, price or both?*
- (d) *Does the contract have a meet or release provision?*
- (e) *What are the standard quantity requirements, if any?*
- (f) *What is the price premium for sub-minimum shipments?*

<Answer >

Since HSC's all export sales to Indian customers are made on spot basis, this question is not applicable.

163. Hanwha has made different submissions for pricing methodology to different markets which casts doubts over the reported export price to India.

164. As regards the submission that Hanwha should be given separate duty based on current margins, the Authority notes that examination of the import price in the present review clearly shows that the same were impacted by the benchmark form of measures. It will not be appropriate to recommend duties based on the dumping margin and the injury margin of the present period. There are no imports of CPVC resin or compound from Korea RP in the duty-free market, but the significant difference in prices in case of China highlights that the average import price is impacted by the benchmark form of measures particularly when these prices have not moved in line with raw material prices.

165. As regards the submission that Authority has on many previous occasions given individual separate duty to the exporters in the sunset review investigation despite exporter categorized as non-co-operative in the original investigation, it is noted that in the present investigation, there is a likelihood of dumping and injury, and hence no anti-dumping duty based on current dumping and injury margin has been recommended. It is also noted that Hanwha was an interested party, and had indeed participated in the original investigation.

M. CONCLUSION

166. Having regard to the contentions raised, information provided, submissions made and the facts available before the Authority as recorded above and on the basis of the above analysis of the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority concludes that: -

- a. The scope of the product under consideration is same as defined in the original investigation, i.e., Chlorinated Polyvinyl Chloride (CPVC) - whether or not further processed into compound. None of the interested parties have made any submissions with regard to the scope of the product under consideration, which justifies any modification to the scope of the product under consideration earlier notified by the Authority.
- b. The applicant was the sole producer in the original investigation. The applicant was the major producer of the product under consideration in the present period of investigation, has sought extension of anti-dumping duty, and modification of the form of measures on the basis of dumping margin and injury margin that were determined by the Authority in the time of original investigations. The applicant claimed that the import price in the present investigation period were highly unreliable due to the form of measures. The applicant has therefore sought the modification of the form of measures.
- c. Epigral Limited has established production capacity of 30,000 MT and has commenced commercial production in the period of investigation. The company has further stated that it has enhanced its production capacities to 75,000. The company has supported the present application and has sought extension of anti-dumping duty, and modification of the form of measures.

- d. Lubrizol has participated in the investigation and submitted that it is setting up a new plant of 1,00,000 MT of CPVC resin with an intended investment of USD 150 million. The producer has stated that it is likely to commence commercial production in early, 2025.
- e. The applicant constitutes domestic industry under Rule 2(b) of the Rules and the application satisfies the requirements under the Rules.
- f. The CIF import price in case of imports cleared without payment of basic customs duty (“duty free market”) is significantly below the imports cleared after payment of customs duty (“duty paid market”).
- g. While the price of raw materials fluctuated, the import price from the subject countries did not move in tandem with the input prices. The CIF import price has by and large remained aligned at the benchmark levels.
- h. The dumping margin for China PR is positive. The dumping margin for the participating producer from Korea RP is negative. However, the CIF import price is impacted by the benchmark form of measures in case of both the countries.
- i. While dumping margin is positive both in respect of imports cleared without payment of customs duty and imports cleared after payment of customs duty, there is very significant difference in the two dumping margin. Dumping margin is significantly high in case of “duty-free imports”.
- j. Considering the low capacity with the Indian industry and the huge demand in the country, it was natural that the imports from all sources would have increased.
- k. DRI found evidence that higher than actual value was being declared before the customs authorities while getting the goods cleared, and minimum or no anti-dumping duty was being paid.
- l. Post the imposition of anti-dumping measures in the form of benchmark measures, the landed price of imports is above the selling price of the domestic industry, resulting in negative price undercutting. However, this is due to benchmark form of duty. The price undercutting is significantly high in case of imports reported under duty exemption scheme.
- m. The benchmark form of measures has allowed the domestic industry to sell the volumes to the extent of its capacity and at desired prices.
- n. The domestic industry has expanded its capacity in the post period of investigation by adding another 10,000 MT capacity with an investment of Rs 150 crores. The domestic industry plans to further expand its capacities.
- o. The domestic sales in case of the participating producer from Korea RP are only between 20-30% of its capacity which indicates that it has surplus capacities. Despite the same, the company is further expanding its capacities.
- p. More than 50% of the production in case of the participating producer from Korea RP is exported which shows high share of export orientation.
- q. Capacities in China PR are 157% and 119% of the demand in China PR of CPVC resin and compound respectively which shows excess capacities with Chinese producers.
- r. Despite huge excess capacities, the Chinese producers are undertaking further capacity expansion.

- s. While the price undercutting is negative in case of “duty paid imports”, the price undercutting is significantly positive in case of “duty-free imports”.
- t. The CIF import price in case of imports cleared in “duty free market” is below the selling price and cost of sales of the domestic industry.
- u. 40-50% of exports from Korea RP and 60-70% of exports from China PR to third countries are at dumped prices. These exports cumulatively are around 80% of the gross demand in India.
- v. 30-40% of exports from Korea RP and 50-60% exports from China PR to third countries are at injurious prices. These exports cumulatively are around 60% of the gross demand in India.
- w. The anti-dumping duties in the past have allowed the domestic industry to grow and has also stimulated other producers to setup plants in India.
- x. The total capacity in India is 10,000 MT in 2018 which is expected to increase to 2,15,000 in 2025 with value of investment being around Rs. 2,400 crore (\$300 Million).
- y. The Indian industry is undertaking significant capacity expansions which are likely to bridge the demand supply gap. There is large volume of imports from the non-subject countries as well.
- z. Consumers have imported from the subject as well as non-subject countries and price from non-subject countries is higher than the price from subject countries. This shows that the price of the downstream product is inelastic to the price of resin or compound.
 - aa. The impact of anti-dumping duty on the end consumer is found insignificant.
 - bb. The investigation had not brought to light any considerations demonstrating that such continuation of measures would not be in the public interest.
 - cc. There is a likelihood of dumping and likelihood of injury from the subject countries in an event of expiry of measures and if the anti-dumping measures are not modified.

N. **RECOMMENDATIONS**

- 167. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers and other interested parties to provide information on the aspects of likelihood of continuation/recurrence of dumping and injury.
- 168. Having concluded that there is likelihood of continuation/recurrence of dumping and injury if the existing anti-dumping measure are allowed to cease, the Authority is of the view that continuation of duration of duty is required on the imports of the product under consideration from the subject countries. As regards the form of measures, the Authority considers it appropriate to recommend modification of the form of measure and impose fixed quantum of anti-dumping duty. The Authority examined the quantum of duty that should be recommended which would mitigate the dumping/injury. The volume of dumped and injurious imports from the subject country to India and to the rest of the

world have been considered. Further, the surplus capacities coupled with capacity expansions and the price to third countries have also been examined. Under the aforesaid circumstances, the Authority considers it appropriate to recommend continuation of the anti-dumping measure on the imports of the product under consideration from the subject countries which would address and mitigate the likelihood of dumping and injury from the subject countries.

169. With regard to duty structure, keeping into account factual matrix of the case and having regard to contentions raised and examination of the Authority on import price being aligned to benchmark level, it is deemed appropriate to recommend a fixed form of anti-dumping measure. The DRI found that imports have been reported at prices nearing benchmark price and have therefore, did not attract anti-dumping duty. This has resulted in significant avoidance of anti-dumping duty and consequent loss of revenue to the government. In order to determine the quantum of anti-dumping duty, the Authority has considered the dumping margin and injury margin determined in the original investigation.

170. In view of above, the Authority thus considers it appropriate and necessary to recommend continuation of definitive antidumping duty. Accordingly, considering the facts and circumstances of the case, as established hereinabove, antidumping duty equal to the amount indicated in Column (8) of the duty table given below is recommended to be imposed from the date of notification to be issued in this regard by the Central Government, on all imports of the product under consideration, from the subject countries for a further period of five (5) years.

Duty Table

SN	Tariff Item	Description of goods	Country of Origin	Country of export	Producer	Specification	Amount USD/M T
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	39041010	Chlorinated Polyvinyl Chloride (CPVC) -	China PR	Any country including China PR	Any	CPVC resin	790
	39041020						
	39041090						
	39042100						
2	39042200	whether or not further processed into compound	China PR	Any country including China PR	Any	CPVC compound	605
	39043090						
	39044000						
	39045090						
3	39046990		Any country other than China PR and Korea RP	China PR	Any	CPVC resin	790
	39049010						
	39049090						

4			Any country other than China PR and Korea RP	China PR	Any	CPVC compound	605
5			Korea RP	Any country including Korea RP	Hanwha Solutions Corporation	CPVC resin	593
6			Korea RP	Any country including Korea RP	Hanwha Solutions Corporation	CPVC compound	792
7			Korea RP	Any country including Korea RP	Any producer other than mentioned above	CPVC resin	593
8			Korea RP	Any country including Korea RP	Any producer other than mentioned above	CPVC compound	792
9			Any country other than China PR and Korea RP	Korea RP	Any	CPVC resin	593
10			Any country other than China PR and Korea RP	Korea RP	Any	CPVC compound	792

* Customs classification is indicative only and not binding on the scope of the product under consideration. If the product is imported in any other code, the same is liable to anti-dumping duty.

O. Further Procedure

171. An appeal against the recommendation of the Authority shall lie before the Customs Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.



Anant Swarup
(Designated Authority)