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F. No. 7/27/2023-DGTR
Government of India, Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
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5, Parliament Street, New Delhi- 110001

Date: 4th March, 2024

INITIATION NOTIFICATION

Case No. – AD (AA) – 03/2023

Subject: Anti-absorption investigation of the anti-dumping duty imposed on imports of ‘Polyethylene Terephthalate Resin’ originating in or exported from China PR.

1. **F. No. 7/27/2023-DGTR** - Having regards to the Customs Tariff Act, 1975, as amended from time to time (hereinafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the “Rules” or the “Anti-Dumping Rules”), IVL Dhunseri Petrochem Industries Private Limited and Reliance Industries Limited (hereinafter referred to as the “applicants”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) alleging absorption of anti-dumping duty imposed on imports of polyethylene terephthalate resin (hereinafter referred to as “PET Resin” or the “subject goods” or “product under consideration”) originating in or exported from China PR (hereinafter referred to as “subject country”) and produced by Wankai New Materials Co., Ltd. or Zhejiang Wankai New Materials Co., Ltd. (hereinafter referred to as “Wankai” or the “subject exporter”).
2. In terms of Section 9A(1B) of the Act and Rule 29 (2) of the Rules, where an article subject to anti-dumping duty is imported into India at such price or under such condition which is considered as absorption of existing anti-dumping duty, which is thereby or may be rendered ineffective, the Designated Authority may, after conducting review, recommend modification in the form or basis of the duty and/or the quantum of anti-dumping duty after reassessing the dumping margin and injury margin. In accordance with the same, the Authority is required to review, based on an application with sufficient evidence, made by or on behalf of the domestic industry or any other interested party as to whether the existing anti-dumping duty is thereby or may be rendered ineffective because of absorption of duty.

A. Background

3. The anti-dumping investigation concerning imports of PET Resin from the China PR was initiated vide notification dated 1st October 2019. Vide final findings F No. 6/24/2019-DGTR dated 28th December 2020, the Authority recommended the imposition of anti-dumping measures on imports of PET Resin for a period of 5 years. Such duties were notified by the Ministry of Finance vide Notification No. 18/2021-Customs (ADD) dated 27th March 2021. The said duties are set to expire on 26th March 2026. The exports by the subject exporter, Wankai, were subject to a duty of USD 15.54 per MT, while the duties applicable to other exporters ranged from USD 60.92 to USD 200.66 per MT.

B. Product under consideration.

4. The scope of the product under consideration attracting the anti-dumping duties is “virgin polyethene terephthalate (PET) resin”, defined as “polyethene terephthalate resin having an intrinsic viscosity of 0.72 decilitres per gram or higher”. The scope of the product under consideration for the purpose of the present review remains the same as defined in the original investigation. The scope of the product under consideration does not include recycled PET Resin.
5. PET Resin is used for the manufacturing of preforms, which are then converted into PET bottles and jars for the storage of mineral water, carbonated soft drinks, edible oils, pharmaceutical products etc.
6. The product under consideration is classified under Chapter 39 of the first schedule to the Customs Tariff Act, 1975 and further, classified under subheading 3907. The product under consideration has been imported under the tariff items 3907 61 10, 3907 61 90, 3907 69 30 and 3907 69 90. The customs classification is only indicative and is not binding on the scope of the present investigation.

C. Like article

7. The original investigation revealed that there are no known significant differences in the goods produced by the applicants and those exported from the subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification. The two were found to be technically and commercially substitutable. Therefore, for the purpose of the present review, the subject goods produced by the applicants are being treated as “like article” to the subject goods imported from Wankai.

D. Applicants

8. The application for initiation of the review has been filed by IVL Dhunseri Petrochem Industries Private Limited and Reliance Industries Limited. The applicants have claimed that there are two other producers of the like article in India, namely JBF Industries

Limited and Chiripal Polyfilms Limited. The applicants account for 95% of the total domestic production.

E. Scope of the review

9. The present review is in respect of absorption of anti-dumping duty in force by Wankai New Materials Co., Ltd. or Zhejiang Wankai New Materials Co., Ltd. The review covers goods exported by Wankai directly, or through exporters.

F. Grounds for an absorption reinvestigation

10. The applicants have claimed that the export price for Wankai has decreased post imposition of anti-dumping duty, without there being a commensurate change in the cost of production. The information provided by the applicants shows that while the raw material cost and overall cost of production have also declined, the decline in the export price of Wankai is much higher. In this regard, the applicants have relied upon the prices of the key raw materials, PTA and MEG, as published on the Trade Map, and their own cost of production.
11. The applicants have claimed that since exporter-wise prices of exports of the like article to third countries are not available, the same has not been relied upon. In any case, the provisions of Rule 29(1) of the Anti-Dumping Rules require the decline in export price to be compared to a change in the cost of production **or** export price to third countries **or** the resale price of the article in India. Therefore, it is not necessary that the export price decline in relation to all three for absorption to be established.
12. The applicants have also given *prima facie* information showing an increase in the dumping margin and injury margin. The information provided by the applicant, *prima facie*, shows a decline in the import price without a commensurate decline in the cost of production from China showing absorption of anti-dumping duties, and a consequent increase in the dumping margin and injury margin.
13. As per the provisions of Rule 29(3) of the Rules, any interested party may file an application seeking initiation of anti-absorption review within two years from the date of imposition of definitive anti-dumping duty. The proviso to the sub-rule provides that in view of special circumstances in a given case, for reasons to be recorded in writing, the Designated Authority may accept an application for such initiation after the expiry of the said period of two years.
14. The applicants have also explained that good cause exists for the application being filed after the expiry of two years from the date of imposition of duty. The applicants have highlighted that the producer Wankai has increased its capacities significantly in the recent period, and therefore, absorbed the duties to utilize the new capacities created. As a result of the same, there is a significant increase in exports of Wankai to India. In view of the justification adduced by the applicants, the Authority has *prima facie* found it

appropriate to consider the application after the expiry of the period of two years from the imposition of duty.

G. Period of absorption

15. The application was filed considering January-June 2023 as the period in which the absorption has taken place. The applicant has further provided the data for period up to September 23. The absorption period for the purpose of the present review has been considered as 1st January 2023 to 30th September 2023 (9 months). The Authority shall compare the prices in such period to the prices in the period of investigation of the original investigation.

H. Initiation of anti-absorption review

16. On the basis of the duly substantiated written application submitted by the applicants and having satisfied itself based on the *prima facie* evidence submitted by the applicants concerning absorption of the anti-dumping duties imposed on the imports from China PR, the Authority, hereby, initiates an anti-absorption investigation to determine the existence and effect of absorption of the anti-dumping duty on imports of the product under consideration by the producer/exporter from China PR and to recommend modification of the quantum or form of the anti-dumping duty, in accordance with Section 9A(1B) of the Act and Rule 30 of the Rules.

I. Procedure

17. The scope of the present review is limited only to the re-computation of dumping margin and injury margin. The provisions as stipulated under Rules 29, 30 and 31 of the Rules shall be followed in the present review. The provisions of Rule 6 shall apply *mutatis mutandis*.

J. Submission of information

18. All communication should be sent to the Designated Authority via email at email address adg16-dgtr@gov.in, adv13-dgtr@gov.in, jd16-dgtr@gov.in and dd15-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/ MS Word format and data files are in MS Excel format.
19. The subject exporter, the government of the subject country through their embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
20. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below.

21. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.
22. Interested parties are further advised to keep a regular watch on the official website of the Designated Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

K. Time limit

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

L. Submission on information on confidential basis

25. Any party making any confidential submission or providing information on a confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response/submissions.
26. The parties making any submission (including appendices/annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-confidential versions separately.
27. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
28. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is

claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority. The other interested parties can offer their comments on the confidentiality claimed within 7 days of receiving the non-confidential version of the document.

29. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.
30. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.
31. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

A. Inspection of Public File

32. A list of registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions/response/information to all other interested parties. Failure to circulate a non-confidential version of submissions/responses/information might lead to the consideration of an interested party as non-cooperative.

B. Non-cooperation

33. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.



(Anant Swarup)

Designated Authority