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Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001

Case No – AD(OI) – 14/2023
INITIATION NOTIFICATION

Dated: 26th September, 2023

Subject: - Initiation of Anti-Dumping Investigation concerning imports of “Epichlorohydrin” originating in or exported from Korea RP, Thailand and China PR.

1. 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 the “Rules or AD Rules”), Meghmani Finechem Limited (hereinafter referred to as the “applicant”) has filed an application before the Designated Authority (hereinafter referred to as the “Authority”) for initiation of an anti-dumping investigation concerning imports of “Epichlorohydrin” (hereinafter referred to as the “subject goods” or the “product under consideration” or “ECH”) originating in or exported from Korea RP, Thailand and China PR (hereinafter referred to as the “subject countries”).
2. The applicant has alleged that dumping of imports of the subject goods originating in or exported from the subject countries has materially retarded the establishment of the domestic industry and has caused material injury to the domestic industry. Accordingly, the applicant has requested for the imposition of anti-dumping duty on the imports of the subject goods from the subject countries.
 - A. **Product under consideration**
3. The product under consideration in the present investigation is Epichlorohydrin, abbreviated as ECH. The chemical name of the product, which is also used in the customs classification is 1-chloro-2,3-epoxypropane. Its chemical formula is C_3H_5ClO .
4. It is a colourless liquid with a pungent, garlic-like odour, moderately soluble in water, generally produced with purities of greater than 99%. It is majorly used to make epoxy resins, which account for nearly 80% of its consumption. It is also used in pharmaceutical API, water treatment, paper chemicals, synthetic rubbers, surfactants, adhesives, elastomers, plastics and rubbers and as a strength additive in papers. The product can be produced using propylene as well as using glycerine.
5. The product under consideration is conventionally produced using propylene, where propylene chlorination is done at high temperatures to produce allyl chloride. Following allyl chloride separation and allyl chloride hydrochlorination, dichlorohydrine is produced

and allylchloride is recovered. Dichlorohydine undergoes saponification to produce ECH which is then purified. However, such a production process results in high waste generation and thus, requires high capital expenditure for disposal. To overcome these challenges, ECH is now produced using bio-based glycerine, which is an environment friendly production process.

6. The subject goods are classified under Chapter 29 of the Customs Tariff Act under the heading 2910 under the subheading 2910 30 00. The customs classification is only indicative and is not binding on the scope of the product under consideration.

B. Like article

7. The applicant has claimed that there are no known significant differences in the goods produced by the domestic industry and those exported from the subject countries. While the applicant has produced the subject goods using the bio-based glycerine route, the product can be produced using the propylene route as well. The applicant has submitted that there are no differences in the product manufactured using propylene, if any, and that produced using glycerine. ECH produced using both routes have the same technical and physical characteristics, applications, pricing and customers. The subject goods produced by the domestic industry are comparable to the imported goods from the subject countries in terms of technical specifications, functions & uses, pricing, distribution & marketing and tariff classification of the goods. The applicant claimed that the two are technically and commercially substitutable. Therefore, for the purpose of the proposed investigation, the subject goods produced by the applicant are being treated as 'like articles' to the subject goods originating in or exported from the subject countries.

C. Domestic industry and standing

8. The application has been filed by Meghmani Finechem Limited. The applicant is the sole producer of the subject goods in the country, having commenced commercial production in June 2022.
9. The applicant has stated that it has not imported the subject goods from the subject countries and that it is not related to any exporter of the subject goods in the subject countries or importer of the subject goods in India.
10. The Authority notes that Meghmani Finechem Limited is the sole producer of like article in India. The applicant accounts for a major proportion of the total domestic production in India. In view of the above and after due examination, the Authority notes that the applicant constitutes eligible domestic industry in terms of Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

D. Normal value

Normal value for Korea RP

11. The applicant has claimed that it did not have access to any evidence of domestic selling price in Korea RP. Thus, the applicant has adopted the price of exports from Korea RP to an appropriate third country, that is Japan, derived through Trade Map data for the determination of normal value, considering that the volume of exports to Japan represents

the volume of exports that are comparable to exports to India. The FOB prices derived from the Trade Map have been adjusted for port expenses, inland freight, commission and bank charges to determine ex-factory normal value. There is sufficient *prima facie* evidence of normal value claimed for Korea RP.

Normal value for Thailand

12. The applicant has claimed that it did not have access to any evidence of domestic selling prices in Thailand. Thus, the applicant has adopted the price of exports from Thailand to an appropriate third country, that is Korea RP, derived through Trade Map data for the determination of normal value, considering that the volume of exports to Korea RP represents the volume of exports that are comparable to exports to India. The FOB prices derived from the Trade map have been adjusted for port expenses, inland freight, commission and bank charges to determine ex-factory normal value. There is sufficient *prima facie* evidence of normal value claimed for Thailand.

Normal Value for China PR.

13. The applicant has cited and relied upon Article 15(a) (i) of China's Accession Protocol. The applicant has claimed that the producers in China PR must be asked to demonstrate that market economy conditions prevail in the industry producing the subject goods in terms of Para 8(3) of Annexure I of the Rules with regard to the manufacture, production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of para 7 and 8 of Annexure I to the Rules.
14. The applicant has submitted that the data relating to cost or price in a market economy third country or recourse to other alternative methods is not available at this stage. The applicant has constructed the normal value based on the best estimates of the cost of production in India as per the best information available with reasonable addition for selling, general & administrative expenses, and profits. There is sufficient *prima facie* evidence of normal value claimed for Thailand.-

E. Export price

15. The export price of the subject goods has been determined by considering the CIF price of the subject goods, as reported in the DGCI&S data. Price adjustments have been made on account of ocean freight, marine insurance, commission, port expenses, inland freight, and bank charges to arrive at an ex-factory export price. There is sufficient evidence of export prices claimed for the subject countries.

F. Dumping margin

16. The normal value and export price have been compared at the ex-factory level. The Authority has compared the normal value and export price on a quarterly basis. There is sufficient evidence that the normal value of the subject goods in the subject countries is significantly higher than the ex-factory export price indicating, *prima facie*, that the subject goods are being dumped by the exporters from the subject countries into the Indian market and the dumping margin is above *de-minimis* so as to justify the initiation

of the investigation.

G. Injury and Causal link

17. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The applicant has furnished *prima facie* evidence establishing that the imports have materially retarded the establishment of the domestic industry in India. The applicant has claimed that the volume of imports has increased significantly despite the domestic industry commencing production, while the prices have declined even below the raw material cost. It has also been claimed that the imports are undercutting the actual as well as the projected prices of the domestic industry, and the significant decline in prices is suppressed and depressed the domestic prices. The applicant has highlighted that they have been unable to achieve their projected prices due to the significantly low import prices. This has adversely impacted the performance of the domestic industry with respect to low-capacity utilization production and sales, which are much below the projected levels as the imports forced the domestic industry to suspend operations for 50% of their operating period. Despite having the capacity to cater to more than half the market share, the domestic industry has been able to cater to less than 10%, resulting in a significant accumulation of inventories. The applicant has claimed that they are unable to recover even their variable costs and have faced significant losses, cash losses and negative return on capital employed. There is sufficient *prima facie* evidence of injury being caused to the domestic industry in the form of material retardation by the dumped imports from the subject countries to justify the initiation of an anti-dumping investigation.

H. Initiation of Anti-Dumping Investigation

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

I. Subject countries

19. The applicant had requested the initiation of an anti-dumping investigation into imports from the People's Republic of China, Taiwan, the Republic of Korea and the Kingdom of Thailand. However, the Authority has determined that the dumping margin for imports originating in or exported from Taiwan is negative. Accordingly, the Authority has not found it appropriate to initiate an investigation into imports from Taiwan. Therefore, the subject countries for the present anti-dumping investigation are Korea RP, Thailand and China PR.

J. Period of investigation

20. The period of investigation for the purpose of the present investigation is 1st April 2022 to 31st March 2023 (12 months). The injury analysis period covers the period of investigation and the three preceding financial years 2019-20, 2020-21, 2021-22 and the period of investigation. Further, since the applicant was operational only during the period of investigation, the quarterly performance of the applicant may also be analyzed.

K. Procedure

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

L. Submission of Information

22. All communication should be sent to the Authority via email at the email addresses dd15-dgtr@gov.in, jd13-dgtr@gov.in, adv11-dgtr@gov.in, and adg13-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.
23. The known producers/exporters from the subject countries, their Governments through their Embassies in India, the importers and users in India known to be concerned with the subject goods and the domestic producer 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.
24. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below on the email addresses mentioned hereinabove.
25. 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.
26. Interested parties are further advised to keep a regular watch on the official website of the Authority <http://www.dgtr.gov.in/> for any updated information with respect to this investigation.

M. Time Limit

27. Any information relating to the present investigation should be to the Authority via email at the email addresses dd15-dgtr@gov.in, jd13-dgtr@gov.in, adv11-dgtr@gov.in, and adg13-dgtr@gov.in, within thirty days (30 days) from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping Rules. It may, however, be noted that in terms of the explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its finding on the basis of the facts available on records in accordance with the Rules.
28. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant investigation and file their questionnaire response/submissions within the above time limit.

N. Submission of information on a confidential basis

29. 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.
30. 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.
31. 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.
32. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to 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.
33. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or in summary form, it may disregard such information.
34. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.
35. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

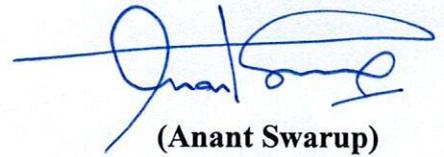
O. Inspection of Public File

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

consideration of an interested party as non-cooperative.

P. Non-cooperation

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



(Anant Swarup)

Designated Authority