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File No. 14/47/2016-DGAD

Government of India Ministry of Commerce & Industry

Department of Commerce

(Directorate General of Anti-Dumping & Allied Duties)

4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi 110001

NOTIFICATION

Dated: 26th March 2018

Final Findings

Subject: Anti-dumping duty investigation on the imports of Ceramic Roller originating in or exported from China PR.

F.No. 14/47/2016-DGAD: 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, as amended from time to time (hereinafter also referred to as the Rules) thereof;

A. BACKGROUND OF THE CASE

1. Whereas, M/s Futura Ceramics Ltd. (hereinafter referred to as ‘petitioner’) had filed an application (also referred to as petition) before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped articles and for Determination of Injury) Rules, 1995 as amended from time to time (hereinafter referred to as the AD Rules) for initiation of anti-dumping investigation concerning imports of “Ceramic Roller” (hereinafter referred to as subject goods or product under consideration) originating in or exported from People’s Republic of China (hereinafter referred to as subject country).

B. PROCEDURE

2. The procedure as described herein below has been followed:
 - a. The Authority under the above Rules, received a written application from the petitioner on behalf of domestic industry of subject goods, alleging dumping of subject goods originating in or exported from subject country and resultant injury to the domestic industry and requesting recommendations for imposition of antidumping duty on imports of the subject goods from the subject country.
 - b. On the basis of sufficient prima facie evidence of dumping of the subject goods, originating in or exported from the subject country, injury to the domestic industry and a causal link between the alleged dumping and injury, the Authority initiated an investigation into the alleged dumping and consequent injury to the domestic

- industry in terms of Rule 5 of the Rules to determine the existence, degree and effect of the alleged dumping of subject goods from the subject country and to recommend an amount of antidumping duty, which if levied on the imports of Ceramic Roller, would be adequate to remove' the 'injury' to the domestic industry.
- c. The Authority notified the Embassy/Representatives of the subject country in India about the receipt of the anti-dumping application before proceeding to initiate the investigations in accordance with sub-rule (5) of Rule 5 supra.
 - d. The Authority issued a public notice dated 19th April, 2017 published in the Gazette of India, Extraordinary, initiating anti-dumping investigation against imports of the subject goods from the subject country.
 - e. The Authority forwarded a copy of the public notice to all the known importers and users association of the subject goods in India and advised them to make their views in writing within forty days from the date of the letter.
 - f. The Authority provided a copy of the non-confidential version of application filed by the petitioner to the known exporters and the Embassy of the subject country in India in accordance with Rule 6(3) of the AD Rules. A copy of the application was also provided to interested party whenever requested.
 - g. The Authority sent questionnaires to elicit relevant information to the following known exporters of subject goods in the subject country in accordance with Rule 6(4) of the AD Rules.
 - a) FCRI
 - b) Aokerola Group
 - c) Zibo Huao Ceramic Raw Materials Co. Ltd
 - d) Zibo Huayan Industrial Ceramics Co. Ltd
 - e) Mega Ceramic
 - f) Yi Xing Hua Bao Ceramic Technology Co. Ltd
 - g) Scien Roller Jincheng Scien Fine Materials Co. Ltd
 - h. In response to the initiation notification, the following exporters/producers have filed questionnaire response along with legal submissions as well.
 - a) FCRI (Pingxiang) Science & Technology
 - b) Industrial Park Co., Ltd
 - c) FCRI IMPORT & EXPORT CO., LTD
 - d) Zibo Huayan International Trading Co., Ltd
 - e) Zibo Huayan Industrial Ceramics Co., Ltd
 - f) Boxing County Jinruiji New Material Co." Ltd"(Producer)
 - g) Zibo Konna Trading Co.Ltd."(Exporter)
 - h) FCRI (Nanhai) New Materials Co., Ltd
 - i) Guangdong King-Strong New Material Technology Co., Ltd
 - j) Foshan Skyplanet Import and Export Co., Ltd.
 - k) High Hope Zhongding Corporation
 - l) Jincheng Scien Fine Materials Co., Ltd.

- i. Questionnaire was sent to the following known importers/users associations of subject goods in India calling for necessary information in accordance with Rule 6(4) of the AD Rules:
 - a. Gujarat Granite Manufacturers Association
 - b. Sabarkantha District Ceramic Association
 - c. All Kerala Tiles and Sanitary Ware Dealers Association
 - d. Indian Council of Ceramic Tiles and Sanitary Ware
- j. None of the Importers/ user associations have filed Importer Questionnaire in response to the Initiation notification
- k. The Authority made available non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by all interested parties. The public file was inspected by a number of interested parties a number of times. Interested parties, who requested inspection and copies of the documents from the public file, were provided with the same.
- l. The Authority accepted the confidentiality claims, wherever warranted after due examination and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on a confidential basis, which was made available through public file.
- m. Further information was sought from the petitioner and other interested parties to the extent deemed necessary. Verification of the data provided by domestic industry was conducted to the extent considered necessary for the purpose of present investigation.
- n. Investigation was carried on for the period April, 2016 - March, 2017 (12 months) (hereinafter referred to as the 'period of investigation' or 'POI') with injury analysis covering the period 2013-14, 2014-15, 2015-16 and the POI.
- o. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to arrange details of imports of subject goods for the past three years, and the period of investigation, and the said information was obtained from the DGCI&S and has been adopted for the purpose of the present investigation.
- p. The Authority has examined the information furnished by the domestic industry to the extent possible on the basis of guidelines laid down in Annexure III of the AD Rules to work out the cost of production and the non-injurious price of the subject goods in India so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- q. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to all interested parties to present their views orally in the public hearing held on 23rd January 2018 which was attended by various parties. All the parties who presented their views in the oral hearing were requested to file written submissions of these views for mutual exchange with opposing interested parties for filing rejoinders thereafter by others.

- r. The submissions made by the interested parties during the course of this investigation, wherever found relevant, have been addressed by the Authority, in this document.
- s. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to 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.
- t. In accordance with the Rules, the Authority disclosed the essential facts of the present investigation to all interested parties vide a disclosure statement issued on 8th March, 2018, and advised them to file the comments on the disclosure statement by 14th March, 2018. The comments received from the domestic industry and other interested parties have been addressed in this findings to the extent considered relevant.
- u. 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 findings on the basis of the facts available.
- v. ‘***’ in this document represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- w. The exchange rate for the POI has been taken by the Authority as **Rs.67.95= 1 US\$**.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Views of the Domestic industry

- 3. The views of the domestic industry are as follows:
 - a) The product under consideration in the present petition is “Ceramic Rollers” or “Rollers” (also known as Ceramic pipes or tubes in market parlance) and is used in Roller Hearth Kilns to transport tiles from one end of the kiln to the other end. By rotating around themselves the rollers allow the tiles to be transported from one end to the other. The Ceramic Rollers are also used in Industries that make S.S. (Stainless Steel) Strips/ Patta to manufacture Stainless Steel Utensils. It is classified under Chapter 69 of the Customs Tariff Act.
 - b) Analysis of import data shows that the importers have used following descriptions for importing the product under consideration. The Petitioner therefore requests consideration of all these descriptions as the scope of the product under consideration.
 - 1) Ceramic Roller
 - 2) High Temperature Ceramic Rollers
 - 3) Refractory Ceramic Roller

- 4) Ceramic Refractory Roller-Roller
- 5) Parts for Kiln Machinery Ceramic Rollers with Springs, etc.
- c) The Rollers enables transport of material from one end to the other on conveyor including the inspection, packing to be in one continuous cycle. Ceramic Rollers used in roller hearth kiln need to satisfy specific criteria such as excellent thermal shock resistance, high alumina content. The straightness tolerances are very strictly maintained to ensure straightness in the rollers.
- d) Depending on customer's requirement, a number of different types of rollers are produced, which can be differentiated on the basis of diameter of the roller and length of the roller. Different densities in the roller are achieved by controlling the composition of raw materials and the process parameters. However, every producer can produce different types of rollers as per the customer's requirement.
- e) Based on import data, it seen that the minimum and maximum diameter of the rollers and the length of the rollers are as shown in the table below. The table also shows the product profile of the petitioner.

	Max. dimensions	
Width	Length	Width
Domestic industry	5800mm	65mm
Imports	4950mm	65mm

- f) The profile of the petitioner is comparable to the profile of the Chinese suppliers. Petitioner has produced rollers of longer length as compared to what is produced and supplied by Chinese producers.
- g) As regards alleged difference in production process, the petitioner submits that while every manufacturer fine tunes its own manufacturing process, the product exported to India by the Chinese producers is also largely of the process as followed by the petitioner. Exceptional situation cannot be pleaded as a general business practice/situation in China, as has been pretended by the exporters. Significant imports into India are of the type of rollers that are produced by the petitioner.
- h) As regards the process contended by China Chamber of International Commerce, petitioner produces and supplies like article.
- i) By their own admission, the product supplied by them is a patented process. If the process is patented, it proves that other producers cannot supply the product using the same process. Other producers therefore have to follow a different process. However, what is relevant to the Designated Authority is whether the petitioner has produced like article to the imported product. By using different process, petitioner has produced like article and that alone is relevant for the present purposes.
- j) The alleged complaint of the importer on quality is quite old and pertains to a period when the petitioner was operating only the first kiln. Ever since petitioner has started the second kiln in early 2015, there is no question of quality complaints, as petitioner has in particular taken care of this aspect while setting up the second kiln.

The second kiln produces the subject goods of the same quality as that of the quality of the subject goods produced and exported by the Chinese producers to India.

- k) Designated Authority has repeatedly held that the difference in quality is not a relevant consideration in anti-dumping cases, whether the imported product is of superior or of inferior quality. In particular, in the matter of Ethylene Propylene Diene Rubber (EPDM), the Designated Authority has held that quality is not a relevant consideration in anti-dumping cases

C.2. Views of the other interested parties

4. The following submission has been made by the importers, consumers, exporters and other interested parties with regard to product under consideration and like article.

- a. The Authority must exclude Ceramic Rollers intended for use at super high temperatures, such as Super High Temperature Ceramic Roller of S-6000 (GF98) and S-5000 (GF95) (hereinafter referred to as 'GF98 and GF95'). The products, GF98 and GF95 ceramic rollers, are held under national patent of the FCRI group (Respondents). Since the products are patented, the Petitioner is not capable of manufacturing the said products.
- b. The Petitioner's product and the Respondents' products are made using different equipment and different technologies. The end products are completely distinct. Therefore, the products of the two are technically and commercially distinct. The core technical characteristics which are present in Respondents' products but lacking in the Petitioner's products are:
 - Load bearing capacity at higher temperature
 - Linearity of the Ceramic Rollers
 - Higher Density
 - Thermal Shock Resistance
- c. The Authority has defined the PUC very broadly and it is unclear whether Ceramic Rollers used for manufacture of Auto Glass, Stainless Steel Strips to manufacture steel utensils are also part of the PUC. The PUC must be narrowly defined to enable proper implementation at the Customs ports.
- d. Chinese production process involves cold isostatic process which improves physical property and gives higher density and better thermal shock resistance performance leading to difference in product quality. Hence they are not directly competitive.
- e. Indian industry is merely able to produce the ceramic rollers of less than 4000 mm (millimetre) in length, therefore only suitable for low temperature common kilns. That is why the Indian ceramic rollers are mainly used for production of low-end ceramic tiles. Oppositely, Chinese producers are able to produce ceramic rollers with maximum length of 5200mm, higher density, and better thermal shock resistance hence they are used for high-end porcelain tiles.
- f. Scope of PUC should be restricted and should not include products Indian producer could not produce or did not yet produce, such as the ultra-high temperature ceramic rollers, the ultra-long ceramic rollers exceeding the maximum length that Indian producer could produce, combined cordierite cooling rollers, and adjusted rollers.

C.3. Examination by the Authority

5. The product under consideration in the present petition is “Ceramic Rollers” or “Rollers” (also known as Ceramic pipes or tubes in market parlance) and is used in Roller Hearth Kilns to transport tiles from one end of the kiln to the other end. By rotating around themselves the rollers allow the tiles to be transported from one end to the other. The Ceramic Rollers are also used in Industries that make S.S. (Stainless Steel) Strips/ Patta to manufacture Stainless Steel Utensils. It is classified under Chapter 69 of the Customs Tariff Act.
6. The main uses of Ceramic Rollers are used in Roller Hearth Kilns to transport tiles from one end of the kiln to the other end. By rotating around themselves the rollers allow the tiles to be transported from one end to the other.
7. The technical needs of Ceramic Roller are changing over the years due to:
 - a) Higher firing temperatures
 - b) Heavier tiles being fired
 - c) Increased Length, Breadth and Thickness of tiles
 - d) Longer length of the kiln itself
 - e) Faster time of firing cycle
8. The assertion of the interested parties regarding the exclusion of patented products which are used in high firing temperature is not acceptable as the mere fact that either the product or the process is patented does not imply that it should be excluded from scope of product under consideration. The Authority has to determine whether the imports from subject country and the product of the domestic industry are like articles. Petitioner has provided evidence to show that the products manufactured by them are being used by consumers who require for use in high firing temperature.
9. The Designated Authority is required to consider whether another article which has characteristic closely resembling the imported product under consideration is produced and supplied by the domestic industry for use in similar application. The domestic industry is producing and supplying like article to the product under consideration and therefore there can be no exclusion of patented product.
10. As regards the argument that ceramic rollers for other applications should be excluded, the Authority notes that the interested parties while seeking exclusion have not substantiated or even claimed that there are differences in the ceramic rollers used in different applications. Thus, there is no merit in the request of the interested parties for exclusion of the ceramic rollers used in other applications from the scope of the product under consideration.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D.1. Views of the Domestic industry

11. Following submissions have been made by the domestic industry with regard to scope and standing of the domestic industry:
 - a) The present petition is filed by Futura Ceramics. The petitioner is neither related to an importer in India nor exporter from subject countries, nor has the petitioner imported the product under consideration within the meaning of Rule 2(b). The production of the petitioner constitutes a major proportion of the Indian production. The petitioner therefore, has satisfied the requirement of standing and constitutes domestic industry within the meaning of the Anti-dumping Rules.
 - b) The production figures of other Indian producers are based on market intelligence. To the best of the knowledge of the petitioner the production figures of the other producers are representative and any deviation with actual figures will, in fact, reveal that their actual production is lower as the petitioner has considered a conservative estimate.
 - c) There is one other known producer of the subject goods in the country i.e. Stark Alluminagres Pvt Ltd, whose production during the POI is nil.

D.2. Views of the other interested parties

12. The following submission was made by the producers/exporters/importers/other interested parties with regard to standing and scope of domestic industry.
 - a. The Petitioner has concealed the names of other Indian producers of ceramic rollers (Annexure 2.2.to the petition) by treating the same as confidential. The data given in injury information Proforma IVA-I does not indicate any sales made by other Indian producers during the POI. Absence of this information has a clear impact on the determination of injury and the level of imports of the subject goods in relation to the demand in India.
 - b. Respondent(s) seek the release of the concealed names of Indian producers, as the absence of it has caused an impact on determination of injury and the level of import.

D.3. Examination of the Authority

13. The present petition is being filed by Futura Ceramics. The petitioner is neither related to an importer in India nor any exporter from subject countries. Further, the petitioner has not imported the product under consideration within the meaning of Rule 2(b). The other known producer of the subject goods in the country i.e. Stark Alluminagres Pvt Ltd, did not produce the subject goods during the POI.
14. Thus, the production of the petitioner constitutes a major proportion of the Indian production as it is *de facto* the sole producer of subject goods in India during the POI. In view of the above, the Authority holds the petitioner as the eligible domestic industry

within the meaning of Rule 2 (b) of the Anti-Dumping Rules and the application satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

E. CONFIDENTIALITY AND OTHER ISSUES

E.1 Submissions by domestic industry

15. The following submissions were made by the domestic industry with regard to confidentiality and other issues.
 - a. Petitioner is the sole petitioner in the POI and thus its information, even in terms of volume parameters such as production, sales, etc. has not been disclosed as the same are not in public domain. The Petitioner has, however, provided indexed information wherever possible.
 - b. Petitioner has provided sufficient information justifying initiation of the investigation. Petitioner has provided all information as required under the application proforma. As regards failure of evaluation of certain parameters in the write up, the petitioner submits that it is not necessary for the petitioner to evaluate all the parameters in the application. The petitioner is obliged to provide all relevant information which it has done.
 - c. Analysis of import data shows that the importers have used following units of measurements for importing the product under consideration. The Petitioner has expressed all these imports not reported on weight basis in terms of weight by applying following methodology:

<i>Sl. No</i>	<i>Unit</i>	<i>Methodology Used for Convert in to weight</i>
<i>1</i>	<i>PCS</i>	<i>Weight = Wt per m*Length*No. of Pcs</i>
<i>2</i>	<i>NOS</i>	<i>Weight = Wt per m*Length*Nos. .</i>

Where: Wt/m = Standard Weight per Meter for each OD of Roller

Length = Length in meters of the Imported roller derived from the description

- The above sufficiently describes the methodology adopted for conversion of the units other than kg into kg.
- d. DGCI&S data is a confidential data and therefore cannot be circulated. The interested party is free to collect transaction-wise data from DGCI&S if they so desire. Reference is made to the trade notice F. No. 4/2/2017 dated 8th December 2017.
 - e. Petitioner has provided all relevant information as required and confidentiality has been claimed only where it is necessary. Petitioner is the sole petitioner and the sole producer in the POI and thus its information, even in terms of volume parameters, has not been disclosed. Disclosure of such highly business sensitive information, would be of significant competitive advantage to competitors and consumers and would seriously impact the interest of Petitioner Company.

- f. Indexed information has been provided wherever possible. The injury analysis is essentially an analysis of trend which can be easily seen through trends of various parameters provided in the petition.
- g. The mere fact that the Authority chose a different POI upon initiation does not mean that the petitioner should file petition again. Petition is filed under Rule 5 and the investigation is conducted under Rule 6. The requirements under Rule 5 are different from the requirements under Rule 6.
- h. Upon initiation, the Authority directed the petitioner to update information considering the POI decided by the Authority. There is no requirement of filing an updated petition with explanations. The petitioner is obliged to provide all relevant information for the updated POI which has been done. Reference is made to WTO Panel Report in the matter of Thailand - H-Beams WT/DS122/R dated 28 September 2000.

E.2 Submissions by various interested parties

- 16. The following submissions were made by the producers/ exporters/ importers/other interested parties with regard to confidentiality and other issues.
 - a. Petitioner's excessive claim for confidentiality violates the relevant Articles and Rules of the AD Rules and the ADA with regard to Total Indian Production, export sales (volume and value), domestic sales (volume and value) of DI, Indian Demand, etc.
 - b. The information provided is insufficient to initiate anti-dumping proceedings. The allegations in the petition are largely based on estimates and assumptions. Authority failed to analyse the petition carefully otherwise would have held that the petition provides insufficient data.
 - c. Petition is unclear on how the Petitioner synthesised import statistics from raw data and the updated version does not disclose the segregation of subject product from non-subject product. Since the weight of product varies based on its quality, the unit of measurement based on a formula utilised by the Petitioner cannot be applied. Thus, Authority is requested to direct the petitioner to provide explanation on formation of sorted data.
 - d. DGAD is requested to provide the import data which is withheld, without any claim of confidentiality in the updated petition and in the original petition, it does not correspond to the POI.
 - e. After submitting an incomplete petition initially, Petitioners have not provided an updated version of the petition; only provided the updated data which cannot be substituted for the petition as it is lacking in the supporting analysis.
 - f. Further, updated data provided is itself incomplete; in the light of the present investigation be terminated as the Petitioner had sufficient time to file the updated version but has only submitted an incomplete version of the updated data.

E.3 Examination by the Authority

17. With regard to the confidentiality of information, the Authority notes that the information provided by the domestic industry on confidential basis was examined with regard to sufficiency of the confidentiality claim in accordance with Rule 7 of the AD Rules. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not kept it open in public file. The Authority has also considered the confidential claims of other interested parties in accordance with the aforesaid rule and its consistent practice.
18. The Authority is of the view that there is no requirement of filing an updated petition with explanations. The petitioner is obliged to provide all relevant information for the updated POI which has been done.
19. With regard to the request for provision of import data the Authority would like to point out that the Trade Notice No.7/2018 dated 15th March 2018 provides that the Authority, on the basis of a written request would authorize the bona fide applicant to obtain the Transaction-wise import data. It is therefore for the interested party to seek from the Authority transaction wise data for analysis.
20. As regards the argument on the deficient information provided by the petitioner, the Authority notes that the information provided by the petitioner in the application was as per the proforma prescribed and only upon satisfaction of the merit of the case, the Authority initiated the present investigation.
21. The Petitioner has expressed all these imports not reported on weight basis in terms of weight. The petitioner has provided a note on standard weight along-with weight per meter working. The Authority finds that this methodology is relevant and therefore relied for the purpose of present investigation.

F. Determination of Normal Value, Export Price and Dumping Margin

F.1 Views of the Domestic industry

22. The following submission was made by the domestic industry with regard to normal value, export price and dumping margin
 - a. Article 15(b) of China's Accession Protocol implies that provisions of Clause 15(a)(ii) shall expire 15 years from date of China's Accession, i.e., provisions of this paragraph shall be available for 15 years, i.e., up to Dec., 2016. This implies that Authority will have to consider the costs and prices for determination of normal value.
 - b. The investigation period considered by the Authority in the present case is April, 2016 to March, 2017 (12 months). The injury investigation period has been considered as the period 2013-14, 2014-15, 2015-16 and POI.

- c. The purpose of fixation of POI is to consider a period when the existence of dumping causing injury is claimed and established. The date of determination is not relevant to the moot question of dumping causing injury to the domestic industry. Since the factum of dumping causing injury to the domestic industry is established based on investigation period, the conditions prevalent during the investigation period alone should be considered relevant, appropriate and necessary for the purpose.
- d. The Chinese producers are required to be treated as non-market economy companies for the reason that the costs and prices in China do not reasonably reflect the market forces. Para 8 to Annexure-I specifies the parameters which should be considered for grant of market economy status. This also implies that unless these conditions are not fulfilled/ satisfied, the Chinese costs and prices cannot be adopted.
- e. The consideration of market economy status is based on parameters prevailing during investigation period. Since the reason for rejection of Chinese costs and prices is distortion in the costs and prices in China due to the factors listed in Para 8 to Annexure-I, petitioner submits that it is the investigation period that is relevant to decide consideration of Chinese producers as market economy companies.
- f. Since Chinese companies were denied market economy status for the reasons mentioned in Para 8 of Annexure-I till December, 2016, petitioners submit that since the period of investigation pertains majorly to the period before the expiry of the Accession Protocol the Chinese producers are required to be treated as non-market economy companies till such time the investigation period includes the period specified in Accession Treaty protocol.
- g. In the context of rule 2(b), it is well established legal position that the imports by a domestic producer or its relationship with an exporter or importer are examined with reference to the investigation period. If POI alone is relevant for standing purposes, POI alone should be relevant for normal value determination.
- h. Chinese producers are required to be treated as companies operating under non-market economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.
- i. Normal value could not be determined on the basis of price or constructed value in a market economy third country for the reason that the relevant information is not publicly available. The petitioners have claimed consideration of normal value on the basis of cost of production in India duly adjusted.
- j. The dumping margin from China is not only significant, but also substantial, thus establishing existence of significant dumping of the product under consideration in India. The import volume of China has remained significant throughout the present injury period.
- k. Since the prices/quotations of the producers of the subject goods were not publicly available in spite of efforts made by the domestic industry, the domestic industry has determined normal value in China on the basis of cost of production in India by taking the international price of the major raw materials and duly adjusted with selling, general and administrative expenses and considering the consumption norms of the petitioners.

- l. The petitioner has relied upon the transaction wise import data procured from DGCI&S, to assess the volume and value of subject import in India. The export price is calculated at the CIF level while the normal values being at ex-factory level, the export prices have been adjusted for expenses on Ocean Freight, Marine insurance, Commission, Inland Freight, Port expenses, VAT adjustments and Bank charges
- m. Net export price, after the above adjustments, has been enclosed with the submissions made earlier in response to initiation. Wherever domestic industry could not get relevant evidence, the domestic industry has adopted most conservative estimates and submits that the dumping margin are significantly beyond *de minimis* even if all price adjustments are ignored.
- n. Considering the normal value and export price, dumping margin has been determined, details of which have already been enclosed along with the petition earlier. The dumping margin is not only above *de minimis* but also quite significant.

F.2. Views of other interested parties

23. The following submission was made by the producers/ exporters/ importers/ other interested parties with regard to normal value, export price and dumping margin.
 - a. That in accordance with relevant provisions of the Protocol on China's accession to the WTO, the “surrogate country” practice in Anti-dumping actions should be lacking in multilateral legal basis since 11th Dec, 2016. Such practice is bound to expire from then on. We therefore request the Indian investigating authority not to use “surrogate country” methodology in calculating the normal value for this case, regard less whether treating China as a market economy country.
 - b. “*Pacta sunt setvanda*” is a basic principle and obligation under International Law, which means that no party shall evade its obligations under international treaties for political considerations or in the excuse of domestic laws to treat Chinese enterprises with discriminatory actions which are unfair, unjust and unreasonable.
 - c. China should be treated as market economy country and India should fulfil its obligation by treating it as ME and should legally stop using “surrogate country” approach. Reference is made to AB Report in Fasteners Case

F.3. Examination by the Authority

F.3.1 Determination of Normal Value – China

24. As regards the computation of normal value for China, the Authority notes that the *factum* of dumping causing injury to the Domestic Industry is established based on investigation period, the conditions prevalent during the investigation period alone is relevant, appropriate and necessary for the purpose of present investigation. The Period of Investigation (POI) for the purpose of the present review is April, 2016 - March, 2017. Since the subparagraph of Article 15 was in existence during most of the period of investigation, the Authority 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.

25. It is also noted that in the past three years, China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the Rules.
26. At the stage of initiation, the Authority proceeded with the presumption that China PR is a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China to respond to the notice of initiation and provide information relevant to determination of their market economy status. The Authority sent copies of the MET questionnaire to all the known producers/exporters for rebutting presumption of non-market economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules. The Authority also requested Government of China to advise the producers/exporters in China to provide the relevant information.
27. The Authority notes that the known Chinese producers/exporters and the Government of China have been adequately notified about the requirement of submission of information in the form and manner prescribed and adequate opportunity was also granted to them to make their submissions in this regard. The MET questionnaire response has been filed only by China Chamber of International Commerce. Since the China Chamber of International Commerce itself is neither a producer nor an exporter of subject goods, the Authority considers it appropriate to treat China PR as a non-market economy country in the present investigation and proceeds with Para-7 of Annexure-I to the Rules for determination of normal value in case of China PR.
28. As per Para 7 of Annexure I of the Anti-dumping Rules, normal value in China is required to be determined based on domestic selling prices in a market economy third country, or the constructed value in a market economy third country, or the export prices from such a third country to any other country, including India. However, if the normal value cannot be determined on the basis of the alternatives mentioned above, the Designated Authority may determine the normal value on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted to include reasonable profit margin.
29. In view of the above, the normal value for the subject products imported from China PR into India has been determined on "any other basis" by considering best available information with regard to cost of production and after reasonable additions for selling, general & administrative expenses and reasonable profit margin. Accordingly, the normal value comes to US\$***/ MT for the POI.

F.3.2 Export Price for FCRI Group M/s. FCRI (Nanhai) New Materials Co., Ltd.; FCRI (Sihui) New Materials Co., Ltd.; FCRI (Pingxiang) Science & Technology Industrial Park Co., Ltd; exported through FCRI Import & Export Co., Ltd.

30. From the response filed by producers - M/s. FCRI (Nanhai) New Materials Co., Ltd., FCRI (Sihui) New Materials Co., Ltd., FCRI (Pingxiang) Science & Technology Industrial Park Co., Ltd, the Authority notes that all the producers have exported the subject goods through its related trader M/s. FCRI Import & Export Co., Ltd to India during the POI.
31. The sales to Indian customers are on FOB basis. FCRI Group has reported a total export of *** MTs having value of US\$ *** in their Appendix-2 and claimed certain adjustments on account of inland freight, port charges and bank charges and same have been allowed by the Authority. The Authority has made further adjustment on account of non- refundable VAT and credit cost. The Authority has also reconciled the exports by FCRI group from DGCIS data. Accordingly, the weighted average export price has been determined for FCRI Group at ex-factory level as US\$ *** / MT and the same is shown in the Dumping Margin Table below.

F.3.3 Export Price for Zibo Huayan Industrial Ceramics Co., Ltd exported through Zibo Huayan International Trading Co., Ltd., China PR

32. The Authority notes that Zibo Huayan International Trading Co., Ltd., China PR, has exported subject goods to India during POI sourced from Zibo Huayan Industrial Ceramics Co., Ltd., China PR. The company has reported a total export of *** MTs in their Appendix-2 and claimed certain adjustments. The Authority has allowed claims made for Handling Charges; Inland Port Transportation; Bank Charges and Non-Refundable VAT after due verification. Accordingly, the weighted average net export price has been determined as US\$ ***/MT.

F.3.4 Export Price for Boxing County Jinruiji New Material Co. Ltd., exported through Zibo Konna Trading Co., Ltd., China PR

33. The Authority notes that Zibo Konna Trading Co., Ltd., China PR, has exported subject goods to India during POI sourced from Boxing County Jinruiji New Material Co., Ltd., China PR. The company has reported a total export of *** MTs in their Appendix-2 and claimed certain adjustments. The Authority has allowed claims made for Inland Transportation; Handling Charges; Bank Charges and Non-Refundable VAT after due verification. Accordingly, the weighted average net export price has been determined as US\$ ***/MT.

F.3.5 Export Price for Jincheng Scien Fine Materials Co., Ltd. exported through High Hope Zhongding Corporation; Guangdong King-Strong New Material Technology Co., Ltd.; and Foshan Skyplanet Import and Export Co., Ltd.

34. The Authority notes that Jincheng Scien Fine Materials Co., Ltd., China PR, has exported subject goods to India during POI through two traders namely High Hope Zhongding

Corporation and Guangdong King-Strong New Material Technology Co., Ltd., China PR. Further the subject good sold to Guangdong King-Strong New Material Technology Co., Ltd., China PR, by Jincheng Scien Fine Materials Co., Ltd., China PR, has been exported to India through another trader namely Foshan Skyplanet Import and Export Co., Ltd., China PR.

35. Taking together all the transactions as described above, the Company has reported a total export of *** MTs in their Appendix-2 and claimed certain adjustments. The Authority has after due verification allowed claims made for Commission, Inland Freight, Handling Charges, Fumigation Fee, Sea Freight, Bank Charges and Non-Refundable VAT. Accordingly, the weighted average net export price has been determined as US\$ ***/MT.

F.3.6 Export Price for all other producers/exporters in China

36. For the non-cooperating producer/ exporter, highest dumping margin are adopted from the margins of cooperating exporters and it is provided in the Dumping Margin Table below:

Dumping Margin Table

S.N	Country	Producer	Exporter	Normal Value (US\$/MT)	Export price (US\$/MT)	Dumping Margin (US\$/MT)	Dumping Margin %	DM Range %
1	China PR	FCRI (Nanhai) New Materials Co. Ltd. FCRI (Sihui) New Materials Co. Ltd. FCRI (Pingxiang) Science & Technology Industrial Park Co. Ltd.	FCRI Import & Export Co. Ltd.	***	***	***	***	0-10
2	China PR	Zibo Huayan Industrial Ceramics Co., Ltd.	Zibo Huayan International Trading Co. Ltd.	***	***	***	***	35-45
3	China PR	Boxing County Jinruiji New Material Co. Ltd.	Zibo Konna Trading Co. Ltd.	***	***	***	***	50-60
4	China PR	Jincheng Scien Fine Materials Co., Ltd.	High Hope Zhongding Corporation, Guangdong King-Strong New Material	***	***	***	***	25-35

S.N	Country	Producer	Exporter	Normal Value (US\$/MT)	Export price (US\$/MT)	Dumping Margin (US\$/MT)	Dumping Margin %	DM Range %
			Technology Co. Ltd., and Foshan Skyplanet Import and Export Co. Ltd. China PR					
5	China PR	Any other	Any other	***	***	***	***	60-70

G. ASSESSMENT OF INJURY AND CAUSAL LINK

37. Rule 11 of Antidumping Rules read with Annexure–II provides that an injury determination shall involve 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.
38. The Authority notes that the application for imposition of antidumping duty has been filed by M/s Futura Ceramics Limited. In terms of Rule 2(b) of the Rules the petitioner has been treated as the domestic industry for the purpose of this investigation. Therefore, for the purpose of this determination the cost and injury information of the petitioner, constituting the domestic industry as defined in Rule 2(b), has been examined.

G.1 Views of the Domestic Industry:

39. The following submissions were made by the domestic industry with regard to injury and causal link:
- Imports increased in 2014-15 and then declined and have again increased in the POI.
 - Almost entirety of imports is from subject country.
 - Prices of Import have declined sharply without corresponding decline in costs.
 - Increasing positive Price undercutting throughout the injury period
 - Prices of imports have remained below not only selling price but also cost of sales. The gap between price of imports and cost of sales is increasing throughout the injury period

- f. Domestic Industry has significant unutilised capacity. Capacity utilization is only 12% in POI
- g. Market share of the domestic industry is merely 6%.
- h. DI is incurring losses since 2015-16 and the losses have intensified in the POI. ROI is very low.
- i. Inventories have increased, despite a sharp reduction in production.
- j. Petitioner earlier had one kiln, they enhanced their production capacity in 2014-15, by installing new furnace based on German technology. Petitioner installed this new kiln not only to meet the expected surge in demand for the product (as can be seen from the robust increase in demand in 2014-15) but also to overcome some of the technical difficulties that the production process followed by the petitioner in the previous kiln was having. Thus, they have ensured quality and ability to service the Indian demand.
- k. The increase in interest cost is due to significant increase in inventories. In fact, the capacity enhancement was largely funded by own funds and not from borrowed funds. However, the working capital requirements were financed by borrowed funds. Thus, significant increase in inventories has led to increase in interest costs. This increase in interest costs is due to dumping of the product.
- l. It is pertinent to note here that there is only one other producer in the domestic market which has stopped production in the POI. Whereas the Indian industry should be holding the largest share of its own market, the Chinese are holding majority share and the Indian industry is in minority
- m. The dumping margin and the injury margin from the subject country is not only more than *de minimis* but also very substantial. The impact of dumping on the domestic industry is very significant.

G.2 Views of Exporters, Importers, Consumers and other Interested Parties

40. The following submissions were made by exporters, importers, consumers and other interested parties with regard to injury and causal link:
 - a. Reason for increase of Chinese Imports is rapid expansion of downstream tiles industry. Indian products could not meet sudden change in demand. Indian tile industry shifted from ceramic tiles to porcelain tiles hence the need for Chinese imports. The fluctuation of volume of imported Chinese Ceramic Rollers is in accordance with the change of the market demand of the Indian downstream industry.
 - b. The difference between Chinese prices and Indian prices are not as such to attribute whole of DI losses solely to it
 - c. Installed capacity of the Industry has been increasing constantly during the injury period whereas production has been going down. DI has not produced enough quantity to fulfill domestic demand; scarcity of subject goods has caused an increase of imports.
 - d. Domestic Industry increased capacity on the basis of previous year demand; but the cost of sales also increased due to the investment for the expansion of capacity.

- Unfortunately, however, the Indian domestic consumption declined in the POI, and consequently the capacity of Indian industry could not be utilized sufficiently with increasing cost of sales.
- e. Total Profits of Domestic Industry has increased substantially during POI
 - f. Cost of Sales have increased due to increase in installed capacity, no. of employees, wages, interest amount, depreciation etc. Main reason for increase in cost is illogical increase in capacity which is higher even than the demand in the country.
 - g. Return on Capital Employed has shown abnormal trends and does not correlate with the increase in installed capacity of the domestic industry
 - h. Trend on working capital- There is a correlation between installed capacity, working capital and interest. Increase in capacities leading to increase in working capital has resulted in operational failure of the Domestic Industry.
 - i. The growth of Indian domestic ceramic rollers industry's labour costs is due to the fluctuations of Indian domestic market factors. Domestic labour costs rose too sharply is not related to Chinese imports.
 - j. Continuous enhancement of capacities without corresponding increase in production. This has triggered unprecedented costs.
 - k. Decline in demand after 2015 (because of shut down in tiles industry and increase in natural gas prices, demonetisation etc.) and improper business strategy
 - l. Indian ceramic roller industry is not able to meet the demand. Ideal capacity cannot be more than 2,30,000 rollers whereas demand is much more than this. One Chinese company itself exports 2,00,0000 rollers.
 - m. Shift in usage of quality of tiles i.e., mainly porcelain tiles, when DI produces ordinary rollers. Thus demand for petitioner's goods declined further.
 - n. DA should adopt actual profit earned by DI during a period when dumping was not alleged. Adoption of 22% colours injury determination. Reference is made to Bridgestone Case. The issue of taking 22% ROCE was left open by the CESTAT to be argued in appropriate case before DA. Thus DA has to mandatorily look into this issue. EC practice in this regard is referred.

G.3 Examination by the Authority

41. The Authority has taken note of the submissions made by various interested parties. The Authority has examined the injury to the domestic industry in accordance with the Antidumping Rules and considering the submissions made by the interested parties.
42. The AD Rules require the Authority to examine injury by examining both volume and price effect. A determination of injury involves an objective examination of both (a) the volume of the dumped imports and the effect of the dumped imports on prices in the domestic market for the like article and (b) the consequent impact of these imports on domestic industry. With regard to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. With regard to the effect of the dumped imports on prices the Authority is required to consider whether there has

been a significant price undercutting by the dumped imports as compared with the price of 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.

43. As regards the consequent impact of dumped imports on the domestic industry, Para (iv) of Annexure II of Antidumping rules states as under:

(iv) The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices; the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments.

44. It is not necessary that all parameters of injury show deterioration. Some parameters may show deterioration; while some may show improvement. The Designated Authority considers all injury parameters and thereafter concludes whether the domestic industry has suffered injury due to dumping or not.
45. The Authority has examined the injury parameters objectively taking into account the facts and arguments submitted by the interested parties in their submissions.

a. Assessment of Demand

46. For this purpose, demand or apparent consumption of the product in India is taken as the sum of domestic sales of the Indian producers and imports from all sources. Share of imports from the subject country in demand/consumption in India determined by the Authority is as under:

Particulars	Units	2013-14	2014-15	2015-16	POI
Demand					
Sales of Domestic Industry	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>88</i>	<i>53</i>	<i>45</i>
Sales of Other Indian Producers	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>99</i>	<i>61</i>	<i>-</i>
Imports from Subject Countries	MT	2,608	4,553	2,460	2,613
Imports from Other Countries	MT	66	28	101	46
Total Demand/Consumption	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>158</i>	<i>89</i>	<i>88</i>
Market Share in Demand					
Sales of Domestic Industry	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>55</i>	<i>60</i>	<i>52</i>
Sales of Other Indian Producers	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>63</i>	<i>69</i>	<i>-</i>
Imports from Subject Countries	%	81%	90%	86%	92%

Particulars	Units	2013-14	2014-15	2015-16	POI
Imports from Other Countries	%	2%	1%	4%	2%
Total Demand/Consumption	%	100%	100%	100%	100%

47. The Authority notes that demand has remained more or less stagnant over the injury period except in 2014-15, when the demand was unusually high.

G.3.2 Volume Effect of Dumped Imports - Import Volumes and Share of Subject Countries

48. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. The Authority has examined the volume of imports of the subject goods from the subject country and other countries based on the transaction-wise import data provided by DGCIS data. The import volumes of the subject goods and share of the dumped import during the injury investigation period are as follows:

Particulars	Unit	2013-14	2014-15	2015-16	POI
Subject Countries-China	MT	2,608	4,553	2,460	2,613
Others	MT	66	28	101	46
Total imports	MT	2,674	4,581	2,561	2,659
Share of imports in total imports					
Subject Countries-China	%	98%	99%	96%	98%
Others	%	2%	1%	4%	2%
Subject Country Imports in relation to					
Import in relation to Indian Production	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>148</i>	<i>106</i>	<i>241</i>
Import in relation to Sales	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>191</i>	<i>169</i>	<i>318</i>

49. Imports have increased sharply from base year to 2014-15 and have declined thereafter with a marginal increase in POI from previous year, yet they occupy a significantly high level. Almost entirety of imports is from subject country. Further imports in relation to production and consumption were already significant and have become astronomical during Period of Investigation.

G.3.3 Price Effect of the Dumped imports on the Domestic Industry

50. With regard to the effect of the dumped imports on prices, Annexure II (ii) of the Rules lays down as follows:

“With regard to the effect of the dumped imports on prices as referred to in sub-rule (2) of rule 18 the Designated Authority shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to

a significant degree or prevent price increase which otherwise would have occurred to a significant degree.”

51. It has been examined whether there has been a significant price undercutting by the dumped imports of 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. The impact of dumped imports on the prices of the domestic industry has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any.

Price Undercutting

52. In order to determine whether the imports are undercutting the prices of the domestic industry in the market, the Authority has compared landed price of imports with net sales realization of the domestic industry. In this regard, a comparison has been made between the landed value of the product from the subject country and the average selling price of the domestic industry net of all rebates and taxes, at the same level of trade. The prices of the domestic industry were determined at ex-factory level.

Particulars	Unit	2013-14	2014-15	2015-16	POI
Import Volume	MT	2,608	4,553	2,460	2,613
Landed price of imports	Rs./KG	139.40	137.83	128.41	118.85
Net Selling Price	Rs./Kg	***	***	***	***
Price Undercutting	Rs./Kg	***	***	***	***
Price Undercutting	%	***	***	***	***
Price Undercutting	Range %	15-25	30-40	45-55	45-55

53. The Authority notes that the landed price of imports is much below the selling price of the domestic industry. Imports are thus undercutting the prices of the domestic industry quite significantly over the injury period.

Price Underselling

54. The Authority has also examined price underselling suffered by the domestic industry on account of dumped imports from the subject country. For this purpose, the NIP determined for the domestic industry has been compared with the landed price of imports as obtained from the DGCIS data. Comparison of the NIP of the domestic industry with weighted average landed price of imports shows as follows:

SN	Particulars	Unit	
1	Avg. Landed Price	Rs/Kg	118.85
2	Non-Injurious Price	Rs/Kg	***
3	Price underselling	Rs/Kg	***
4	Price underselling	%	***
5	Price underselling	Range %	20-30

55. It is noted that the landed price of imports was much below the non-injurious price of the domestic industry. The Authority notes that the domestic industry has suffered price underselling during POI due to dumped imports of the subject goods from the subject country.

Price Suppression and Depression

56. In order to determine whether the dumped imports are depressing the domestic prices or whether the effect of such imports is to suppress prices to a significant degree and prevent price increases which otherwise would have occurred to a significant degree, the Authority considered the changes in the costs and prices and landed value over the injury period. The position is shown as per the Table below.

Particulars	Unit	2012-13	2013-14	2014-15	POI
Cost of Sales	Rs./KG	***	***	***	***
<i>Trend</i>	<i>Index</i>	<i>100</i>	<i>109</i>	<i>126</i>	<i>132</i>
Selling Price	Rs./KG	***	***	***	***
<i>Trend</i>	<i>Index</i>	<i>100</i>	<i>108</i>	<i>110</i>	<i>106</i>
Landed Price	Rs/KG	139.40	137.83	128.41	118.85
<i>Trend</i>	<i>Index</i>	<i>100</i>	<i>99</i>	<i>92</i>	<i>85</i>

57. It is noted that, both, cost of sales and selling price of the domestic industry increased over the injury period. However, increase in selling price is not as much as the increase in cost of sales. The selling price has remained below the level of cost of production throughout the injury period. Landed price of imports have remained below the level of cost and selling price of the domestic industry. Thus, dumped imports have not only depressed but also suppressed the domestic prices of the domestic industry.

G.3.4 Impact on Economic Parameters of the Domestic Industry

58. Annexure II to the Anti-dumping Rules requires that determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of like product. The Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. An examination of performance of the domestic industry indicates that the domestic industry has suffered material injury. The various injury parameters relating to the domestic industry are discussed below:

a) Capacity, Production, Capacity Utilization and Sales

59. The performance of the domestic industry with regard to production, domestic sales, capacity & capacity utilization is as follows:

Particulars	Unit	2013-14	2014-15	2015-16	POI
Capacity	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>131</i>	<i>187</i>	<i>250</i>
Production (Actual)	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>115</i>	<i>89</i>	<i>59</i>
Capacity Utilization	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>95</i>	<i>45</i>	<i>23</i>
Sales Domestic	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>88</i>	<i>53</i>	<i>45</i>

60. It is noted that production and sales of the domestic industry have declined significantly over the injury period despite sufficient demand in the domestic market. Capacity utilization of the domestic industry has also declined over the injury period.

b) Profits, Return On Capital Employed and Cash Profit

61. The cost of sales, selling price, profit/ loss, cash profits and return on investment of the domestic industry has been analyzed as follows:

Particular	Unit	2013-14	2014-15	2015-16	POI
Cost of Sales	Rs./KG	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>110</i>	<i>126</i>	<i>133</i>
Selling Price	Rs./KG	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>109</i>	<i>110</i>	<i>106</i>
Profit/ (Loss) per unit	Rs./KG	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>71</i>	<i>(271)</i>	<i>(514)</i>
Profit/ (Loss) – Total	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>67</i>	<i>(154)</i>	<i>(250)</i>
Cash Profit	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>123</i>	<i>117</i>	<i>59</i>
Profit before Interest and Tax	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>74</i>	<i>114</i>	<i>79</i>
Return on Investment	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>37</i>	<i>64</i>	<i>41</i>

62. The Authority notes that the domestic industry suffered in terms of profit, profit before interest and cash profits throughout the injury period. The domestic industry has claimed that dumping has occurred throughout the injury period and the same had intensified during POI. The losses have further intensified in the POI. The return on capital employed also followed the movement of profits and cash profit. It has declined throughout the injury period.

c) Market Share in Demand

63. The effects of the dumped imports on the market share in demand of the domestic industry have been examined as below:

Particular	Unit	2013-14	2014-15	2015-16	POI
Sales of Domestic Industry	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>55</i>	<i>60</i>	<i>52</i>
Sales of Other Indian Producers	%	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>63</i>	<i>69</i>	<i>-</i>
Imports from Subject Countries	%	81%	90%	86%	92%
Imports from Other Countries	%	2%	1%	4%	2%

64. The Authority notes that the market share of the domestic industry has steeply declined. Further, market share of the domestic industry has also declined over the injury period whereas market share of subject country, which was already significant, has increased further. It indicates that dumping of the product is impacting the market share of the domestic industry.

d) Employment, Wages and Productivity

65. The position with regard to employment, wages and productivity is as follows:

Particular	Unit	2013-14	2014-15	2015-16	POI
No of Employees	Nos	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>91</i>	<i>101</i>
Productivity per Employee	Kg./Nos	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>110</i>	<i>97</i>	<i>58</i>
Productivity per Day	Kg./Day	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>115</i>	<i>89</i>	<i>59</i>
Wages	Rs.Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>126</i>	<i>111</i>	<i>91</i>
Wages per Unit	Rs./Kg.	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>111</i>	<i>133</i>	<i>156</i>

66. The Authority notes that employment level has remained almost constant and so has the level of wages over the injury period. Productivity per day and per employee has declined over the injury period.

e) Inventory

67. The data relating to inventory of the subject goods are shown in the following table:

Particular	Unit	2013-14	2014-15	2015-16	POI
Opening Stock	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>143</i>	<i>229</i>	<i>310</i>

Particular	Unit	2013-14	2014-15	2015-16	POI
Closing Stock	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>160</i>	<i>217</i>	<i>250</i>
Average Stock	MT	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>153</i>	<i>222</i>	<i>275</i>

68. The Authority notes that level of inventories with the domestic industry have increased over the injury period and the domestic industry is not in a position to sell its product.

f) Magnitude of Dumping

69. It is noted that imports from the subject country are entering the country at dumped prices and the margin of dumping are above *de minimis* limits and significant.

g) Ability to raise capital investment

70. It is seen that the domestic industry's capacity is largely unutilised and the industry is suffering losses. Thus the ability to raise capital investment in such a situation has weakened.

h) Growth

71. The data relating to growth of the domestic industry is shown in the following table:

Growth	Unit	2013-14	2014-15	2015-16	POI
Production	Y/Y %	-	15	(22)	(33)
Domestic Sales	Y/Y %	-	(12)	(39)	(15)
Cost of sales	Y/Y %	-	10	14	5
Selling price	Y/Y %	-	9	2	(4)
Profit/Loss	Y/Y %	-	(33)	(331)	(62)
ROI	Y/Y %	-	(63)	75	(36)
Cash Profit	Y/Y %	-	24	(5)	(50)

72. The Authority notes that all the major growth parameters show a significant decline, indicating possible injury from the imports.

i) Factors Affecting Domestic Prices

73. The examination of the import prices from the subject country, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market shows that the landed value of imported material from the subject country is below the selling price and the non-injurious price of the domestic industry, price underselling in the Indian market. The Authority notes that the prices of the product under consideration in general should move in tandem with the prices of key raw materials and the domestic industry has been fixing its prices considering these input prices and landed price of imports. Thus, the landed value of subject goods from the subject country is an important factor for determination of domestic prices.

G.3.5 Other Known Factors & Causal Link

74. The Authority has noted other factors listed under the Antidumping Rules which could have contributed to injury to the domestic industry for examination of causal link between dumping and material injury to the domestic industry.

a) Export Performance

75. The claimed injury to the Domestic Industry is solely on account of domestic operations and there is no impact of exports on the injury suffered by the domestic industry.

b) Technology

76. The technology as also the production process for producing Ceramic Rollers has not undergone any significant development. Possible development in technology is not a cause of injury to the domestic industry.

c) Trade restrictive practices of and competition between the foreign and domestic producers

77. There is no trade restrictive practice which could have contributed to the injury to the domestic industry.

d) Changes in pattern of consumption

78. The pattern of consumption with regard to the product under consideration has not undergone any change. Change in the pattern of consumption is unlikely to contribute to the injury to the domestic industry.

e) Performance of the domestic industry with respect to other products

79. Performance of other products being produced and sold by the petitioner is not a possible cause of injury to the domestic industry as the information on performance furnished by the petitioner relates to product under consideration only.

f) Factors establishing causal link

80. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has deteriorated due to dumped imports from subject country. Causal link between dumped imports and the injury to the domestic industry is established on the following grounds:

- a. Imports are undercutting the prices of the domestic industry. Resultantly, the volume of imports has increased significantly;
- b. Price undercutting being caused by the dumped imports prevented the increase in prices of the domestic industry which otherwise would have happened;
- c. The price suppression effect of dumped imports from subject country has resulted in significant erosion in profitability of the domestic industry;

- d. The domestic industry has been prevented from increasing its production, capacity utilization and market share despite existence of significant demand and capacities in the Country;
- e. Deterioration in profits, return on capital employed and cash profits are directly a result of dumped imports;
- f. The growth of the domestic industry became negative in terms of a number of economic parameters like selling price, profitability, cash profit and ROCE.

H. POST DISCLOSURE STATEMENT SUBMISSIONS BY INTERESTED PARTIES

H.1 Views of the Domestic Industry:

81. The domestic industry, in its post disclosure submissions has submitted as follows. For the sake of brevity, comments made by the domestic industry, to the extent they are reiterations of the earlier submissions and already dealt with hereinabove, have not been repeated hereunder:
- a. As the NIP has been determined on the basis of the data of the domestic industry, petitioner requests disclosure of detailed break up of NIP determined to enable the petitioner to provide comments on the same
 - b. Petitioner finds huge difference in the amount of working capital reported by petitioner and the amounts considered in the disclosure statement, leading to significantly low capital employed and consequently return on investment. Consequently, the injury margin determined in the disclosure statement is much lower than the injury margin that should be considered for the purpose of the final findings, which would finally affect the quantum of Anti-dumping duty imposed.
 - c. Determination of Constructed Normal Value which is based on domestic industry's cost of production should be disclosed as the normal value determined in the disclosure statement is materially lower than the calculations done by the petitioner and that too when the normal value is based on petitioner's data.
 - d. The Authority may kindly disclose the non-confidential version of the verification report of the exporters/producers from subject country
 - e. the Authority may kindly make available a copy of all the communications sent via mail or letter, to the opposing interested parties and replies filed by these interested parties
 - f. The dumping margin and injury margin determined for responding exporters are materially lower than the dumping margin and injury margin determined by the petitioner. The vast difference in the two margins makes it obvious that there are fundamental issues in the data adopted for determination of NIP, CNV, export price and landed price of imports for each of the responding exporters

- g. There is significant difference between the export price determined by the petitioner and as determined by the Authority which suggests that the prices reported to Indian customs and reported by the exporters are materially different
- h. In a situation where there is stark difference between data reported under Indian custom and as reported by the exporters, the Authority should reject the data submitted by the exporters and consider Indian customs data
- i. That utilities consumption should not be considered at the best achieved levels in the past for the reason that the cause of increase in the consumption is not inefficient utilization of such inputs.
- j. The authority is required to determine actual cost of production and not a notional lower cost of production in order to determine a price which can be compared with the import price
- k. Capital employed should be determined considering present value of fixed assets, or at the least gross value of fixed assets
- l. Domestic industry submits that the form of anti-dumping duty should be fixed quantum of anti-dumping duty (fixed form of duty) for a period of five years expressed in US\$.

H.2 Views of the other interested parties:

82. The exporters in their post disclosure submissions have made the following points. For the sake of clarity some of the points reiterated by them have been mentioned, albeit in brief, below:
- a. Reason for changes in the economic parameters/ data variations in claims made by Domestic Industry in its petition and as considered by Designated Authority in its Disclosure Statement, may please be provided.
 - b. The Designated Authority has proceeded with the presumption that China PR is a non-market economy country. Treatment of China PR as non-market economy after December 2016 is in violation of provisions of the Protocol on China's accession to the WTO. Consequently, the exporters have emphasized that within the scope of this investigation the Designated Authority shall:
 - grant “market economy status” to China PR based on the development of market economy of China;
 - conduct any normal value calculation in accordance with Article 2 of the Anti-Dumping Agreement; and
 - at the very least, apply the data on costs and prices provided by the Company in this response for the determination of the normal value rather than applying analogue country data in this investigation.
 - c. The Designated Authority should look into the issue of inflated ROCE raised in the various Anti-Dumping investigation and give its reasoned findings as to whether 22% ROCE adopted by the Designated Authority is reasonable as per Annexure-III to the Anti-Dumping Rules. They have further submitted that the Designated Authority should consider the return earned by the petitioners in the

past when there was no allegation of dumping as reasonable return and adopt the same as reasonable return to arrive at the Non-Injurious Price.

- d. Anti-dumping duty on Chinese Ceramic Roller products, restrict the imports of Chinese products, may seriously damage the interest of downstream industries and end users in India. It may make the domestic industry reluctant in improving the production technology and efficiency.
- e. The import volume of ceramic rollers did not increase significantly during POI but fluctuated in accordance with the fluctuation in demand of downstream industry.
- f. The injury suffered by the domestic industry is due to the fluctuation of the market but not because of imports from China PR.
- g. One of the producer and its related trader, in accordance with Rule 15 of the Anti-Dumping Rules, have offered its willingness to accept a price undertaking. Requesting that the same may be accepted and the investigation against them may be terminated.

H.3 Examination by Authority:

83. The Authority notes that several of these issues have been deliberated upon and the Authority's views thereon expressed elsewhere in this document. Regarding the specific issues raised in the responses to the Disclosure Statement, it is informed that the variations in the economic parameters and data between the Petition and the Disclosure Statement are due to the detailed verification/ examination conducted by the Authority. Regarding the trade figures, the petitioner had initially in its petition annualized the then available trade data, which was later replaced by the Authority with the actuals as and when it became available from the DGCIS. Regarding the operational data, the variation is largely due to the unaudited/ provisional information provided in the Petition and the final audited versions of the final accounts of the petitioner. No *mala fide* was detected on the part of the petitioner in providing the information or data at any stage.
84. Regarding the offer of a price undertaking, it is noted that the same was made on 15th March 2018, which is at a very late stage of the investigation. The Authority is constrained to reject the same given the paucity of time to examine this belated 'price undertaking' offer.

I. MAGNITUDE OF INJURY AND INJURY MARGIN

85. The Authority has determined Non Injurious Price for the domestic industry on the basis of principles laid down in anti-dumping Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The NIP of the domestic industry has been determined plant wise and accordingly weighted average NIP has been worked out. The weighted average NIP has been considered for comparing the landed price from each of the subject countries for calculating injury margin. For determining NIP, the best utilisation of the raw materials by the domestic

industry over the injury period has been considered. The same treatment has been done with the utilities. The best utilisation of production capacity over the injury period has been considered. The production in POI has been calculated considering the best capacity utilisation and the same production has been considered for arriving per unit fixed cost. It is ensured that no extraordinary or non-recurring expenses were charged to the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e. Average Net Fixed Assets plus Average Working Capital) for the product under consideration was allowed as pre-tax profit to arrive at the non-injurious price (NIP). The NIP so determined has been compared with the landed prices of imports from the subject countries to determine the injury margin as follows:

Injury Margin Table

SN	Country	Producer	Exporter	NIP- US\$ / MT	Landed Value US\$/ MT	Injury Margin US\$/ MT	Injury Margin %	Injury Margin Range- %
1	China PR	FCRI (Nanhai) New Materials Co. Ltd. FCRI (Sihui) New Materials Co. Ltd. FCRI (Pingxiang) Science & Technology Industrial Park Co. Ltd.	FCRI Import & Export Co. Ltd.	***	***	***	***	Negative
2	China PR	Zibo Huayan Industrial Ceramics Co., Ltd.	Zibo Huayan International Trading Co. Ltd.	***	***	***	***	10-20
3	China PR	Boxing County Jinruiji New Material Co. Ltd.	Zibo Konna Trading Co. Ltd.	***	***	***	***	10-20
4	China PR	Jincheng Scien Fine Materials Co., Ltd.	High Hope Zhongding Corporation; Guangdong King-Strong New Material Technology Co. Ltd.; and Foshan Skyplanet Import and Export Co. Ltd. China PR	***	***	***	***	10-20

SN	Country	Producer	Exporter	NIP- US\$ / MT	Landed Value US\$/ MT	Injury Margin US\$/ MT	Injury Margin %	Injury Margin Range- %
5	China PR	Any other	Any other	***	***	***	***	50-60

J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

86. It is noted that interested parties have argued that imposition of anti-dumping duties is against the interest of user industry, the Authority reiterates that the purpose of anti-dumping duties, 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 India market, which is in the general interest of the country, Imposition of antidumping measures is not to restrict imports from the subject country in any way, or to affect the availability of the products to the consumers.

87. The Authority also holds that though in the event of imposition of anti-dumping duties the price level of product in India may be affected in the short term but fair competition in the Indian market will ensure the prices to come back to a sustainable equilibrium. The anti-dumping measures will mitigate the unfair advantage gained by dumping practices and arrest the decline of the domestic industry and help maintain availability of wider choice to the consumers of subject goods. Consumers could still maintain two or more sources of supply

K. RECOMMENDATION

88. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and the causal link thereof in terms of the AD Rules and having established positive dumping margins as well as material injury to the Domestic Industry caused by such dumped imports, the Authority is of the view that imposition of antidumping duty is required to offset dumping and injury. Therefore, Authority considers it necessary and recommends anti-dumping duty on imports of subject goods from subject countries in the form and manner described hereunder.

89. With regard to duty structure, keeping into account the factual matrix of the case and having regard to contentions raised, information provided and submissions made by interested parties, it is deemed appropriate to recommend fixed form of anti-dumping duty denominated in US\$. Further, having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of anti-dumping duty equal to the lesser of margin of dumping and margin of injury for a period of five (5) years, so as to address the injury to the domestic industry. Accordingly, antidumping duty equal to the amount

indicated in Col 8 of the table below is recommended to be imposed on all imports of subject goods originating in or exported from China PR:

Duty Table

SN	Sub-heading	Description of goods	Country of origin	Country of Export	Producer	Exporter	Amount US\$/ MT
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
1	6903	Ceramic Rollers	China PR	China PR	FCRI (Nanhai) New Materials Co. Ltd. FCRI (Sihui) New Materials Co. Ltd. FCRI (Pingxiang) Science & Technology Industrial Park Co. Ltd.	FCRI Import & Export Co. Ltd.	Nil
2	6903	Ceramic Rollers	China PR	China PR	Zibo Huayan Industrial Ceramics Co., Ltd.	Zibo Huayan International Trading Co. Ltd.	223.74
3	6903	Ceramic Rollers	China PR	China PR	Boxing County Jinruiji New Material Co. Ltd	Zibo Konna Trading Co. Ltd.	336.34
4	6903	Ceramic Rollers	China PR	China PR	Jincheng Scien Fine Materials Co., Ltd.	High Hope Zhongding Corporation Guangdong King-Strong New Material Technology Co. Ltd., Foshan Skyplanet Import and Export Co. Ltd. China PR	202.03
5	6903	Ceramic Rollers	China PR	China PR	Any Other than mentioned in 1,2,3 & 4		782.25
6	6903	Ceramic Rollers	Any other Country	China PR	Any	Any	782.25
7	6903	Ceramic Rollers	China PR	Any Other Country	Any	Any	782.25

** Custom classification is only indicative and the determination of the duty shall be made as per the description of PUC*

90. An appeal against the order of the Central Government arising out of this finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)
Additional Secretary & Designated Authority