

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

**F. No. 7/06/2023-DGTR**  
**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Commerce**  
**(Directorate General of Trade Remedies)**  
**Jeevan Tara Building, Parliament Street, New Delhi -110001**

Dated: 23.10.2023

**FINAL FINDINGS**  
**AD (SSR) – 04/2023**

**Subject: Sunset review investigation of anti-dumping duty on import of “Meta Phenylene Diamine (MPDA)” originating in or exported from China PR**

**A. BACKGROUND OF THE CASE.**

**F. No. 7/06/2023-DGTR:** Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter also referred to as “the Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the “Rules” or the “AD Rules”) thereof.

1. The original anti-dumping investigation concerning imports of the subject goods from the subject country-was initiated by the Authority vide Notification No. 14/4/2012-DGAD dated 19<sup>th</sup> June 2012. In the same investigation, final finding was issued vide No. 14/4/2012-DGAD, dated 17<sup>th</sup> December 2013 recommending imposition of definitive antidumping duties on imports of the subject goods from the subject country, which was implemented vide Customs Notification No. 11/2014 - Customs (ADD) dated 11<sup>th</sup> March 2014. The said duties were imposed for a period of 5 years following which the first sunset review investigation was initiated by the Authority vide Notification No. 7/2/2018-DGAD, dated 26<sup>th</sup> February 2018. In the same 1<sup>st</sup> SSR investigation, final finding was issued vide No. 7/2/2018-DGAD, dated 13<sup>th</sup> December 2018 recommending the extension and enhancement of definitive anti-dumping duties on imports of the subject goods from the subject country. The same was implemented vide Customs Notification No. 5/2019-Customs (ADD) dated 24<sup>th</sup> January 2019. The duties so imposed are set to expire on 23<sup>rd</sup> January 2024.
2. In terms of Section 9A (5) of the Act read, the anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition. The Authority is required to review whether the expiry of anti-dumping duty

is likely to lead to the continuation or recurrence of dumping and injury.

3. Further, Rule 23(1B) of the Rules provides as follows:

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

4. In accordance with the above, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry, as to whether the expiry of anti-dumping duty is likely to lead to the continuation or recurrence of dumping and injury.

5. In view of the duly substantiated application by the domestic industry with *prima facie* evidence of the likelihood of dumping and injury filed on behalf of the domestic industry and in accordance with Section 9A(5) of the Act, read with Rule 23 of the Rules, the Authority initiated a sunset review investigation vide Notification No. F. No. 07/06/2023-DGTR dated 30<sup>th</sup> June 2023, to review the need for the continued imposition of the duties in force in respect of the subject goods originating in or exported from the subject country and to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

6. The scope of the present review covers all aspects of the previous investigation concerning the subject goods issued vide final finding No. 7/2/2018-DGAD, dated 13<sup>th</sup> December 2018, which were implemented vide Notification No. 5/2019-Customs (ADD) dated 24.01.2019.

**B. PROCEDURE**

7. The procedure described herein below has been followed with regard to the subject investigation:

- i. The Authority notified the embassy of the subject country in India about the receipt of the anti-dumping application before proceeding to initiate the investigation.
- ii. The Authority issued a public notice dated 30<sup>th</sup> June 2023, published in the Gazette of India Extraordinary, initiating the sunset review anti-dumping investigation concerning the imports of the subject goods from China PR.
- iii. The Authority sent a copy of the initiation notification dated 30<sup>th</sup> June 2023, to the embassy of the subject country in India, known producers/exporters from the subject

country, known importers/users in India, other Indian producers and other interested parties, as per the information made available by the applicant.

- iv. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the embassy of the subject country in India in accordance with Rule 6(3) of the Rules.
- v. In the initiation notification, the Authority had called for comments on the proposed PCN methodology from the interested parties in order to have a fair comparison. No comments were received from the interested parties and thereafter, vide letter dated 18th August 2023, the interested parties were requested to file their questionnaire response in accordance with the initiation notification.
- vi. The interested parties were requested to provide relevant information in the form and manner prescribed and to make their views known in writing within the prescribed time, in accordance with Rules 6(2) and 6(4) of the Rules.
- vii. The embassy of the subject country in India was also requested to advise the producers/exporters from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent to the embassy along with the names and addresses of the known producers/exporters from the subject country.
- viii. The Authority sent questionnaires to the following known producers/exporters in the subject country, in accordance with Rule 6(4) of the Rules:
  - i. Zhejiang Amino-Chem Company, Limited
  - ii. Norino Group Sichuan North Hongguang Special Chemicals Limited
  - iii. Jiangsu Tianjayi Chemical Company Limited
  - iv. China Sun Specialty Products Company Limited,
- ix. In response, the following exporters/producers from the subject country filed exporter's questionnaire response in the prescribed format:
  - i. Zhejiang Amino-Chem Company, Limited
  - ii. Changshan Haicheng Chemical Company, Limited
- x. The Authority sent Importer's Questionnaires to the following known importers/users of subject goods in India, calling for necessary information in accordance with Rule 6(4) of the Rules:
  - i. Aaishwariya Chemicals Private Limited
  - ii. Anil Colours Industries Private Limited
  - iii. Ankur Chemicals
  - iv. Aries Dye Chem Industries

- v. Aries Organics Private Limited
- vi. Bodal Chemicals Limited Unit – I
- vii. Chemworld Incorporated
- viii. Chhatariya Dye Stuff Private Limited
- ix. Hexone Interchem Private Limited
- x. Hexone Interchem Private Limited
- xi. Indo Colchem Limited
- xii. Jainik Industries
- xiii. Krishna Industries
- xiv. Loxim Industries Limited
- xv. Mascen Laboratories
- xvi. Monica Industries
- xvii. Novacid Private Limited
- xviii. Orjet Intermediates Private Limited
- xix. Prashant Industries
- xx. Rohan Dyes & Intermediaries Limited
- xxi. Shree Pushkar Petro Products Ltd.
- xxii. Shreeji Organics
- xxiii. Solar Dyes Industries
- xxiv. Synthopharma Chemicals
- xxv. Hindprakash International
- xxvi. Chemex Chemical
- xxvii. Yash Chemex Incorporated

- xi. In response, none of the importers/users except Gujarat Dyestuff Manufacturers Association (hereinafter referred to as “respondent” or “GDMA”) have responded or filed importer's / user's questionnaire responses.
- xii. The Authority issued Economic Interest Questionnaire to the Chinese Embassy, all the known exporters, importers and the domestic industry. The Economic Interest Questionnaire was also shared with the administrative line ministry. Economic Interest questionnaire was filed only by the domestic industry. None of the other interested parties have filed the Economic Interest Questionnaire.
- xiii. The petition was filed based on the basis of DGCI&S published data. The Authority has, however, considered DGCI&S transaction-wise details of imports of the subject

- goods for the past three years and the period of investigation.
- xiv. Additional information was sought from the applicant and exporters to the extent deemed necessary and the same has been considered for the proposed determination.
  - xv. Verification of the domestic industry was conducted to the extent considered necessary for the purpose of the present investigation and such verified information has been relied upon for the purpose of the final finding.
  - xvi. The domestic industry has submitted financial data. The non-injurious price (NIP) has been determined based on the optimum cost of production and the cost to make & sell the subject goods in India as per the information furnished by the domestic industry and in accordance with Generally Accepted Accounting Principles (GAAP) and Annexure III to the Rules. Such non-injurious price has been considered to ascertain whether anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
  - xvii. The verification of the information provided by the producers/exporters to the extent deemed necessary, was carried out by the Authority.
  - xviii. The Period of Investigation for the purpose of the present anti-dumping investigation is from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 (12 Months). The injury investigation period has, however, been considered as the period 1<sup>st</sup> April 2019- 31<sup>st</sup> March 2020, 1<sup>st</sup> April 2020- 31<sup>st</sup> April 2021, 1<sup>st</sup> April 2021-31<sup>st</sup> March 2022, and POI.
  - xix. In accordance with Rule 6(6) of the Rules, the Authority conducted an oral hearing on 29th September 2023, to provide an opportunity to the interested parties to present the relevant information orally before the Authority. All the parties attending the oral hearing were advised to file written submissions by 06.10.2023, of the views expressed orally. Non-confidential versions of the written submissions were circulated to the interested parties by email, and an opportunity was given to them to submit rejoinder submissions by 10.10.2023, if any.
  - xx. The arguments made in the written submissions/rejoinders received from the interested parties have been considered in the present final findings.
  - xxi. The submissions made by the interested parties during the course of this investigation, wherever found relevant, have been addressed by the Authority, in this final findings.
  - xxii. Information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential version of the information filed on a confidential basis.
  - xxiii. 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 on the basis of the facts available
  - xxiv. In accordance with Rule 16 of the Rules, the essential facts of the investigation were disclosed to the known interested parties vide disclosure statement dated 17.10.2023

and comments received thereon, considered relevant by the Authority, have been addressed in these final findings. The post-disclosure submissions to the extent considered relevant are being examined in these final findings.

xxv. The exchange rate adopted by the Authority for the subject investigation is US\$1 = ₹81.06

## **C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

### **C.1. Views of the other interested parties**

8. None of the other interested parties have made any submissions in regard to the scope of the product under consideration and like article.

### **C. 2. Views of the domestic industry**

9. The views of the domestic industry with regard to the product under consideration and like article are as follows:

- i. The product under consideration in the present petition is "Meta Phenylene Diamine (MPDA)".
- ii. Meta Phenylene Diamine has two amino groups attached to a Benzene ring, at Meta positions, with respect to each other. It is an isomer of o- Phenylene Diamine (Ortho Phenylene Diamine) and p- Phenylene Diamine (Para Phenylene Diamine).
- iii. MPDA is a chemical reagent. MPDA has various end application areas such as aramid fibre manufacturing, engineering polymer, dye manufacturing, photography and medical etc.
- iv. There is no known difference in the PUC exported from China PR and that produced by the Indian industry. In the present case, both the imported and the domestic product have comparable characteristics in terms of parameters such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc. Consumers can use and are using the two interchangeably. The two are technically and commercially substitutable and thus, are like article.
- v. The product under consideration is generally imported under HS code 2921 5120. However, import can also take place under other HS codes, therefore, it is clarified that the HS codes are only indicative, and the product description shall prevail in all circumstances.

### **C.3. Examination by the Authority**

10. The present investigation is a sunset review investigation concerning anti-dumping duties imposed on imports of "Meta Phenylene Diamine' (MPDA)' originating in or

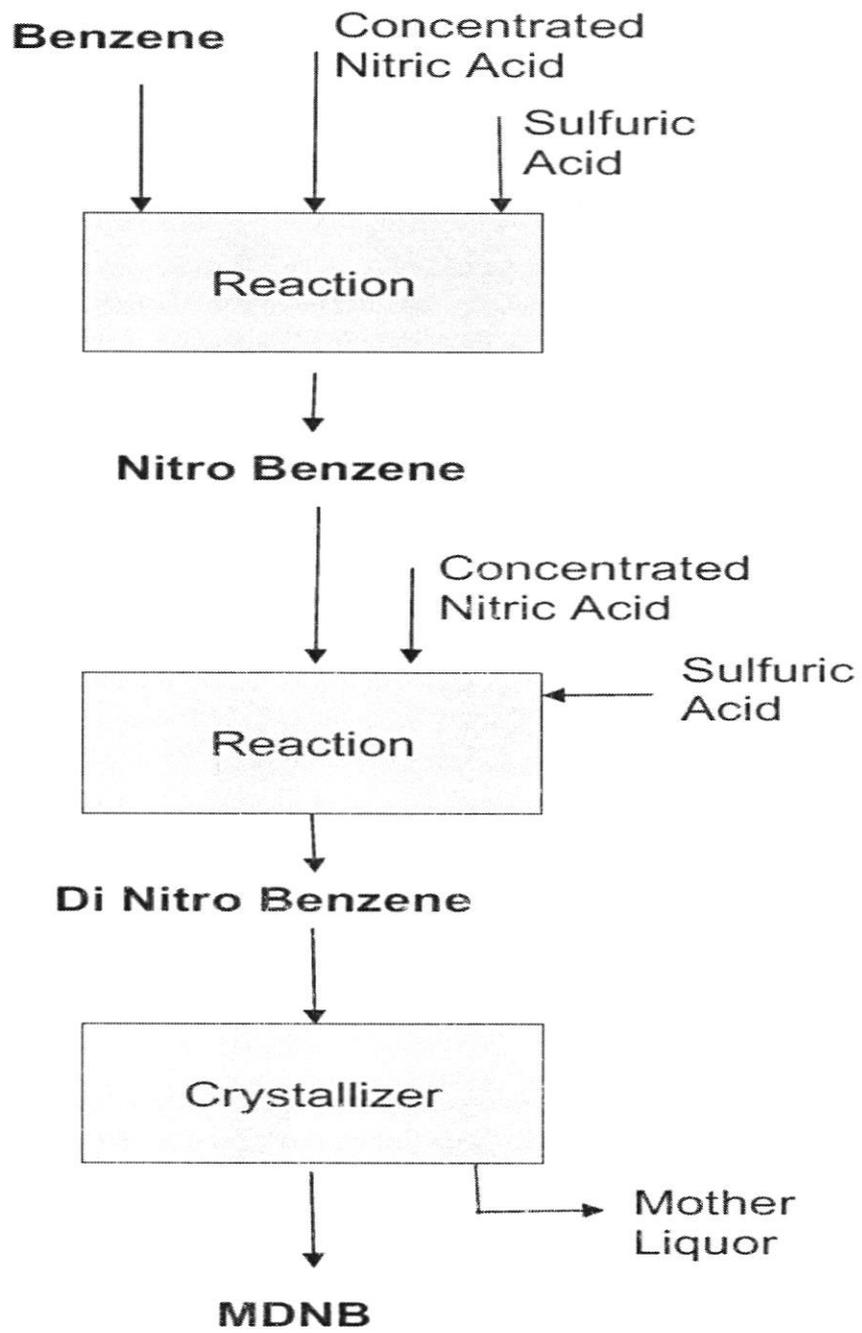
exported from China PR. Hence, the PUC in the present investigation is the same as considered in the original investigation. The product under investigation as defined in the original investigation is as follows:

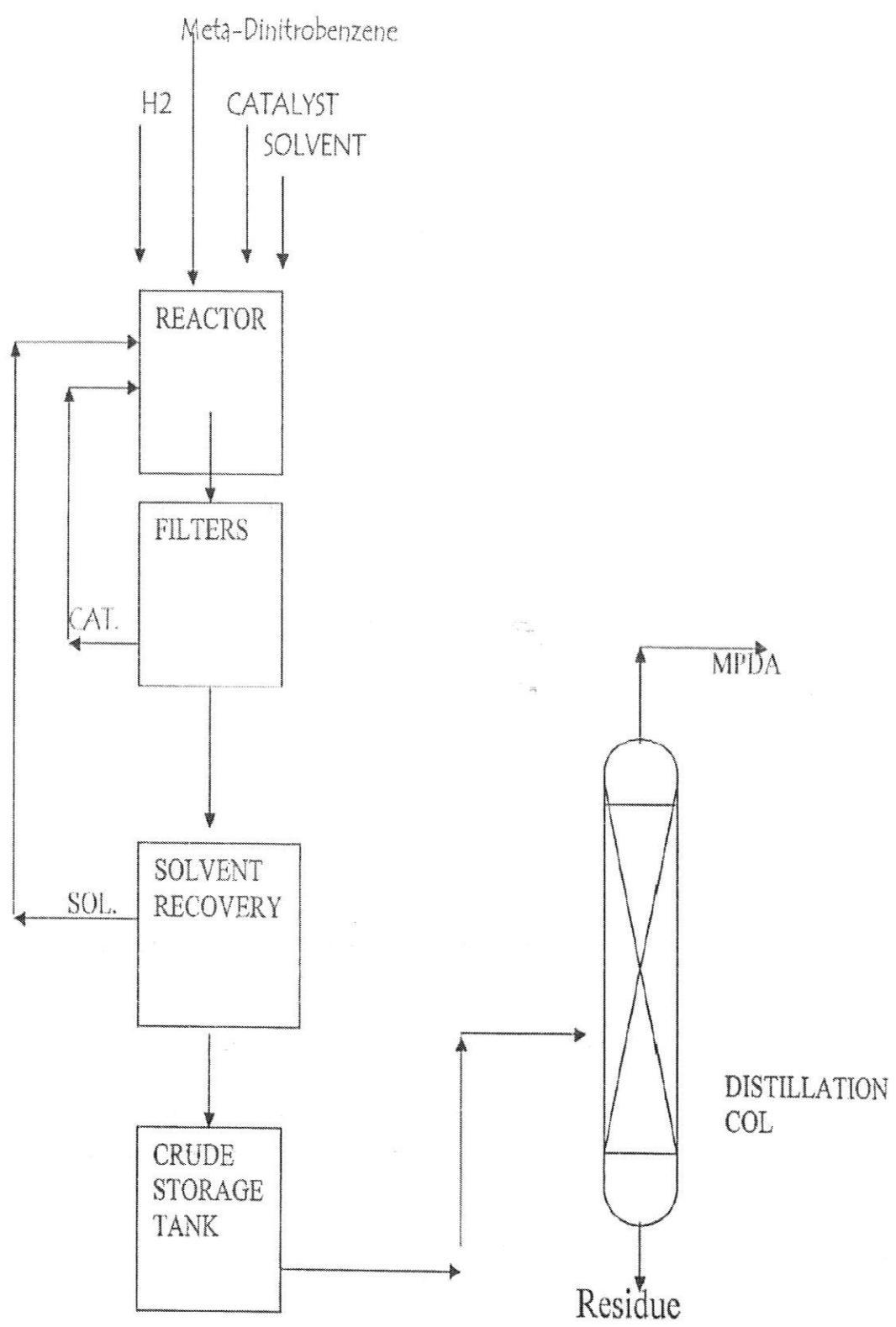
*"2. The product under consideration in the present investigation is 'Meta Phenylene Diamine' (MPDA). Commercially, it is also called MPD or MPDA. Under normal (room) conditions, it is a colourless or white colour solid, which tends to turn red, purple (dark colour) in air, on storage. Meta Phenylene Diamine has two amino groups attached to a Benzene ring, at Meta position, with respect to each other. It is an isomer of o- Phenylene Diamine (Ortho Phenylene Diamine) and p-Phenylene Diamine (Para Phenylene Diamine). Meta Phenylene Diamine functions as a chemical intermediate. MPDA as a chemical intermediate is used for manufacturing dyes, engineering polymer, aramid fibre and in photography & medical applications."*

*10. The PUC in the present sunset investigation is 'Meta Phenylene Diamine', also referred to as MPDA. Other names of the PUC are m- Phenylene Diamine; 1,3-diaminobenzene; 1, 3- Benzenediamine, m-Aminoaniline; m Benzenediamine, m-Diaminobenzene; 1,3- Phenylenediamine; 3-Aminoaniline, m-Fenylendiamin, Phenylenediamine, m; and Phenylenediamine, m. Commercially it is also called MPD or MPDA.*

11. The product under consideration is generally classified under Chapter 29 of the Customs Tariff Act under head 2921 and subheadings 29215120. The HS codes are considered only indicative, and the product description is decisive for the purpose of the present investigation.
12. The PUC functions as a chemical intermediate. Various end application areas of Meta Phenylene diamine are Aramid fibre manufacture, engineering polymer, dye manufacturing, photography etc. The most common use is dyes and polymer.
13. The Authority notes that the product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of physical & chemical characteristics, functions & uses, product specifications, pricing, distribution & marketing, and tariff classification of the goods. The goods produced by the domestic industry and imported from the subject country are like articles in terms of the Rules. The two are technically and commercially substitutable. The Authority holds that the subject goods produced by the domestic industry are like article to the product under consideration imported from subject country within the scope and meaning of Rule 2(d) of anti-dumping Rules.

#### **D. PRODUCT UNDER CONSIDERATION MANUFACTURING PROCESS**





E. SCOPE OF DOMESTIC INDUSTRY AND STANDING

**E.1. Views of the other interested parties**

14. None of the other interested parties have made any submission regarding the standing and scope of the domestic industry.

**E.2. Views of the domestic industry**

15. Following submissions have been made by the domestic industry with regard to standing and scope of the domestic industry:
- i. The application has been filed by M/s Aarti Industries Limited. The applicant account for a major proportion (\*\*\*) in total Indian production of the product concerned in India.
  - ii. The application was supported by M/s Anupam Rasayan at the time of filing the application.
  - iii. The applicant is neither related to any producer/exporter of the product under consideration in China PR, nor are they related to any importer in India or exporter in the subject country. Further, the applicant has not imported the product under consideration from China PR. Thus, the applicant should be considered as eligible to constitute the domestic industry in terms of Rules.
  - iv. The applicant has sufficient standing and constitutes the domestic industry within the meaning of the Rules, even though this is not a condition mandatory for sunset review investigation.

**E.3. Examination by the Authority**

16. Rule 2(b) of the Anti-Dumping Rules defines the domestic industry as under:

*“(b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term ‘domestic industry’ may be construed as referring to the rest of the producers”.*

17. The application is filed by M/s Aarti Industries Limited. It is seen that the applicant was the sole producer in the past two investigations. The applicant earlier had a capacity of \*\*\*MT. The applicant, however, increased capacity to \*\*\* in 2016-17.
18. The applicant is engaged in the manufacturing APIs, generic intermediates and xanthine derivatives for the pharmaceutical and food/beverages industry. As per the

website of the company, the company is engaged in production of a number of different products having manufacturing facilities at 4 places, i.e., Dombivli, Vapi, Tarapur, Atali. However, manufacturing facilities for MPDA are stand alone and are used exclusively only for production of MPDA. It was found that the manufacturing facilities have not been used for production of any other product. It was also noted that no other product can be produced at these facilities.

19. M/s Anupam Rasayan has set up a capacity of [\*\*\*] MT in 2018-19 and has started production since 2019. Anupam Rasayan has supported the investigation and requested continuation of the duty.
20. The applicant considered production of Anupam Rasayan at the same level as capacity. However, post initiation of the investigation, Anupam Rasayan has supported the application and has provided details of its production and domestic sales. Since the company has now provided the relevant information, the Authority has considered the same for the purpose of the present final findings and for establishing essential facts relevant for the proposed determination.
21. Information on record shows that the production by the applicant constitutes more than \*\*\*% i.e., “a major proportion” of total Indian production. However, relevant information provided by the supporter as made available has been nevertheless separately examined at relevant places in order to ascertain whether its performance shows a materially different position as compared to the applicant.
22. On examination of the material on record as above, and considering the legal provisions, the Authority holds that the applicant constitutes the domestic industry in terms 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 even though standing within the meaning of Rule 5(3) is not required to be established in a sunset review initiated under Rule 23.

**F. ISSUES RELATED TO CONFIDENTIALITY & MISCELLANEOUS SUBMISSIONS**

**F.1. Views of the other interested parties**

23. Following submissions have been made by other interested parties in regard to confidentiality and miscellaneous submissions:
  - i. The applicant has claimed essential information as production flow chart etc. as confidential.
  - ii. If the Authority finds confidentiality is not warranted, and the supplier of information is unwilling to make it public or authorize disclosure, the Authority may disregard such information.

- iii. Each and every information submitted by a party on a confidential basis cannot be regarded as confidential unless the same is supported by reasons and is so accepted by the Authority.
- iv. Sunset review investigation can only be initiated where there is sufficient evidence of dumping, material injury, likelihood thereof and causation.
- v. Insufficient information provided in the present review, does not justify initiation under Rule 5(3). The petitioner has failed to provide sufficient evidence to justify the initiation of the present investigation. The Authority has found "*prima facie*" evidence as against the requirement of "*sufficient evidence*".
- vi. Para 17 of the initiation notification wherein DGTR has used the word *prima facie* evidence and has used the Oxford dictionary to define *prima facie* and sufficient. The Authority has found "*prima facie*" evidence as against the requirement of "*sufficient*" evidence. Reference is made to Panel's decision in United States- Softwood Lumber from Canada, Guatemala- Cement II and Mexico-Steel Pipes and Tubes.

## **F.2. Views of the domestic industry**

- 24. Following submissions have been made by the domestic industry in regard to confidentiality and miscellaneous submissions:
  - i. The respondent has claimed confidentiality on information that is not confidential, such as their financial statements and the statement of Chinese production. This is preventing the domestic industry from making their submissions, as they do not have access to this information.
  - ii. The information pertaining to raw material, utilities, other conversion cost and interest cost reported in Format C1 are treated in confidence without being accompanied by a non-confidential summary.
  - iii. The applicant has claimed only such information as confidential which is neither in public domain nor mandated by law to disclose. Further, the petitioner has provided reasons, at appropriate places, for claiming confidentiality.
  - iv. The respondents have claimed excessive confidentiality in the exporter questionnaire response and the same curtails the petitioners right to comment as the responses do not provide meaningful summary without assigning any good cause for the same. The submissions of all the exporters and producers from the subject country should be disregarded and the individual treatment be denied to them.
  - v. While the interested party has made submissions that insufficient evidence of dumping, material injury, likelihood thereof and causation is there. However, the interested party has failed to point out how the information is insufficient. Respondent has unnecessarily attempted to create confusion between the requirement of sufficiency under Rule 5(3) and the term "*prima facie*", whereas the Authority makes out a *prima facie* case after thorough examination.

- vi. The responding exporter/producer rather than proving the absence of dumping has preferred making baseless averments upon the authenticity and nature of analysis by the Authority.

### **F. 3. Examination by the Authority**

25. Various submissions have been made by the applicant as well as the other interested parties during the course of the investigation with regard to confidentiality, to the extent considered relevant by the Authority, have been examined below.

26. With regard to confidentiality of information, Rule 7 of the Anti-Dumping Rules provides as follows:

*“Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule (2) of rule 12, sub-rule (4) of rule 15 and subrule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated Authority on a confidential basis by any party in the course of investigation, shall, upon the designated Authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorisation of the party providing such information.*

*(2) The designated Authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated Authority a statement of reasons why summarisation is not possible.*

*(3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalised or summary form, it may disregard such information.”*

27. The Authority considers that any information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom that person acquired the information), or which is provided on a confidential basis by the parties to an investigation shall, upon good cause shown, should be treated as such by the Authority. Such information cannot be disclosed without specific permission of the party submitting it.

28. The Authority has considered the claims of confidentiality made by the applicant and the other interested parties and on being satisfied about the same, the Authority has allowed the claims on confidentiality. The Authority made available to all the interested parties the non-confidential version of evidence submitted by various interested parties for inspection.

29. In reference to submissions made on the application lacking justification for initiating the present investigation, the Authority considers that the requirements for initiation of an investigation were met. In this respect, the Authority had noted the submissions and evidence placed on record at the stage of initiation and considered that there was sufficient evidence pointing to a likelihood of continuation or recurrence of dumping should the anti-dumping duties applicable to imports from China PR be allowed to lapse.
30. The Authority notes that the responding exporter/producer has made submissions wherein the interpretation of “*prima facie*” case has been submitted as “*first impression*”. The Authority refers to the Black’s law dictionary wherein the term “*prima facie case*” is defined as:
- “A litigating party is said to have a prima facie case when the evidence in the party’s favor is sufficiently strong for his opponent to be called on to answer it. A prima facie case, then, is one which is established by sufficient evidence, and can be overthrown only by rebutting evidence adduced on the other side.”*
31. Further, the domestic industry in their submissions have made reference to a judgment by the Hon’ble Delhi High Court in the matter of *Ramji Lal Mahindar Kumar vs Naresh Kumari and Anr.*<sup>1</sup> wherein it was held that:
- “Prima facie case means that it needs serious consideration, investigation or determination. It does not mean proof at this stage. It means bona fide dispute requiring determination without pre-judging the case. The proper stage for judging the case is at the conclusion of the trial when the full facts are placed before the Court”*
32. It is thus seen that “*prima facie*” means sufficient evidence and not “*first impression*” as alleged by the interested party. The Authority from analysis of the information submitted along with application had noted, at the stage of initiation, that the dumping and injury margins are positive, the performance of the domestic industry has deteriorated over the injury period, there were significant capacities with the producers in China, Chinese producers are highly export oriented, and Chinese producers are undertaking further expansions based on the evidence placed by the domestic industry. The Authority finds that the aforementioned observations are sufficient to initiate sunset review investigation to examine in detail likelihood of continuation or recurrence of dumping and injury.
33. Furthermore, the argument from other interested parties is unsubstantiated and lacks material ground. The interested parties have not specified as to what exactly the

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<sup>1</sup> IR 1984 Delhi 95, 24 (1983) DLT 100, 1983 RLR 381

interested parties find deficient in the application as received by them. In the absence of specific instances or grounds that the application lacked, the Authority cannot address the same in detail. The Authority has followed an objective and unbiased process while assessing the merits of the application and subsequently as the investigation has proceeded.

**G. DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN**

**G.1. Views of other interested parties**

34. The submissions made by the other interested parties on determination of normal value, export price and dumping margin are as follows:

- i. The applicant has wrongly claimed the export price of China PR.
- ii. The applicant has claimed baseless adjustments for marine insurance, port expenses, bank charges, commission and inland freight while calculating the export price of China PR.
- iii. As export price is misleading, consequent dumping margin claimed by the applicant is also incorrect and misleading.

**G.2. Views of the domestic industry**

35. The following are the submissions made by the domestic industry with regard to determination of normal value, export price and dumping margin are as follows:

- i. The subject country has continued to dump into India despite the imposition of anti-dumping duty.
- ii. There is no significant difference in the technology adopted or the manufacturing process used for producing the subject goods or the raw material prices in China, therefore the calculations are justified.
- iii. Market economy status cannot be granted to the respondents unless the responding exporters satisfy that none of their major shareholders is a state owned/controlled entity, that the prices of major inputs substantially reflect market values; unless the responding Chinese exporters pass the test in respect of each and every parameter laid down under the rules and that the responding company has participated in the present investigation along with its related parties involved with PUC.
- iv. Market economy treatment cannot be given where Chinese exporters are unable to establish that their books are consistent with International Accounting Standards (IAS).
- v. The normal value for China in such a case can be determined only in accordance with the provisions of para 7 of the Annexure I to Anti-dumping Rules in view

of the aforementioned facts and circumstances.

- vi. The applicant made efforts to get evidence on the price of the product concerned in the domestic market of the subject country by engaging with customers to procure price quotations from their domestic markets and through published sources. However, no publication was found.
- vii. The prices are transacted between the producer and consumers and therefore are not in the public domain. Thus, no reasonable, authentic, and accurate information could be obtained from published sources about the actual transaction-selling price of the PUC in the domestic markets of the subject country.
- viii. Normal value in China of the product under consideration 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.
- ix. Normal value in China could not be determined on the basis of price from such third country to other countries, including India as the relevant information is not publicly available pertaining to exports from market economy third countries to other countries.
- x. The applicant has determined normal value in China on the basis of the cost of production, considering consumption norms of the domestic industry for raw material and utilities, taking the price of all raw materials as per the domestic industry and duly adjusted with selling, general and administrative expenses and considering the consumption norms of the applicant.
- xi. The export price is constructed based on the information available from the import data after making due adjustments based on the best available information with the industry to make it comparable with normal value.
- xii. The dumping margin is positive and substantial.
- xiii. The very fact that the exporters have resorted to dumping gets established by their tacit admission in not denying existence of dumping.
- xiv. None of the exporters have claimed market economy treatment. In fact, they have stated that they do not request market economy treatment and that they accept the normal value determined by DGTR.
- xv. The Authority may verify information provided by the responding exporter and determine appropriate normal value.

### **G.3. Examination by the Authority**

36. Under section 9A (1) (c), normal value in relation to an article means:

- (i) the comparable price, in the ordinary course of trade, for the like article when destined for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*
- (ii) when there are no sales of the like article in the ordinary course of trade in the*

*domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either –*

- a. comparable representative price of the like article when exported from the exporting country or territory to an appropriate third country as determined in accordance with the rules made under sub-section (6); or*
- b. the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*

*Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.*

37. Article 15 of the China's Accession Protocol with the WTO provides as follows:

*"Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:*

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

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

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

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

*available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

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

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

38. It is noted that while the provisions contained in Article 15(a)(ii) have expired on 11.12.2016. However, the provisions under Article 2.2.1.1 of the WTO read with obligation under 15 (a) (i) of the Accession protocol require the criterion stipulated in para 8 of Annexure I of India's AD Rules to be satisfied through the information/data to be provided in the supplementary questionnaire for claiming the market economy status.
39. At the stage of initiation, the Authority proceeded as per the information given by the applicant. Upon initiation, the Authority advised the producers/ exporters in China PR to respond to the notice of the initiation and provide information relevant to determination of their market economy status. The Authority sent copies of the supplementary 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 and furnish relevant detailed information. The Authority also requested Government of China PR to advise the producers/ exporters in China PR to provide the relevant information. Only one producers/exporters have co-operated in this investigation by filing the questionnaire response namely, Zhejiang Amino-Chem Company, Limited, China PR.
40. None of the exporters/producers contested the NME status of China. Thus, in view of the above position and in the absence of rebuttal of the non-market economy presumption by any Chinese exporting company, the Authority, considers it appropriate to treat China PR as a non-market economy country in the present investigation and proposes to proceed with para 7 of Annexure-I to the Rules for determination of normal value in case of China PR.

#### **G.4. NORMAL VALUE FOR CHINA PR**

41. The Authority notes that no evidence has been provided by the domestic industry or other interested parties on prices in market economy third countries. Neither of the interested parties have given information on cost of production in market economy third countries. It has been claimed that subject goods are largely produced by India and China. As regards imports into India, the imports are only from China. Apart from China, imports are not coming in from any other country. Thus, the normal value based on price from third country to other country including India could not be determined.
42. Therefore, the Authority has constructed the normal value (CNV) for the subject imports from China PR as per the "price actually paid or payable in India" as stipulated in para 7 of Annexure – I to the Anti-Dumping Rules, 1995. It has been computed based on the cost of production of the domestic industry, with reasonable addition for selling, general and administrative expenses, and profits.

#### **G.5. EXPORT PRICE**

##### **Zhejiang Amino-Chem Company, Limited, China PR and Changshan Haicheng Chemical Co., Ltd**

43. From the responses filed, it is noted that Zhejiang Amino-Chem Co. Ltd. and its unrelated trader Changshan Haicheng Chemical Co., Ltd. is involved in the production and exports of the product concerned to India.
44. Zhejiang Amino-Chem Co., Ltd. is a limited liability company, which has been established on November 22, 2005, under the Company Law of PRC.
45. During the POI, Zhejiang Amino-Chem Co., Ltd., China PR, has exported \*\*\*MT of the subject goods to India of invoice value \*\*\*RMB, out of which the company has exported \*\*\*MT directly to India and the rest of the quantity \*\*\*MT has been exported to India indirectly through an unrelated exporter/trader namely, Changshan Haicheng Chemical Co., Ltd.
46. The producer/exporter has claimed adjustment on account of ocean freight, port and other related expenses, insurance, inland transportation, credit cost, bank charges and the same have been allowed by the Authority. Accordingly, export price at ex-factory level for Zhejiang Amino-Chem Co., Ltd. has been determined and the same is shown in the Dumping Margin Table below.

##### **Export price of Non cooperating producers and exporters from China**

47. The export price for the non-responding producers/exporters from China has been determined on the basis of facts available taking into account the export transactions of the responding exporter.

**H. DETERMINATION OF DUMPING MARGIN**

48. The dumping margin determined for the producers/exporters based on constructed normal value and net export price (NEP) as mentioned above, is as follows:

**Dumping Margin Table**

SN	Producer/Exporter	CNV	NEP	Dumping Margin		
		USD/Kg	USD/Kg	USD/Kg	%	% Range
1	Zhejiang Amino-Chem Co., Ltd.	***	***	***	***	40-50
2	Others	***	***	***	***	50-60

**I. ASSESSMENT OF INJURY AND CAUSAL LINK**

**I.1. Submissions made by the other interested parties**

49. The following submissions have been made by the other interested parties with regard to injury and causal link:
- i. The duty has been in force for more than 10 years, still the petitioner is not able to increase its production/capacity and sales during the period of investigation as compared to the base year.
  - ii. It appears that there are some factors other than the imports from China PR which are causing injury to the domestic industry. The Authority must examine known factors other than the subject import, which are causing injury to the domestic industry.
  - iii. The Authority must separate and distinguish the injurious effects of the dumped imports from the injurious effects of those other factors.
  - iv. The other factors in the present case may include weakened demand, subdued pricing environment, coronavirus impact, disproportionate fall in realizations, adverse stock valuation rate, increase in foreign exchange loss, higher stores and spares expenses, repair & maintenance, security expenses, depreciation and interest charges, shut down of a plant etc.
  - v. As per the petition, the company remained shut for 146 days during 2022 for marketing related shutdowns.
  - vi. After protection of 10 years, the domestic industry is still contending that the

domestic industry is suffering injury due to the subject imports from China, this shows that there is no connection between imposition of anti-dumping duties and injury to the domestic industry. The alleged injury is on account of the domestic industry's internal factors.

- vii. The applicant has claimed PUC and total production (PUC and NPUC) as same, which seems incorrect. Incorrect and misleading information has been filed by the applicant for injury analysis.
- viii. Majority imports from China are under advance license; around \*\*\*% of the total imports to India.
- ix. Market structure of the PUC is such that overwhelming majority of market share is consumed for production of export goods; this part of overall market is not available to the domestic industry irrespective of anti-dumping duty.
- x. The domestic industry increased capacity manifold in 2016-17, indicated the domestic industry increased capacity recklessly, without considering that Indian laws do not permit trade protection on imports meant for production of export goods.
- xi. Capacity was increased considering international demand. Impact of fall in export demand during POI should not be attributed to alleged dumped imports.
- xii. Imports continued at same level despite anti-dumping duty, and it shows imports from China are technical necessity for producers in the country.
- xiii. Anupam Rasayan has not clarified the reason for entering into this market despite domestic industry claiming injury by Chinese imports since October 2010. No correlation between alleged dumped imports and claim of injury.
- xiv. The domestic industry's argument that injury parameters have shown deterioration is flawed as the base years used for trend analysis are flawed as they were abnormal years.
- xv. Average price from China PR is Rs. 150 – Rs. 300 per Kg in the last 12 years except preceding 2 years and base year (FY 2019-20). Average domestic price of applicant is Rs. 150 – Rs. 300 per Kg in last 12 years except in preceding 2 years and the base year (FY 2019-20)
- xvi. Average ratio of price from China to price of major raw material Benzene is about 3 to 4 times in last 12 years, except preceding two years and the base year (2019-20), ratio rose abnormally to 11 to 16 times in preceding 2 years and 2019-20.
- xvii. The average ratio of the domestic price of the subject goods of the applicant to the price of major raw material Benzene was also in the same range.
- xviii. Import prices and domestic prices increased abnormally in 2019-20 and 2020-21, around 11 times of Benzene price. While domestic price was 16 times of Benzene price despite the fact that benzene price declined drastically during this period.

- xix. Thus, preceding 2 years and 2019-20 were absolutely abnormal years and analysis based on this is faulty and misleading.
- xx. Import prices of the subject goods from China and the applicant's domestic prices of subject goods increased abnormally during preceding two years and the base year of FY 2019-20. The abnormal increase was due to an accident (explosion) in Jiangshu Tianjiayi Chemical Co. Ltd in March 2019, following which the Chinese government imposed strict audit on chemical plants creating disruption in production activity causing market disruption, and lastly due to COVID-19.
- xxi. The imports from China PR declined significantly by around 54% from 3,807 MT in FY 2021-22 to 1,775 MT FY 2022-23 in the POI.
- xxii. There is no causal link between the claim made by the applicant of so-called injury and likelihood of continuation and recurrence of dumping and injury and the imports of the subject goods from China PR.
- xxiii. Abnormal increase in capacity of the applicant of PDA is from 3000 MT in 2016-17 to 12,000 MT in annual report of 2016-17. 80% of PDA capacity is for MPDA. Accordingly, capacity of MPDA has increased from 2,400 MT to 9,600 MT. Demand in domestic market is consistently around 5,000 MT over the last 10-15 years.
- xxiv. No justification has been provided for abnormal increase of capacity by the applicant. Injury has been caused due to mismanagement, wrong investment, increase in cost.
- xxv. Slowdown of economy - Global demand outlook for short term has been impacted due to inventory corrections and recessionary trends. (applicant's annual report for POI). The applicant claimed stability and strong long term growth trajectory.
- xxvi. Internal competition - Initially the applicant was only producer of the PUC in India, Anupam Rasayan started production 3 years back, creating internal competition for the applicant. The domestic industry is facing injury on account of internal competition, mismanagement, wrong investment, increase in cost. and not imports.
- xxvii. Temporary decline in the performance of the applicant is on account of global decline in demand, which is temporary and not an account of imports from China. Demand decline by 32 % from 109 in 2021-22 to 68 in POI (indexed). Shows injury suffered is due to decline in demand and not due to the subject imports.
- xxviii. The plant was shut for 146 days during the year 2022 for marketing related shutdowns.
- xxix. There is a dedicated capacity for the product under consideration. Therefore, the applicant may have loaded the actual fix cost, repair and maintenance cost, consumables cost etc. including that related to abnormal increase in the capacity on the product under consideration.

- xxx. The production of the other products of the applicant also declined significantly in the POI. In such a case, application of production or sales ratio will also not result in lower allocation of the fixed cost to product under consideration.
- xxxi. The claim of extension of duties by the domestic industry, is completely unjustified in view of the fact that as per the market intelligence of the respondent, around 70% of the total import to India is against advance license which cannot be subjected to any anti-dumping duties.
- xxxii. The applicant has claimed production of the PUC and total production (PUC and NPUC) as same, which *prima facie* seems incorrect.

## **I.2. Submissions of the domestic industry**

50. The following submissions have been made by the domestic industry with regard to injury and causal link.
- i. The demand declined in 2020-21 in view of the pandemic and increased thereafter in 2021-22 and declined again in the POI.
  - ii. The global demand for dyes and intermediaries has declined in the POI resulting in decline in the demand of the subject goods.
  - iii. The imports in absolute and relative terms from China declined in 2019-20 as compared to high volumes during the 1st sunset review investigation, i.e., 2014 – 2017.
  - iv. The imports have once again increased in 2021-22 but have declined in the POI due to decline in demand. The imports from China are significant and still constitutes almost 46% of the Indian demand in a situation when the country is self-sufficient.
  - v. The landed price declined significantly in 2021-22 and thereafter, and, without commensurate decline in the cost of production. Resultantly the domestic industry also had to reduce its prices. The imports are undercutting the prices in the domestic market.
  - vi. The domestic industry had to sell its goods at prices lower than the cost of production in the POI. The imports thus had a depressing effect on the domestic industry prices.
  - vii. The appendix I submitted by the exporter shows that the decline in selling price is more for goods exported to India as compared to exports to third countries and the domestic market.
  - viii. There is positive dumping margin and injury margin, the imports from the subject country constitute 43% of the Indian demand. Thus, it is not for the domestic industry to explain why duties are warranted, rather the onus is on the

exporters to explain how they were able to reduce prices so significantly and why capacities are being expanded.

- ix. The raw materials and utilities cost on overall basis during the injury period increased by 26% whereas the import price declined by 53%. This is simply unprecedented and is beyond any business economics.
- x. The effects of global decline in demand affecting the Indian demand have direct relation, but the amount of market share that the Chinese imports have taken away in such a situation is not justifiable.
- xi. The only reason for the same is unnatural decline in the prices by Chinese producers. Therefore, the slowdown of economy or global decline in demand are not the reason for injury caused to the domestic industry.
- xii. Decline in demand is both for Indian and Chinese producers. This decline in demand is also the cause for decline in capacity utilisation. However, this decline is not responsible for the severe decline in the prices in this period.
- xiii. Chinese exporters have provided no explanation regarding the whopping decline in the import prices.
- xiv. The fixed costs incurred by the domestic industry have steeply declined over the injury period. In fact, in a situation where input costs have so significantly increased, the domestic industry has still reported a significant decline in costs. Thus, it is totally baseless to contend that the domestic industry is suffering due to capacity addition.
- xv. When the cost in 2019-20 and 2020-21 were higher, the domestic industry was not only having reasonable profits but also a decent cash flow and ROI.
- xvi. In the current period, when the fixed costs have declined both at gross and fixed cost level, the profitability of the domestic industry has so severely declined that the domestic industry is suffering whopping cash loss and hugely negative ROI.
- xvii. The explosion in Jiangshu Tianjiayi Chemical Co., Ltd. was caused in the end of March 2019, which is the last month of FY 2019-20. Therefore, it could not have any effect on the prices of FY 2019-20.
- xviii. Jiangshu Tianjiayi Chemical Co. Ltd. was not a major producer of the PUC, rather only had around 17,000 MT production capacity of the PUC. This further explains why this incident could not have had an effect on domestic as well as import prices, as has been significantly overexaggerated by the user industry.
- xix. COVID-19 pandemic was hit in 2020 March, again the user industry's arguments fail to justify the increase in price in 2019-20 as claimed. Even in COVID-19, the subject imports from China captured 35% of the market share

and have worked their way up to 48% in the following year and finally at 43% in the POI.

- xx. The user industry's claim that 3 years of the injury period are abnormal and other above-mentioned contentions are baseless and should be rejected by the Authority.
- xxi. The import prices have declined so severely even when input costs have increased over the injury period. Resultantly, the performance of the domestic industry has steeply deteriorated in respect of parameters such as profits, cash flow, return on investment.
- xxii. Merely the volume of imports is not indicative of the complete situation and the same cannot be assessed in isolation of the demand and market share.
- xxiii. It is evident from trend analysis that the imports of the subject goods from China PR decreased from 100 to 78 which is 22 indexed points, whereas the Indian demand in the same period declined 34 indexed points from 100 to 66. The decline in the subject imports is not in consonance with the decline in Indian demand.
- xxiv. Subject imports were able to increase its market share despite decline in demand and sufficient capacity available in India to cater the demand.
- xxv. Performance of the domestic industry has severely declined in the present injury period despite same level of capacity over the present injury period.
- xxvi. The applicant was making profits even when Anupam Rasayan entered the business. The profitability declined when the import price declined drastically. Thus, it is imports which has caused injury to the Indian industry and not a new domestic producer.
- xxvii. The new producer entered the market, thereafter, import prices increased. The prices of the domestic industry increased, and the domestic industry had reasonable price parameters. Thereafter, the import prices declined severely as a result of which the prices of the domestic industry declined severely, resulting into the domestic industry facing huge adverse price parameters.
- xxviii. As claimed by the interested parties, the prices of inputs in India and global market are the same, they have failed to explain how there is a whopping decline in the prices when input costs have increased.
- xxix. The cost increase faced by the domestic industry was not unique to the domestic industry. Unless the Chinese producers claim that they are indeed in such a state-controlled economy that they are totally insulated from international market. Comparing efficiency parameters of the domestic industry shows that raw material and utility consumption over the injury period remained fairly stable.

There was no deterioration in the present POI.

- xxx. The conversion costs have significantly declined over the injury period. Therefore, the domestic industry in fact has become more competitive in this period rather than becoming less competitive. There is therefore no internal inefficiency on this account.
- xxxii. The export sales in the POI as compared to the base year or even 2020-21 are higher. The domestic industry faced no loss in the base year with low export sales, while severe losses are faced in the POI where the export sales are comparatively higher.
- xxxiii. It is not a situation where the domestic industry would have suffered financial losses due to decline in production and capacity utilisation. The fixed cost per unit of production were at their lowest levels in the POI.
- xxxiv. The legal requirement for causal link is existence of “a” causal relationship between dumped imports and injury to the domestic industry. The requirement is not with regard to existence of “the” causal link between dumped imports and injury to the domestic industry.
- xxxv. The decline in demand has affected the sales, but the same is only to a certain level. It can be seen that the Chinese imports have rather increased their market share even in the event of decline in demand. Further, the injury is primarily in adverse price effect and likelihood.
- xxxvi. The applicant reaffirms that there are no other reasons for injury and the sole reason is the dumping of subject goods from China PR.
- xxxvii. Excess capacities are not cause of injury to the domestic industry. The capacities created are not a cause of injury to the domestic industry.
- xxxviii. The capacities created have allowed the domestic industry to obtain most economic factors of production.
- xxxix. So far as fixed costs are concerned, the petitioner has charged fixed cost in a ratio linked to production. Thus, when production and sales are lower, expenses apportioned to the products itself are lower.
- xl. The decline in import price is despite the fact that raw materials and utilities have increased over the period. Evidently, Chinese producers have reduced MPDA price when costs were going up. There has been a very steep decline in the import price over the injury period.
- xl. The increase in input prices is not limited to the domestic market. These price increases were global phenomenon.

- xli. While dumping briefly stopped during 2019-2021, it has not only recommenced but also increased significantly in its intensity. The dumping that is now being resorted is much higher than dumping resorted in the past.
- xlii. Further and more importantly, the pricing by Chinese producers is most irrational during this period.
- xliii. The exporters have shipped the product at significantly different prices in a short period. Imports are occurring in one month at significantly varying prices thus causing significant disturbance in the market.
- xliv. The exporters must explain the wide variations in prices. The variations are not only over the POI, but also within the POI and even within a month of the POI.

### **I.3. Examination by the Authority**

- 51. The Authority has examined the evidence submitted by all the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.
- 52. According to Section 9(A)(5) of the Customs Tariff Act, anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition, provided that, if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of order of such extension.
- 53. The Authority notes that this being a sunset review of anti-dumping duty already in force, continuation of material injury to the domestic industry, as well as the likelihood of continuation or recurrence of material injury needs to be examined in the context of actual or likely imports of the subject goods from the subject country.
- 54. In consideration of the submissions received in this regard, the Authority has first examined the current injury, if any, to the domestic industry before examining the likelihood aspects of dumping and injury on account of imports from the subject country.

### **Volume effect of dumped imports and impact on domestic industry**

#### **i. Assessment of Demand**

- 55. The Authority has defined, for the purpose of the present investigation, demand, or apparent consumption of the subject goods in India as the sum of domestic sales of the Indian producers and imports from all sources. The demand for the product under

consideration is given below:

Demand	Unit	2019-20	2020-21	2021-22	POI
Imports Subject Country-China	MT	2,031	1,794	3,701	1,722
Other Countries	MT	35	-	18	-
DI Domestic Sales	MT-Indexed	100	82	80	47
Other Indian Producers	MT-Indexed	100	1,519	3,960	1,469
Total	MT-Indexed	100	92	137	68

56. It is seen that the demand of the PUC declined in 2020-21 from the base year and increased in 2021-22, and again declined in the POI. According to the submissions made by the domestic industry, it is noted that the change in demand especially during the POI was due to global decline in the demand of downstream industry i.e., dye industry. The user industry association stated that majority of imports were under advance authorization scheme. Therefore, the Authority has examined imports further to quantify duty free and duty paid imports. Further, the Authority has undertaken analysis on the basis of data (secondary source) provided by the domestic industry. The table below shows imports under duty free and duty paid category, and demand for the product after excluding duty free imports. It is seen that a significant proportion of the imports is under duty free category. However, imports made under duty paid category are also quite significant.

Demand	Unit	2019-20	2020-21	2021-22	POI
a) Imports from China	MT	2,031	1,794	3,701	1,722
Duty free imports	MT	***	***	***	***
Duty paid imports	MT	***	***	***	***
b) Demand in India	MT				
Excluding duty free imports	MT	***	***	***	***
Including duty free imports	MT	***	***	***	***

#### ii. Import volumes and share of the imports from subject country

57. With regard to volume of the subject 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 volume of imports of the subject goods from the subject country have been analysed as under:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Subject Country Imports	MT	2,031	1,794	3,701	1,722
2	Other Country imports	MT	35	0	18	0
3	Total Imports	MT	2,066	1,794	3,719	1,722
	Subject Imports in Relation to					
4	Indian production	%- Indexe	100	80	111	93

		d				
5	Indian consumption	%- Indexe d	100	97	133	125
6	Total Imports	%	98%	100%	100%	100%

58. It is seen that:

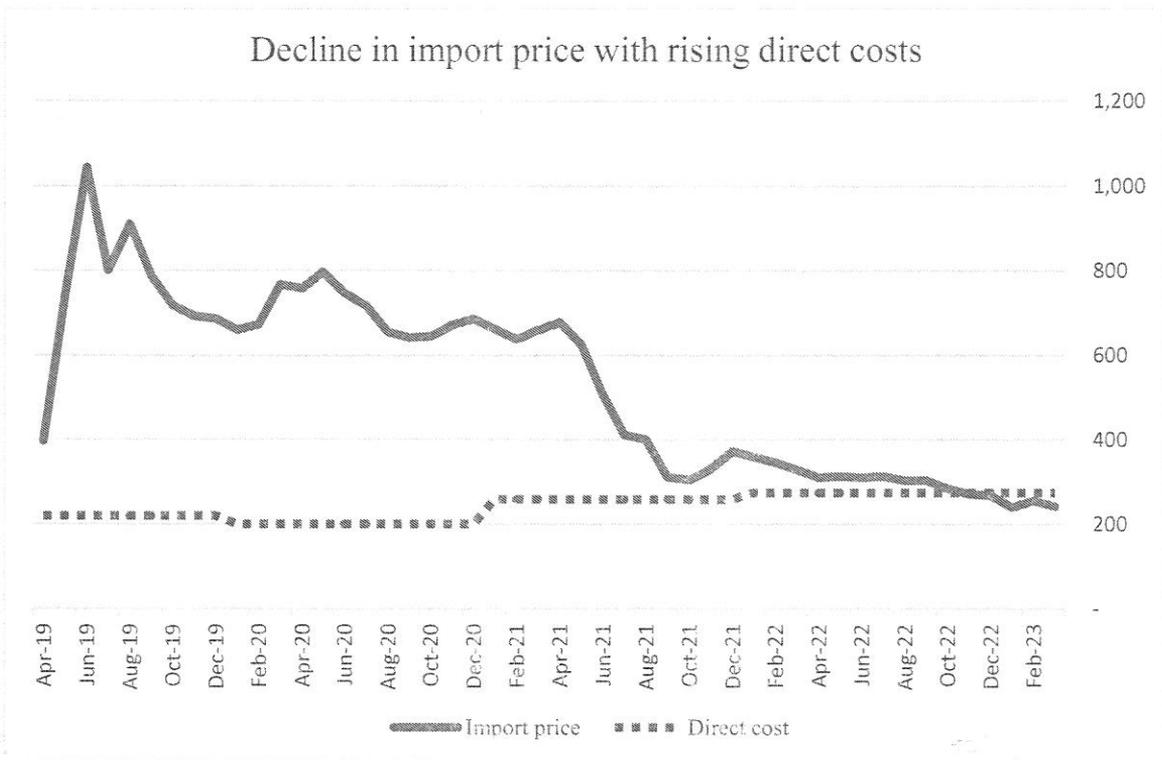
- a. The imports from the subject country declined post enhancement of duty in the first sunset review investigation. However, imports increased significantly in 2021-22 as compared to the base year and decreased again in the POI in consonance with the movement of demand.
- b. Imports in relation to production declined marginally over the injury period. This is also because a new player has started production in the Indian market.
- c. Imports in relation to consumption has increased over the injury period. Imports in relation to demand has increased over the injury period despite decline in demand and commencement of production by another domestic producer.

**iii. Price effect of subject imports and impact on domestic industry**

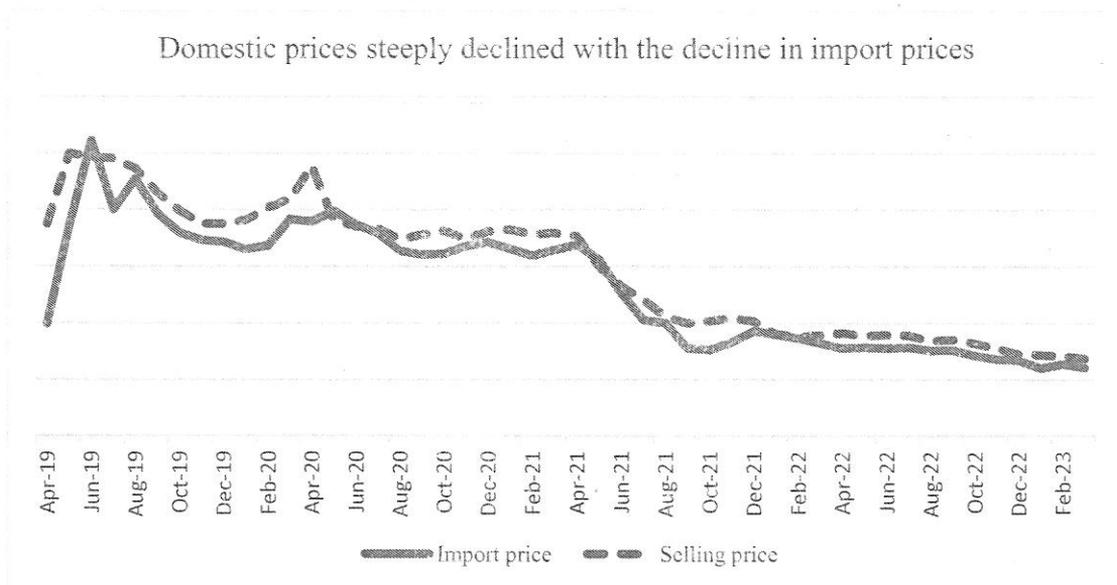
59. With regard to the effect of dumped imports on prices, the Authority has considered whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such dumped imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred, to a significant degree.

**a) Evolution of prices**

60. Analysis of the imports over the injury period shows a very significant decline in the import price. It is, thus, noted that there was significant and sharp decline in import price despite increase in cost on account of raw materials and utilities. The information provided by the domestic industry showed a significant increase in cost on account of raw materials and utilities.



61. The Authority examined the import price from China and selling price of the domestic industry over the injury period. It is seen that the domestic prices have moved in tandem with the import price.



**b) Price undercutting**

62. Price undercutting has been worked out by comparing the landed price of the imports

with the selling price of the domestic industry for the investigation period. The price undercutting has been determined for the product under consideration. The weighted average undercutting computation is as under:

Particulars	UOM	POI
Landed price	₹/Kg	314
NSR	₹/Kg	***
Undercutting	₹/Kg	***
	%	***
	%Range	1-5

63. The Authority notes that imports were undercutting the prices of the domestic industry.

**c) Price suppression and depression**

64. In order to determine whether the effect of imports is to depress prices or prevent price increases which otherwise would have occurred, the Authority has examined the changes in the landed price of imports, and costs & prices of the domestic industry over the injury period.

Particulars	UOM	2019-20	2020-21	2021-22	POI
Cost of Sales	₹/Kg	***	***	***	***
	Indexed	100	110	94	97
Selling Price	₹/Kg	***	***	***	***
	Indexed	100	86	54	39
Landed price	₹/Kg	704	738	440	314
	Indexed	100	105	63	45

65. It is seen that both the cost of sales and selling price of the domestic industry has declined over the injury period. However, the decline in selling price was far more than decline in costs. While costs have declined by [Rs \*\*\*/kg] over the injury period, the selling price declined by [Rs \*\*\*/kg].
66. The landed price of imports was at reasonable levels upto 2020-2021. Resultantly the domestic industry was able to sell goods at reasonable prices and at profits. However, landed price declined significantly since 2021-22 and declined further in the POI. Further, the landed price of imports was below the level of cost of sales in the POI. Resultantly, the selling price of the domestic industry declined significantly in the POI and were significantly below the cost of sales.
67. The interested parties claimed that majority of imports are under advance license and thus does not attract anti-dumping duty. The Authority however notes that the domestic industry was forced to reduce the prices in response to the import prices in order to maintain its sales.

### Economic Parameters relating to the domestic industry

68. The Rules require that the determination of injury shall involve an objective examination of the consequent impact of these imports on domestic producers of such products. With regard to the consequent impact of these imports on domestic producers of such products, the Rules further provide that the examination of the impact of the 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, actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. The Authority has, accordingly, hereinunder examined the performance of the domestic industry over the injury period.

#### a) Production, capacity, capacity utilization and sales

69. The position of the domestic industry over the injury period with regard to production, capacity, capacity utilization, domestic sales and export is as under:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Installed Capacity	MT	***	***	***	***
	Indexed	100	100	100	100
Production	MT	***	***	***	***
	Indexed	100	98	119	69
Capacity Utilization	%	***	***	***	***
	Indexed	100	98	119	69
Domestic Sales	MT	***	***	***	***
	Indexed	100	82	80	47
Export Sales	MT	***	***	***	***
	Indexed	100	139	235	152

70. The Authority notes that the capacity of the domestic industry has remained at the same level over the injury period. Various interested parties have argued that the capacity of the domestic industry is significantly higher than the demand. It is noted that the capacity was enhanced by the domestic industry in 2016-17 when the demand for the product was around \*\*\*MT and the capacity with the domestic industry was \*\*\* MT. The domestic industry has undertaken only one capacity expansion. It is seen that the capacity is dedicated only to this product and cannot be used for production of other product. It was also seen that the fixed costs involved exclusively with this capacity is only in the region of \*\*\*% of the total cost of sales (on account of depreciation). It is thus seen that the fixed costs associated with this capacity addition is quite small.

71. Production and capacity utilization of the domestic industry increased in 2021-22 and declined significantly in the POI. On overall basis, production of the domestic industry declined by 31% over the injury period, whereas the demand for the product declined by 32%.
72. The domestic sales of the domestic industry declined consistently over the injury period. Whereas the demand for the product declined by 32%, and production declined by 31%, domestic sales volumes declined by 53% and domestic sales values declined by 82%.
73. It has also been argued that the expansion of capacities by the domestic industry has led to decline in profitability of the domestic industry. The Authority however notes that the domestic industry had same level of capacity over the entire injury period. The profitability however declined very significantly from a situation of good profits in first two years to severe financial losses in the POI. The Authority noted the contention of the domestic industry and analysed the changes in variable and fixed costs. It is seen that whereas the costs on account of raw material increased, the fixed costs incurred by the domestic industry – both in absolute terms and per unit of production have declined significantly over this period. Thus, the capacity addition could not have been a reason for decline in profits.
74. The information provided by the supporters on capacity, production and sales is given below:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Installed Capacity	MT	***	***	***	***
	Indexed	100	100	100	100
Production	MT	***	***	***	***
	Indexed	100	1,296	4,537	2,124
Domestic Sales	MT	***	***	***	***
	Indexed	100	1,516	3,952	1,465
Domestic Selling price	Rs/Kg	***	***	***	***
	Indexed	100	86	54	39

75. It is seen that the supporter started production in the base year and the production increased till 2021-22 and declined thereafter in the POI. The sales have also shown the similar trend. Sales have declined drastically in the POI. The decline in production and sales is more than the decline in demand. The selling price has also followed the movement of the applicant the domestic industry and has witnessed steep decline in the POI.

#### **b) Market Share in demand**

76. The market share of the domestic industry, other domestic producer and imports over the injury period is as under:

SN	Market Share	Unit	2019-20	2020-21	2021-22	POI
1	Domestic Industry	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	89	58	69
2	Supporters	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	900	1600	1200
3	Subject Country	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	96	133	125
4	Other Countries	%	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	-	37	-
5	Total Demand	%	100%	100%	100%	100%

77. Market share of the domestic industry has declined till 2021-22 and then increased in POI. The market share of the domestic industry however remained much lower in the POI as compared to the base year. Whereas the domestic industry lost market share by 29%, subject imports gained by 17% over the injury period.
78. It is seen that despite commencement of production by Anupam Rasayan, the market share of imports did not decline, rather it increased. Instead, market share of domestic industry declined till 2021-22. In the POI, whereas domestic industry was able to increase its market share at the cost of incurring losses, the market share of imports declined. Further, the market share of the supporter declined. While the supporter has not participated with relevant information, it is seen that the domestic industry has suffered significant financial losses, despite the fact that it has reported decline in conversion costs. Thus, it appears that the financial losses forced the other domestic producers to reduce their production. It is seen that whereas the production of the domestic industry declined by 40% (in POI, as compared to preceding period), the production of the supporter declined by 63% in this period.
79. The Authority has taken note that Anupama Rasayan established production capacities and started selling the product from 2019-20. The company has supported the extension of anti-dumping duty. It is seen that the supporter started selling the product in 2019-20 with a very small volume. The index figures show high increase due to low market share in the base year. The market share of the supporter was however only [\*\*\*%] of the market share of the petitioner.
80. The Authority has noted that imports capture a significant share in the Indian demand. It is seen that around 47% imports are duty paid while 53% imports are duty free imports. Table below shows the comparative analysis of CIF price on monthly basis during the period of investigation, i.e., April 22-March 23.

*Comparative CIF Price in US\$/MT*

SN	Month	Duty free	Duty paid	Difference
1	Apr	***	***	-2.0%
2	May	***	***	-0.1%

3	Jun	***	***	-1.3%
4	Jul	***	***	-3.1%
5	Aug	***	***	-3.5%
6	Sep	***	***	-4.4%
7	Oct	***	***	-5.1%
8	Nov	***	***	-7.3%
9	Dec	***	***	-23.1%
10	Jan	***	***	-20.9%
11	Feb	***	***	-4.6%
12	Mar	***	***	-10.9%
	Grand Total	***	***	-3.8%

Comparative CIF Price in INR/MT

SN	Month	Difference amount		Difference	
		Duty free vs. duty paid	Duty free vs. average price	Duty free vs. duty paid	Duty free vs. average price
1	Apr	(***)	(***)	-2.49%	-0.85%
2	May	(***)	(***)	-0.48%	-0.34%
3	Jun	(***)	(***)	-1.83%	-0.32%
4	Jul	(***)	(***)	-3.60%	-1.83%
5	Aug	(***)	(***)	-3.95%	-1.06%
6	Sep	(***)	(***)	-4.83%	-3.19%
7	Oct	(***)	(***)	-5.56%	-2.12%
8	Nov	(***)	(***)	-7.82%	-4.65%
9	Dec	(***)	(***)	-23.41%	-16.85%
10	Jan	(***)	(***)	-21.12%	-14.62%
11	Feb	(***)	(***)	-5.03%	-2.38%
12	Mar	(***)	(***)	-31.33%	-18.90%
	Grand Total	(***)	(***)	-6.92%	-3.83%

81. It is thus seen that imports attracting anti-dumping duty has been consistently below the level of imports made under duty free category. The difference between the prices of duty-free imports and duty paid imports is significantly higher since November 2022. Thus, the imported goods that are actually competing with the domestic industry's goods in the domestic market are entering at far lower prices as compared to the average price reported from China.

**c) Profit or loss, cash profits and return on capital employed.**

82. The position of the domestic industry in terms of profit or loss, cash profits and return on investment is as under:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Cost of sales	Rs/kg	***	***	***	***
		Indexed	100	110	94	97
2	Selling price	Rs/kg	***	***	***	***

		Indexed	100	86	54	39
3	Profit/loss	Rs/kg	***	***	***	(***)
		Indexed	100	58	4	-33
4	Profit/loss	Rs Lacs	***	***	***	(***)
		Indexed	100	47	3	-16
5	Cash Profit	Rs/kg	***	***	***	(***)
		Indexed	100	65	11	-23
6	Cash Profit	Rs. Lacs	***	***	***	(***)
		Indexed	100	53	9	-11
7	PBIT	Rs. Lacs	***	***	***	(***)
		Indexed	100	50	5	-13
8	ROI	%	***	***	***	(***)
		Indexed	100	51	8	-40

83. The Authority also examined the trends in major input prices, and fixed expenses incurred by the domestic industry – both on per unit and gross expenses – over the injury period

Expenses incurred by the domestic industry on PUC (Rs. lacs)

SN	Particulars	2019-20	2020-21	2021-22	POI
A	Production (MT)	***	***	***	***
B	Domestic Sales (MT)	***	***	***	***
C	Export Sales (MT)	***	***	***	***
D	Opening Stock (MT)	***	***	***	***
E	Closing Stock (MT)	***	***	***	***
1	Raw Materials	***	***	***	***
2	Packing materials	***	***	***	***
3	Consumables	***	***	***	***
4	Utilities	***	***	***	***
5	<b>Salaries &amp; Wages</b>	***	***	***	***
6	<b>Depreciation</b>	***	***	***	***
7	<b>Manufacturing Overheads</b>	***	***	***	***
8	Bank Charges	***	***	***	***
9	Financials Costs	***	***	***	***
10	Administration Overheads	***	***	***	***
11	Selling & distribution	***	***	***	***
12	Direct selling expenses	***	***	***	***
13	Other/Miscellaneous expense	(***)	***	***	***
14	Change in stock	(***)	(***)	(***)	***
15	Cost of Sales (1 to 25)	***	***	***	***
16	Domestic Sales in Lacs Rs.	***	***	***	***
17	Export Sales	***	***	***	***
18	Total Sales	***	***	***	***
19	Profit before Tax	***	***	***	(***)

Per unit of production costs incurred by the domestic industry on PUC (Rs/kg)

SN	Particulars	2019-20	2020-21	2021-22	POI
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1	Raw Materials	***	***	***	***
2	Packing materials	***	***	***	***
3	Consumables	***	***	***	***
4	Utilities	***	***	***	***
5	Salaries & Wages	***	***	***	***
6	Depreciation	***	***	***	***
7	Manufacturing Overheads	***	***	***	***
	<b>Sub total</b>	***	***	***	***
8	Bank Charges	***	***	***	***
9	Financials Costs	***	***	***	***
10	Administration Overheads	***	***	***	***
11	Selling & distribution	***	***	***	***
12	Direct selling expenses	***	***	***	***
13	Other/Miscellaneous expense	(***)	***	***	***
14	Change in stock	(***)	(***)	(***)	***
15	Cost of Sales (1 to 25)	***	***	***	***
16	Domestic Sales	***	***	***	***
17	Export Sales	***	***	***	***

Price (Rs/KG) for major inputs involved in production of the PUC

SN	Particulars	2019-20	2020-21	2021-22	POI	Change
1	Benzene	***	***	***	***	83%
2	C.N.A.	***	***	***	***	123%
3	Sulphuric Acid	***	***	***	***	55%
4	Soda Ash	***	***	***	***	75%
5	Hydrogen	***	***	***	***	25%
6	Nitrogen	***	***	***	***	-9%
7	Fuel	***	***	***	***	142%

84. The Authority holds that:
- The domestic industry was reasonably profitable in the first two years of the injury period.
  - The import prices declined declining from 2021-22. As the import prices declined by Rs. 292 per kg. in 2021-22, the selling price of the domestic industry declined by Rs. 271 per kg. As against the same, the cost of sales declined only by Rs. 70 per kg. The severe price depression caused by the Chinese imports in 2021-22 resulted in significant decline in profitability of the domestic industry and the domestic industry suffered small financial loss in 2021-22. Thereafter, the import price declined by Rs. 131 per kg. in POI as compared to preceding year. Resultantly, the domestic industry was forced to reduce the prices by Rs. 125 per kg. This decline in the prices was despite significant increase in the prices of all major inputs in this period. In fact, despite significant increase in all major inputs, the domestic industry reported marginal decline in per unit cost.
  - The domestic industry was suffering significant financial losses in the POI.
  - Cash profits, profit before interest and return on capital employed of the domestic industry have also followed the similar trend. All these parameters were positive in

the initial two years of the injury period. All these parameters have shown significant decline from 2021-22. Further, the domestic industry suffered significantly high cash loss, negative profit before interest and negative return on investment.

**d) Inventories**

85. The data relating to inventories of the subject goods is as follows:

SN	Particulars	UOM	2019-20	2020-21	2021-22	POI
1	Opening Inventory	MT	***	***	***	***
		Indexed	100	74	171	334
2	Closing Inventory	MT	***	***	***	***
		Indexed	100	231	451	417
3	Average Inventory	MT	***	***	***	***
		Indexed	100	141	290	369

86. It is seen that the average inventories were low in the base year and have increased from about March 2022. Inventories with the domestic industry in last two years of the injury period were high and constituted almost 1.8 months of sales.

**e) Employment, wages and productivity**

87. The situation of the domestic industry with regard to employment, wages and productivity during the injury period is as under:

SN	Particulars	Unit	2019-20	2020-21	2021-22	POI
1	Employment	Nos	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	100	100	100
2	Wages	₹ Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	117	73	45
3	Wages-for the plant	Rs Lacs	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	120	139	188
4	Productivity per day	MT/Day	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	98	119	69
5	Productivity per employee	<i>Per No</i>	***	***	***	***
	<i>Trend</i>	<i>Indexed</i>	100	98	119	69

88. It is seen that the number of employees has remained at the same level over the injury period. This is due to dedicated nature of the capacity. However, wages charged into the PUC declined by 56%. This decline in wages is due to decline in production and apportionment of common salaries & wages to the PUC. Otherwise, the total wages paid for the plant has increased over the injury period.

**f) Growth**

89. The trends of volume and profit parameters of the domestic industry was as under-

Particulars	UOM	2019-20	2020-21	2021-22	POI
Production	Y/Y	-	-2%	22%	-42%
Capacity Utilisation	Y/Y	-	-2%	22%	-42%
Domestic Sales	Y/Y	-	-18%	-3%	-41%
Inventory	Y/Y	-	41%	106%	27%
Profit Per Unit	Y/Y	-	-42%	-93%	-977%
Profit in ₹ Lacs	Y/Y	-	-53%	-94%	-615%
Cash Profit in ₹ Lacs	Y/Y	-	-47%	-84%	-227%
ROCE	Y/Y	-	-49%	-85%	-626%
Market Share-Domestic Producers	Y/Y		-8%	50%	-51%

90. It is seen that there is significantly negative growth in almost all economic parameters over the injury period.

**g) Dumping Margin**

91. It can be seen that the dumping margin is not only more than de-minimis, but also substantial. Thus, the Chinese producers have continued dumping subject goods in the Indian market.

**h) Factors affecting domestic prices**

92. 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 Indian market, etc. shows that the import prices to India are affecting the prices of the domestic industry. The landed price of the subject goods is below the selling price, NIP and cost of sales in the POI.

**CAUSAL LINK**

93. As per Annexure II of the AD Rules, factors which are relevant in this respect include, *inter alia*, volume and prices of imports not sold at dumped prices, contraction in demand or changes in the pattern of consumption, trade restrictive practises and competition between the foreign and domestic producers, developments in the technology and the export performance and productivity of the domestic industry. The Authority examined whether the factors other than dumped imports could be a cause of injury to the domestic industry.

**a) Volume and prices of imports from third countries**

94. The imports of the subject goods from countries/sources other than the subject

country are nil.

**b) Contraction of demand and changes in the pattern of consumption**

95. Demand for the product declined in 2020-21, increased in 2021-22 and thereafter declined significantly in the POI. The decline in demand is owing to the decline in domestic and global demand for the downstream products. The market share of imports has, however, increased over the injury period, despite this decline in demand. It is also seen that whereas direct costs on account of inputs have increased over the injury period, fixed costs charged to the product have declined significantly, owing to apportionment of a number of fixed costs. Thus, the decline in demand has not had adverse effects on the cost of production of the domestic industry. However, whereas the direct input costs have significantly increased, the selling price declined severely due to decline in Chinese imports. It is thus, decline in the import prices triggered by the Chinese producers that were the cause of injury to the domestic industry.

**c) Conditions of competition and trade restrictive practises**

96. There is no trade restrictive practice. The Authority holds that the investigation has not shown any change in the conditions of competition or any trade restrictive practises.

**d) Developments in technology**

97. Technology for production of the product concerned has not undergone any change. Thus, developments in technology cannot be regarded as a factor causing injury to the domestic industry. None of the interested parties has furnished any evidence to demonstrate any change in the technology. There is not even a claim on this account.

**e) Export performance of the domestic industry**

98. The injury analysis with regard to price parameters is based on domestic performance of the domestic industry.
99. Since the domestic industry has significant exports over the injury period, the Authority compared the price of the domestic industry in respect of exports and domestic sales. It is seen that the export prices—earlier by and large lower than the domestic prices in the past. However, in the recent period, the export price of the domestic industry was significantly higher than the domestic prices. It is thus seen that the domestic industry was able to get better prices in export market as compared to domestic market in the present POI.

Relative movement of domestic and export price of domestic industry



**f) Performance of other products being produced and sold by the domestic industry**

- 100. The Authority has only considered data relating to the performance of the subject goods. Therefore, the performance of other products produced and sold are not a possible cause of injury to the domestic industry.
- 101. The Authority has analysed the contentions raised by the domestic industry and other interested parties regarding continuation of injury to the domestic industry. The Authority notes that whereas the other interested parties made submissions on this account, no supporting evidence has been provided by them. Further, the investigation has not shown that any of the allegations of the domestic industry distort the conclusions drawn hereinabove. The Authority concludes that the domestic industry has suffered the price injury on account of the dumped imports from the subject country.

**g) Internal competition**

- 102. As regards the argument that internal competition can be a cause of injury, it is noted in this regard that the domestic industry was making profits when Anupam Rasayan entered the business. The profitability declined when the import price declined drastically. Information provided by Anupam Rasayan shows that their sales also declined drastically in the POI. Authority also notes that the duty paid imports are significantly undercutting the prices of the domestic industry. Further, significant imports under duty paid category is undercutting the domestic industry prices, even after addition of anti-dumping duty amount. Thus, it is imports which has caused injury to the Indian industry.

**J. MAGNITUDE OF INJURY MARGIN**

103. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Rules read with Annexure-III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The NIP has been considered for comparing the landed price from the subject country for calculating injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from 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 NIP as prescribed in Annexure III to the Rules.
104. Based on the landed price and the NIP determined as above, the injury margin as determined by the Authority is provided in the table below: -

**INJURY MARGIN**

SN	Producers	Non-Injurious Price (US\$/KG)	Landed Price (US\$/KG)	Injury Margin (US\$/KG)	Injury Margin (%)	Injury Margin (Range %)
1	Zhejiang Amino-Chem Co., Ltd.	***	***	***	***	40-50
2	Others	***	***	***	***	50-60

**K. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY**

**K.1. Submissions by other interested parties**

105. The following submissions were made by the other interested parties with regard to likelihood of continuance or recurrence of dumping and injury:
- i. The applicant has claimed the PUC and total production (PUC and NPUC) as same, which seems incorrect.
  - ii. Majority of imports from China are under advance license, around 70% of total imports to India.
  - iii. Market structure of the PUC is such that overwhelming majority of market share is consumed for production of export goods; this part of overall market is not available to the domestic industry irrespective of anti-dumping duty.

- iv. The domestic industry increased capacity manifold in 2016-17, without considering that Indian laws do not permit trade protection on imports meant for production of export goods.
- v. Capacity was increased considering international demand. Impact of fall in export demand during the POI should not be attributed to alleged dumped imports.
- vi. Imports continued at same level despite anti-dumping duty, shows imports from China are technical necessity for producers in the country.
- vii. Anupam Rasayan has not clarified reason for entering into this market despite the domestic industry claiming injury by Chinese imports since October 2010.
- viii. No correlation between alleged dumped imports and claim of injury and the likelihood of dumping and injury.
- ix. The domestic industry's argument that injury parameters have shown deterioration is flawed as the base years used for trend analysis are flawed as they were abnormal years.
- x. The applicant has neither suffered any injury nor there is any likelihood of continuation or recurrence of dumping and injury on account of the imports of the subject goods from China PR as there was a decline in imports by 54% from 2021-22 to 2022-23 (POI).
- xi. The petitioner has provided installed capacity for the whole group whereas it is not relevant to the present investigation. Zhejiang Longsheng Group produces various other products and the capacity mentioned by the petitioner comprises of all, not only MPDA.
- xii. Statement made by Zhejiang Longsheng in the Annual Report for the year 2022 that "In the future, it plans to expand the production capacity of m-phenylenediamine to 100,000 tons/year." Zhejiang Amino Chem Co. Ltd. hereby submits that it is merely a future plan which depends on the demand and other factors in future.

**K.2. Submissions by the domestic industry**

106. The following submissions were made by the domestic industry with regard to likelihood of continuance or recurrence of dumping and injury:
  - i. The responding producer/exporter is dumping with likelihood of intensifying volumes on cessation of duty and has no material evidence to rebut to the same.
  - ii. None of the interested parties have submitted any material evidence supporting their claims of no likelihood. Neither of the interested parties have tried to prove the absence of dumping.
  - iii. Even with duty, imports have been significant and at dumped and injurious

prices. Imports declined in 2020-21 (majorly due to COVID-19), increased 2021-22 onwards but declined in POI (due to decline in demand). Dumping margin and injury margin in the past and present investigations have been positive and significant.

- iv. There is significant freely disposable capacity with China. Capacity with China in 1<sup>st</sup> SSR was 1.25 lac MT (approx.) while Indian demand was merely about 6,000 MT. Demand has increased over the injury period, but capacity is still significantly more than total Indian demand.
- v. There are large number of producers in China, that are largely export oriented and have capacities more than their domestic demand. This signifies potential dumping in event of cessation duties.
- vi. Zhejiang Longsheng Group, largest producer in China, is investing in adding capacities which will further add-up to surplus Chinese capacity.
- vii. Export orientation and enormous capacity with China poses significant threat to the Indian industry. Zhejiang Longsheng Group & Sichuan Hongguang Special Chemical Co., Ltd have specifically identified India as a key export destination.
- viii. Producers in China are always looking for a favourable market to utilise their excess capacities.
- ix. Indian market is highly price sensitive. Consumers decide procurement, with price being the foremost consideration. Availability of such low-priced imports would adversely impact on the domestic industry.
- x. The Authority, in the initiation notification, noted that evidence provided by the applicant, *prima facie*, shows likelihood of dumping and injury in case of cessation of duty.
- xi. The responding exporter/producer has made baseless allegations regarding authenticity and nature of analysis by the Authority which shows that they're dumping with likelihood of intensifying upon cessation of duty. No evidence was provided to rebut the same.

### **K.3. Examination by the Authority**

107. The present investigation is a sunset review investigation, and the purpose of this investigation is to examine the continuation or recurrence of dumping and consequent injury if anti-dumping duty is allowed to expire even if there is no current injury. This also requires a consideration of whether the duty imposed is serving the intended purpose of eliminating injurious dumping.
108. It is further noted that there is continuing injury on account of dumped imports. The domestic industry has further claimed that there is a likelihood of recurrence of injury if the anti-dumping duty is not extended. All factors brought to the notice of the Authority have been examined to determine whether there is a likelihood of

continuation or recurrence of dumping and injury in the event of cessation of the duty. The Authority has considered various information, as made available by the interested parties during the course of the investigation, in order to evaluate the likelihood of continuation or recurrence of dumping or injury.

109. There are no specific methodologies available to conduct such a likelihood analysis. However, Clause (vii) of Annexure II of the Rules provides, inter alia for factors which are required to be taken into consideration viz.:

- i. A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased imports;
- ii. Sufficient freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports;
- iii. Whether imports are entering at prices that will have a significant depressing or suppressing effect on the domestic prices, and would likely increase demand for further imports; and
- iv. Inventories of the article being investigated.

110. Further, the Authority has also examined other relevant factors having a bearing on the likelihood of continuation or recurrence of dumping and consequent injury to the domestic industry. The examination of the parameters of the likelihood as follows:

**a) Continued imports and dumping from China**

111. It is seen the subject imports have remained significant throughout injury period. Imports declined in 2020-21 owing to COVID-19 pandemic. Thereafter, imports increased significantly in 2021-22, but declined again in 2022-23, owing to decline in demand (decline in demand, as per submissions of all parties, is due to decline in domestic and global demand).

112. The investigation has shown that the dumping margin and injury margin in the present period have increased beyond the levels found at the time of previous two investigations. Further, the volume of imports during the present POI was quite significant, having regard to consumption of the product in the country.

**b) Significant decline in import price despite increase in input costs**

113. As stated above, there is a steep decline in the import price, despite increase in direct costs, during last two years. Further, no relevant information has been provided by the producer and exporter from China PR. It is however seen that all major inputs involved in the production of the PUC are widely traded goods and there is no reason why the prices should have increased only in India. Analysis of trade data in fact

shows that the prices of these major inputs increased globally.

**c) Third country dumping**

114. The participating exporter provided information with regard to their exports of the PUC globally. Analysis of information provided by the participating exporter shows that the material has been exported by the Chinese producers in global market at a price materially below normal value.

Producer/Exporter	Unit	Zhejiang Amino-Chem Co., Ltd.
CNV	USD/Kg	***
NEP	USD/Kg	***
Dumping Margin	USD/Kg	***
	%	***
	% Range	40-50

115. It is thus seen that Chinese producers have exported the product in third countries at significantly dumped prices. Further, the volume of such exports is quite significant, having regard to demand for the product in the country.

**d) Injurious volume of exports**

116. The information provided by the domestic industry and participating exporter with regard to exports to third countries shows that the Chinese producers have exported significant volume of the subject goods to third countries at highly injurious prices.

Producer/Exporter	UoM	Zhejiang Amino-Chem Co., Ltd.
NIP of DI	USD/Kg	***
Landed value	USD/Kg	***
Injury Margin	USD/Kg	***
	%	***
	% Range	40-50

**e) Surplus capacities in the subject country**

117. Despite prescribed requirements, the responding interested parties have not provided capacity or demand prevalent in China in their questionnaire response. The Authority considers that the participating exporter has withheld relevant information in this regard. The domestic industry has provided information on the capacity of various producers along with relevant evidence. The capacity information for the producers made available during the course of the investigation is as follows:

Producer/Exporter	Capacity (in tons)
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Jiangsu Tianjiayi Chemical Co., Ltd	17,000 <sup>1</sup>
Zhejiang Longsheng Group	65,000 <sup>1&amp;2</sup>
(Zhejiang Amino-chem)	35,000 <sup>2</sup>
Sichuan Hongguang Special Chemical Co., Ltd	20,000 <sup>3</sup>
Total capacity of known producers	1,37,000 MT
Range	1,35,000 - 1,45,000MT

**Sources: -**

<sup>1</sup> <https://www.precisechem.com/news/current-dye-market-in-china-producers-stop-receiving-orders-prices-soaring-dramatically/>

<sup>2</sup> As per annexure 4.1 of the application as filed by the domestic industry (extract of annual report of Longsheng Group for 2022)

<sup>3</sup> <http://www.schgchem.com/about.html>

118. It is seen that the capacity with the only responding producer/exporter Zhejiang Amino-Chem is 65,000 MT. The Authority notes that India and China are the only producers of the product. It is seen that the Chinese producers have capacity which is significantly in excess of the Indian demand.
119. The domestic industry contended that Zhejiang Amino-chem is adding capacity by 35,000 MT despite existing surplus capacities in China. During the oral hearing, when asked, the participating exporter denied that the company was adding capacity, but refrained from admitting that the group was adding capacity. The responding exporter has not provided relevant information in this regard.

**f) Export orientation of the producers in the subject country**

120. The response submitted by the responding exporter shows significant exports being made. Almost 50% of production by the exporter is meant for exports. The Authority has seen from the annual report (2022) of Zhejiang Longsheng Group that the focus of the company is majorly on exports. The annual report specifically identifies India as a key destination for exports. Additionally, Sichuan Hongguang Special Chemical Co., Ltd also identifies India one of the export destinations. Additionally, Sichuan Hongguang Special Chemical Co., Ltd also identifies India one of the export destinations. Relevant part from their website is extracted below:

***Our products are sold in the following countries:***

*China, Japan, Korea, USA, Germany, Spain, UK, India, Pakistan, Thailand, Singapore, etc.*

121. It is thus evident that the producers in China are on the lookout for favourable markets to utilise their capacity. Considering the mammoth capacities of the subject goods with Chinese producers in concert with their export orientation, there is high likelihood of increase in the dumped imports to India upon cessation of duty.

## **L. POST DISCLOSURE SUBMISSIONS**

### **L.1 Submissions by other interested parties**

122. The following submissions were made by the other interested parties on the disclosure statement:
- i. Flow chart given for the production process of the PUC at page no. 10 of the disclosure statement is erroneous and misleading.
  - ii. Di-nitro benzene is reduced using H<sub>2</sub> and catalyst, product is then distilled to get 85% MPDA, 15% OPD and PPD. Both OPD and PPD are saleable products. This is the standard production method in Indian and China as per responding producer's/exporter's knowledge.
  - iii. As per responding producer's/exporter's knowledge the applicant produces PPD and OPD along with MPDA which is not confirmed or mentioned anywhere in the disclosure statement.
  - iv. If the applicant is claiming not to produce OPD and PPD, then the manufacturing method of the applicant and the exporter differs to this extent and therefore the cost of production also differs to this extent.
  - v. The Authority should seek clarification from the applicant regarding the quantity of OPD and PPD sold by them and whether their sale has been included while calculating the cost of MPDA.
  - vi. The applicant has taken data for 2 years preceding the POI to justify their claim. Abnormal circumstances and abnormal price and market condition cannot be considered for justifying dumping when the situation returns to normal.
  - vii. The responding producer/exporter submit that as per market sources the applicant and supporter have exported the PUC at USD 4 during the POI and post-POI. Sale price has been adjusted for costs as it appears to be lower than the costs claimed by the applicant.
  - viii. Zhejiang Amino-Chem's parent company is listed in Shanghai stock exchange and no company listed on stock market would resort to dumping for 10 years to gain market share.
  - ix. 50% of responding producer's production is used internally to produce resorcinol, MAP, DEMAP, MDSA. 40% of production is sold to dyes and fiber market in China and only 10% is used for exports. During the POI exports were only 7.69% of the total production. Therefore, Zhejiang Amino-Chem is not dumping the PUC in India.
  - x. Capacity information for the producers in China for the POI, one of the Chinese producers has stopped or no longer producing the subject goods has been stated as producing the goods in the disclosure statement.

- xi. DGTR is giving undue protection to the domestic industry by applying 22% return on capital employed which was designed in 1987.
- xii. The NIP determined by the Director General is highly inflated and not based on real situation. The Authority should adopt actual profits earned by the domestic industry and not 22% ROCE, adoption of which gives undue protection to the domestic industry.
- xiii. Basis of 22% ROCE was designed in 1987, when all parameters like interest rate, corporate tax rate were different. These cannot be termed reasonable after 30 years. In 1987 interest was 18% and corporate tax was 40%, now interest is around 10% and corporate tax around 30%.
- xiv. Reference to Bridge Stone Tyre Manufacturing & others vs. Designated Authority wherein the Hon'ble CESTAT has observed that the practice of 22% ROCE adopted by the Designated Authority was not correct as calculating the NIP by assuming such a high rate of return gives an inflated picture of price underselling.
- xv. GDMA was registered to be considered as an interested party within the prescribed time, and has also participated in other stages of investigation and filed its submissions. However, name of the respondent is not included in Section B.
- xvi. GDMA has submitted that base year being used for trend analysis were abnormal years. It is clear from the disclosure statement that the import prices and the domestic prices for the applicant for the period April 2019 to Feb 2023 were considered for analyzing price effect of the subject imports on the domestic industry.
- xvii. Comparison of performance of the applicant during the preceding 2 years and base year will lead to absurdity.
- xviii. Neither likelihood of continuation or recurrence of dumping and injury from the subject country has been made. Imports of the PUC declined sharply by 54% in POI from the preceding year.
- xix. Export price of the applicant is higher than the domestic price. MPDA used in India is a low-cost product whereas the one used in other countries is a very high-quality product.
- xx. Request to examine other factors which are cause of injury. Abnormal increase in capacity, slowdown of economy, internal competition, internal inefficiency of the applicant, significant decline in export sales, significant decline in export sales per unit, contraction in demand.
- xxi. Continuous and sustained use of trade remedy measures by the domestic industry is wholly unjustified.
- xxii. Extension of duties not justified in view of peculiar fact that majority of the imports from China are under Advance License. Around 70% of the total import to India is against advance license not subject to anti-dumping duty.

- xxiii. Impact of duty will adversely impact on consumers particularly the textile sector.
- xxiv. Per unit price of Direct Black 22 has been mentioned wrong and average price of Direct Black 22 is INR 380 per kg.
- xxv. Adverse impact of measures ranges from minimum 2.4% to maximum 14.2%.
- xxvi. The Authority is requested to examine the mentioned issues and release another disclosure statement on which the interested parties can make their comments.

## **L.2. Submissions by the domestic industry**

123. The following submissions were made by the domestic industry with regard to Indian industry's interest:

- i. China and Zhejiang Longsheng group has the largest share in global production of the subject goods.
- ii. As per the market report the global MPDA market was valued at US\$ 589.9 million in 2022, i.e., 1,65,000 MT considering average Chinese export price in 2022. China in year 2022 accounted for about 87% of the global market, which is huge and only slightly short of the entire global market.
- iii. The market report states that Zhejiang Longsheng is the largest manufacturer of MPDA globally, with around 69% market share at a global level. Zhejiang Longsheng group is the parent company of which the responding producer Zhejiang Amino-Chem is a subsidiary.
- iv. The Authority in the disclosure statement has rightfully noted that neither of the interested parties have brought evidence on record that shows that the users or downstream industry has faced or will face adverse effects/impact due to the anti-dumping duties.
- v. There is no information on record to establish that there exists probably an adverse effect on the extension of duty on the consumers.
- vi. The quantum of present anti-dumping duties should be further enhanced to address the dumping margin and injury margin in the present investigation based on significant imports under both duty free and duty paid.
- vii. Dumping margin and injury margin are the highest in the present investigation compared to the previous segments of the investigation. Further, the imports are happening at significantly low price.
- viii. The landed price of duty paid imports, even after addition of anti-dumping duty is significantly below the cost of sales of the domestic industry, likely to cause significant price depression in the domestic market.
- ix. Performance of the domestic industry improved initially, however deteriorated significantly with significant decline in import prices. Therefore,

non-enhancement of quantum of duties would lead to intensified injury to the domestic industry.

- x. Jiangshu Tianjiayi Chemicals Co. Ltd. was not a major producer of the PUC, rather only had around 17,000 MT production capacity of the PUC. The volume of imports from China PR in 2019-20 was still significant and higher than the level prevailing in POI. Therefore, the incident relating to Jiangshu Tianjiayi Chemicals could not have had that significant effect on domestic as well as export prices.
- xi. Even in COVID-19, the subject imports from China captured around 35% of market share in demand and have worked their way up to 48% in the year following that and 43% in the POI.
- xii. User industry has provided no material evidence to support their contentions at such a late stage and are therefore baseless and hollow.
- xiii. The user industry's claim that 3 years of the injury period are abnormal and other above-mentioned contentions are baseless and should be rejected by the Authority.
- xiv. The prices in the POI are undisputedly below the level of cost of sales, NIP and selling price of the domestic industry resulting into losses to the industry. Thus, it cannot be denied that imports continue to cause injury to the domestic industry.
- xv. Out of stated 146 days of shutdown, 139 days were on account of prevailing market conditions, wherein the domestic industry was forced to undertake these shutdowns as it was unable to produce considering market situation disrupted by Chinese imports.
- xvi. Despite a decline in demand, the imports from China have increased at significantly low price, making further production unviable for producers. The domestic industry was selling through inventory and even the inventory has shown a rising trend, making further production unviable and resultantly production was regulated, and plant was shut down immediately

### **L.3. Examination by the Authority**

- 124. The Authority has examined the post disclosure submissions made by the interested parties and notes that some of the comments are reiterations which have already been examined suitably and addressed adequately in the relevant paras of the final findings. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
- 125. The other interested parties have contended that the production process provided by the domestic industry is flawed to the extent that it does not mention OPD and PPD which are both saleable product and have also raised a question pertaining to the quantity of OPD and PPD sold by the domestic industry being considered while

calculating the cost of MPDA. The Authority notes from the information provided by the domestic industry in its application, and information verified by desk and on-site verification that the domestic industry already separates consumption of inputs in the production of MDNB. The Authority has further noted that the raw materials consumption reported by the petitioner takes into account only such quantity of inputs as were consumed in the production of MPDA. The consumption considered for determination of costs and NIP does not include raw material cost to produce OPDA and PPDA and the same has been separated at the stage of application itself. The applicant has thus reported costs on account of raw materials exclusively for MPDA and the same is not inclusive of raw material costs to produce OPDA and PPDA.

126. The Authority examined whether export price of the domestic industry was higher than domestic price due to difference in the product grade. For the purpose, the Authority compared the domestic and export price of the domestic industry for the same grade [ 99.8% concentration] of the product. It is seen that the export price of the domestic industry was higher than domestic price in three out of four periods of injury period. Further, the export price of the domestic industry was higher by 36% in the POI, even when the volume of sales was very comparable. It is thus concluded that the domestic industry was able to get a higher price in export market as compared to the domestic market, barring the exception of 2020-21. Further, the difference was too significant in the POI.

SN	Particulars	UOM	2019-20	2020-21	2021-22	2022-23
A	<b>Volumes</b>					
1	Domestic	MT	***	***	***	***
2	Export	MT	***	***	***	***
B	<b>Average price</b>	Rs/Kg				
3	Domestic		***	***	***	***
4	Export		***	***	***	***
C	<b>Difference</b>	Rs/Kg	***	***	***	***
		%	***	***	***	***
		Range	15-25	(15-25)	0-10	30-40

127. The responding exporter/producer has claimed that the parent company of the responding producers i.e., Zhejiang Longsheng group is a company listed on the Shanghai stock exchange and that a listed company would not resort to dumping for 10 years. The Authority notes that existence or absence of dumping is a matter of fact. The investigation has revealed that dumping margin in the present POI in fact is higher than the previous investigations.
128. The responding producer/exporter has further stated that only 10% of their production is exported and rest 90% of the subject goods produced by them are either used captively or are sold to the Chinese dye manufacturers. The Authority in this regard notes that the Zhejiang Longsheng's annual report for 2022 brought by the applicant on record clearly specifies that the group's key sales areas are identified as Germany, the United States, Brazil, South Korea, Thailand, India, Vietnam, Bangladesh,

Turkey, Pakistan and other countries. The investigation has shown that the dumping margin and injury margin for the responding exporter/producer is not only more than *de minimis* but is also significant and higher than the past, which negates the contention that the exporter does not have compulsions to export the product.

129. Zhejiang Amino-Chem contended that the capacity information for Chinese producers provided by the domestic industry for the POI is not correct. The Authority has prescribed a questionnaire for the Chinese producers, whereas the Authority requires information on Chinese capacity, production, domestic consumption and exports. It is noted that despite holding a large capacity, the company preferred not to provide relevant information in its questionnaire response. It was much easier for the exporter to provide relevant information and the Authority would have considered the same for the present determination. The exporter has not even provided the information on capacity with their group company. In a situation where the Chinese exporters have not provided the relevant information, the Authority is required to make determination based on information on record. The domestic industry provided evidence of capacity with the Group companies, whereas the participating exporter has restricted itself to its own capacity, and has not provided capacity information even with the group. It is also noted that the exporter was specifically asked at the time of oral hearing to clarify whether the claim of the domestic industry with regard to capacity addition by the Group Companies was correct. The exporter merely stated in its submission that the capacity expansion is a proposal and if the market is not suitable it will not expand. The Authority also notes that the capacity of the producer whose plant faced an accident and was out of production is having merely 17,000 MT per annum capacity. The capacity of Zhejiang Longsheng group is more than 10 times that of gross Indian demand and therefore poses a significant threat to the Indian industry especially when dumping and injury margins have increased in the present period.
130. The user industry has raised contention that the present anti-dumping measure is not justified owing to more than 70% of the imports coming in under advance license and are not susceptible to anti-dumping duties. The Authority notes that (a) analysis of the imports show that the imports under duty paid category are around 50%, (b) the import price of duty paid material is materially lower than the import price of duty-free material. It is the import price of duty paid material that is more relevant than the import price of duty-free material in order to ascertain the likelihood of injury in the event of cessation of anti-dumping duty. Further, the volume of duty paid material is quite significant. The Authority also notes that it remained unexplained why the Chinese producers were charging a lower price for duty paid supplies as compared to duty free supplies. The Authority considers that the same is clearly indicative of opportunistic pricing by the Chinese producers. Further, the duty paid price clearly shows the price that the Chinese producers are likely to charge in the event of cessation of anti-dumping duty.
131. With regard to the submissions made by interested parties concerning 22% return on

capital employed for calculating NIP, the Authority notes that NIP has been calculated in accordance with Annexure III of Anti-dumping Rules and consistent practice of the Authority.

132. With regard to other contentions raised in post-disclosure submissions by other interested parties that are reiterations of earlier submissions, the Authority has suitably examined these submissions and have addressed them adequately in the relevant paras of the final findings. These submissions were pertaining to likelihood of continuation or recurrence of injury, causal link, other factors of injury, interest of Indian industry.

## **M. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES**

### **M.1 Submissions by other interested parties**

133. The following submissions were made by the other interested parties with regard to Indian industry's interest:
- i. The applicant has increased prices drastically since the imposition of duties and enjoying monopoly in the Indian market as the applicant is price setter for the Indian market.
  - ii. Small Indian companies manufacturing dyes made out of MPDA majorly MSMEs are unable to export dyes as they do not have the required infrastructure to procure advance authorization.
  - iii. Small dye manufacturers of India are not able to import MPDA without paying anti-dumping duties.
  - iv. These producers have become uncompetitive against global producers of dyes.
  - v. 80% of MPDA is used for dye manufacturing, which is used in textile industry. Imposition of duty will adversely impact MSME textile users.
  - vi. The Authority should examine the impact of the duty on the performance of the domestic industry, demand pattern, movement in the import price etc. during the period when duties were in place.
  - vii. To continue anti-dumping measures in this investigation will be inconsistent with the long-term and overall interests of the Indian domestic industry and its downstream industries.
  - viii. Improper implementation of anti-dumping duty as means of trade protection, cannot play the role of protecting industry, but will cause an unfair competitive environment and cause damage to the fundamental interests of their respective industries.

## **M.2 Submissions by the domestic industry**

134. The following submissions were made by the domestic industry with regard to Indian industry's interest:
- i. It is at the foremost submitted that the only one user association has participated in the present investigation. Despite issuance of Economic Interest Questionnaire (EIQ), the user has not provided any information.
  - ii. The responding exporter has also not submitted EIQ.
  - iii. Lot of submissions were made on behalf of the association. However, the association has not filed any submission, nor EIQ response. Nor the members of the association have cooperated with the Authority.
  - iv. In view of complete silence of the interested parties on any adverse public interest, the Authority should construe that the measures are in public interest and no adverse impact has been shown.
  - v. There have been no adverse effects in any form or manner due to the imposition of past measures. After the original investigation and the first sunset review investigation and the imposition of anti-dumping duty, the Indian industry has only witnessed growth.
  - vi. The past measures have had no adverse effects on immediate consumers, downstream industry or public at large. The impact of duty as calculated and provided by the applicant is so low that the impact is nearly negligible.

## **M.3 Examination by the Authority**

135. The Authority notes that the purpose of imposition of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Continuation of anti-dumping measures does not aim to restrict imports from the subject country in any way. The Authority recognizes that the continuation of anti-dumping duties might affect the price levels of the product in India. However, fair competition in the Indian market will not be reduced by the imposition of anti-dumping measures. On the contrary, continuation of anti-dumping measures would ensure that no unfair advantages are gained by dumping practice, prevent decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.
136. The Authority considered whether continuation of anti-dumping shall have any adverse impact on the interest of the public. In order to determine such impact, the Authority weighed the impact of the continuation of duties on the availability of the goods in the Indian market, the impact on the users of the product as well as the domestic industry and the impact on the general public at large. This determination is based on the submissions and evidence submitted over the course of the present investigation.
- a. The Authority issued initiation notification inviting views from all the interested parties, including importers, consumers, and others. The Authority also prescribed a questionnaire for the users/ consumers to provide the relevant the information about

the present investigation including any possible effects of anti-dumping duty on their operations. The Authority issued gazette notification inviting views from all the interested parties, including importers, consumers, and other interested parties. The Authority also prescribed a questionnaire for the consumers to provide the relevant information with regard to the present investigation, including effect of anti-dumping duty on their operations. The Authority sought information on, *inter-alia*, interchangeability of the product supplied by various suppliers from different countries, ability of the domestic industry to switch sources, effect of anti-dumping duty on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by imposition of anti-dumping duty, impact of repealing or maintaining the present duty. The Authority notes that none of the interested parties, barring the domestic industry, have responded to the economic interest questionnaire. The user association responded in the present investigation, however, none of its members have filed the user questionnaire response. The Authority notes that there is no evidence showing that the imposition of anti-dumping duty has had any significant adverse effect either on the consumers or at public at large. Instead, the Authority from the submissions made by the user industry has noted that significant volume of the subject goods is being imported under advance license and are therefore exempt from paying anti-dumping duties. As rightfully argued by the domestic industry, such importers that are importing the subject goods under advance license are already exempt from paying anti-dumping duties and shall have no impact whatsoever.

b. Additionally, the Authority notes that the domestic industry has calculated the impact of duties on the downstream products which use the subject goods. For doing this analysis, the domestic industry has considered the consumption norms based on SION. The domestic industry has thereafter calculated the impact of duty on the downstream products. One of the interested parties has pointed out that the price of Direct Black 22 considered by the domestic industry for determining impact of the proposed measures is incorrect. The Authority therefore reviewed the calculations and found that there was error in the prices considered for determining impact. The Authority has therefore determined the impact of proposed measures and the same has been considered for the present determination. Further, it is noted that the subject goods are mainly used for production of reactive dyes. The consumption of reactive dyes in next product is in the region of 2-5%. Therefore, impact given of MPDA in eventual end product would be 2-5% of the impact on dyes.

SN	Particular	End Product	MPDA Required (kg/kg)	Impact of ADD (%)	Impact on eventual end product	
					At 2%	At 5%
1	Pharma	Acriflavine	2.3	0.12%		
2	Reactive Dye	Acid Black 210	0.15	1.87%	0.037%	0.093%
3	Reactive Dye	Direct Black 22	0.2236	3.33%	0.067%	0.166%
4	Reactive Dye	Reactive Navy Blue ME2GL	0.187	2.12%	0.042%	0.106%

5	Reactive Dye	Reactive Supra Golden Yellow HRNL	0.3	3.68%	0.074%	0.184%
6	Intermediate for reactive and disperse dye	Meta Phenylene Diamine 4,6 Disulphonic Acid	0.682	6.35%	0.127%	0.317%

c. The Authority notes that the anti-dumping duty has been in place on the product for quite some time. Further, the prices of MPDA had admittedly increased significantly in 2019-20 and 2020-21. A significant difference in the prices has been found within the POI itself and even within the same month. Despite the same, there was no adverse impact of the anti-dumping duty on the consumers. Rather, now when the price of the product has so significantly declined, the consumption of the product has also declined. It is therefore evident that there is no adverse impact of the price of the product on the consumption of the product in the market. Further, the product is largely used in production of dyes or dyes intermediates. Therefore, the consumption of the product in the eventual end product is extremely low.

d. The applicant provided Annual reports of some of the downstream producers and contended that these companies are the largest dye manufacturers in India. An analysis of their financial reports shows that when MPDA prices increased, their profits increased, and when MPDA prices declined, their profits declined.

e. The enhancement of duty following previous sunset review led to establishment of production capacity in the domestic market. A new producer has also set up production capacities and has supported the request for extension of anti-dumping duty. It is seen that the sales of this supporting producer have also declined significantly in the POI. The investments made by this new producer is also required to be protected from unfair imports by providing a level playing field.

f. It is noted that India and China are the only two producers of the PUC. Further, the Chinese producers have resorted to very aberrationally high and low price for the product. Under these circumstances, cessation of production by domestic producers is likely to leave the consumers totally at the hands of foreign producers.

g. The Authority further notes that the impact of the proposed measures may have on certain users should be balanced against the risk of a discontinuation of production in India. Not extending measures will lead to less reliable and unstable sources of supply and inevitably to price increases and fluctuations in the Indian market. The Authority therefore, concludes that imposition of duty would be in the larger public interest.

## **N. JUSTIFICATION FOR EXTENSION OF MEASURES**

137. The Authority has considered whether the extension of measures is justified, particularly when the same has been in force for 10 years. The Authority has considered following parameters for this purpose.

**i. India and China are the sole producer of the PUC globally**

138. The Authority notes that India and China are the only producers of the product under consideration globally. The domestic industry has already shrunk significantly during the current period and is suffering unprecedented financial losses. Should the measure be withdrawn at this juncture the producers from the subject country can wipe out domestic producers. The domestic industry is engaged in production of a large number of products and therefore it would not be very difficult for the domestic industry to stop production of such heavily loss-making product. The other domestic producer is also a multi-product company and therefore possibility of their exiting the market can also not be ruled out. Should the same happen, the consumers would be left completely at the mercy of the Chinese suppliers. It is noted that the interested parties conceded that the reason for significant increase in the prices was the suspension of production by one Chinese producer, owing to a fire incidence in its plant. This also shows that cessation of production in India is likely to cause significant disruptions in the Indian market, should any such disruptions happen with the Chinese producers.

**ii. India is self-sufficient and imports are not necessary to meet the demand**

139. During the original investigation of this product, the applicant was the sole producer in India and there was some demand and supply gap in the country. However, owing to the imposition of the measures, the applicant was able to increase the production capacity. Additionally, another producer has set up their production capacity in the present injury period. At present, both of the Indian producers are capable to individually cater to the entire Indian demand. The Authority finds that the current amount of market share captured by dumped Chinese imports of the subject goods owing to steep reduction in prices is unexplained particularly when there is a decline in demand.

140. This further reflects the need for extension of duties, as with the measures in force, the Chinese imports are able to capture a high amount of market share in Indian demand, then it is extremely likely that upon cessation of duties, the Indian market will be flooded with Chinese dumped imports, which necessitates the extension of measures.

**iii. Continuous dumped and injurious volume from China**

141. The Authority considers that the imports have continued to be made at dumped and injurious price. Additionally, the dumping margin in the present review investigation are comparatively higher than that in the previous two investigations relating to the product.

142. The investigation has shown that the dumping and injury has actually intensified

while the measures is in force. This signifies the likelihood of imports from the subject country being dumped further (in terms of volumes) in the event of cessation of duties, warranting extension of duties.

**iv. The Indian industry is vulnerable**

143. The Indian industry is highly vulnerable to material injury, as is evident from the losses being made by the industry in the POI in view of steep decline in prices from China. China holds significant markets share despite no demand supply gap in the country. This clearly indicates the interest that the Chinese producers have in the Indian market. The fresh investments undertaken by the new producer will also be jeopardised because of presence of dumped imports in the market. It is seen that the volume of imports, dumping margin and injury margin are too significant in the present investigation.

**v. China is the largest producer of the subject goods**

144. China is the largest manufacturer and exporter of the subject goods. Globally, at present, India and China are known to be the only producers of the subject goods. The installed capacities in China have been quantified at 1,25,000 MT, as against installed capacity of 12,300 MT in India.

**vi. No adverse impact on consumers**

145. As explained above, it is found that there was no adverse impact of existing measures on the end-users. The analysis shows that the impact of the present measures is not even 1% on majority of the end-products, in a theoretical situation where the domestic industry increased the prices by the quantum of anti-dumping duty. It is however found that the selling price of the domestic industry were materially below the landed price of imports after adding the anti-dumping duty. This shows that the domestic industry has not even increased its prices by the full quantum of anti-dumping duty. Therefore, there shall be no adverse impact of the measures on the downstream industry and public at large.

**O. CONCLUSION**

146. Having regard to the contentions raised, submissions made, information provided and facts available before the Authority as recorded above and on the basis of the above analysis of dumping, injury and likelihood of dumping and injury to the domestic industry, the Authority concludes that:
- i. Being a sunset review investigation, the scope of the product under consideration is the same as in the original investigation. Accordingly, the PUC is being defined as “Meta Phenylene Diamine (MPDA)”.

- ii. Despite the imposition of the anti-dumping duty, the imports from the subject country have remained substantial in absolute terms as well as relative to the domestic industry's production and in the Indian demand, even though the volume has declined slightly since the original investigation.
- iii. The import price from China witnessed a significant decline despite the increase in input costs on account of raw materials and utilities. Whereas the costs on these accounts increased by 27% over the injury period, the import prices in the POI declined by 55% over the base year.
- iv. The import prices declined by about 25% within the POI itself, without any decline in the input costs on account of raw materials and utilities.
- v. A significant proportion of imports is under duty free category- significant price difference between the duty free and duty paid imports has remained unexplained, and is clearly indicative of the likely situation in the event of cessation of anti-dumping duty. The Authority considers that the lower price at which duty paid imports have been made are relevant to ascertain the likely situation in the event of cessation of anti-dumping duty, which clearly shows much higher dumping margin and injury margin. The imported goods that are actually competing with the domestic industry's goods in the domestic market in terms of volumes, are entering at materially lower prices as compared to the duty-free imports. While the price of duty-free imports also impacts the prices of the domestic industry, in a situation where duty paid imports are at a materially lower price than the duty paid imports, it is the duty paid imports that would become benchmark for the selling prices of the Indian industry.
- vi. Production, sales, capacity utilization of the domestic industry is adversely impacted on account of dumped imports. The decline in sales is more than the decline in demand. While some decline in these parameters were inevitable due to decline in demand, the decline faced by the domestic industry is more than the decline in demand. Further, the decline in demand further shows vulnerability of the domestic industry. Imports at dumped prices, if allowed without anti-dumping duty, would further weaken the viability of the Indian industry.
- vii. The domestic industry has started incurring significant financial losses in the POI. The return on investment and cash profit has also declined significantly in the POI and became significantly negative in the POI. These declines were despite significant reduction in conversion costs over the injury period. Further, the selling price of the domestic industry declined significantly over the POI on month-on-month basis, which shows decline in profits, cash profits and ROI successively over the period within the POI.
- viii. The Chinese producers are exporting the subject goods to third countries at significantly dumped and highly injurious prices. Further, the volume of such exports is quite significant.
- ix. Chinese producers of the subject goods are holding significant surplus production capacities far exceeding the Indian demand.
- x. The domestic industry remains vulnerable to not only continued, but also

intensified injury by dumped imports of the subject goods in the event of cessation of anti-dumping duty.

- xi. None of the users have provided information relevant to assessment of impact of existing duty and extension of the same. The participating other interested parties have not established plausible adverse impact of anti-dumping duty on the user industry.
- xii. From the information on record, which was also made available to other interested parties, it is also seen that the impact of anti-dumping duty on the consumers is insignificant. Therefore, there is no reason to believe that continuation of present measure is likely to lead to increase in the prices of the product under consideration in the country.
- xiii. The imposition of anti-dumping duties and providing of level playing field led to establishment of production capacity in the Indian market, including the setting up of capacity by a new producer.

147. In view of the above the Authority concludes that there is a likelihood of not only continuation but also intensification of dumping and consequent injury to the Indian industry in the event of cessation of the existing anti-dumping duties. The Authority recommends continuation of the duty and enhancement of the quantum for a further period of five years. The enhancement of the quantum is considered appropriate in view of significant duty paid imports and increased dumping margin & injury margin in the same.

## **P. RECOMMENDATIONS**

148. The investigation was initiated and notified to all interested parties. Adequate opportunities were given to the domestic industry, embassy of the subject country, exporters, importers and other interested parties to provide positive information on the aspect of dumping, injury, causal link, likelihood of continuation or recurrence of dumping and injury, the effect of measure in place and plausible effect of extension of the measure. Having initiated and conducted the investigation into these aspects and having established positive dumping margin, material injury to the domestic industry caused by such imports as well as likelihood of continuation of dumping and injury, the Authority is of the view that continuation of anti-dumping duty is necessary. Therefore, the Authority recommends continuation of anti-dumping measure. Further, the quantum of measure is required to be modified. Accordingly, definitive anti-dumping duty equal to the amount mentioned in column 7 of the duty table below is recommended to be imposed for five (5) years from the date of the notification to be issued by the Central Government, on imports of the subject goods described at column 3 of the duty table, originating in or exported from China PR.

### Duty Table

S. No.	Heading/ Subheading	Description of Goods	Country of Origin	Country of Export	Producer	Amount (USD/KG)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	29215120 & 29215190	'Meta Phenylene Diamine' (MPDA)*	China PR	Any country including China PR	Zhejiang Amino-Chem Co., Ltd	1.50
2.	-do-	-do-	China PR	Any country including China PR	Any producer other than serial number 1	1.71
3.	-do-	-do-	Any Country other than China PR	China PR	Any	1.71

*\*Meta Phenylene Diamine' (MPDA), also known as m- Phenylene Diamine, 1,3- diaminobenzene, 1, 3- Benzenediamine, m- Aminoaniline, mBenzenediamine, m- Diaminobenzene, 1,3- Phenylenediamine, 3- Aminoaniline, mFenylendiamin, Phenylenediamine, and m-Aminoaline, Phenylenediamine meta.*

#### N. FURTHER PROCEDURE

149. An appeal against the determination/review of the Designated Authority in this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.

  
**(Anant Swarup)**  
**Designated Authority**