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F. No. 7/14/2022-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: 12.09.2023

Final Findings
(Case No. AD (SSR)-06/2022)

Subject: Sunset Review Investigation concerning imports of "Synthetic Grade Zeolite 4A (Detergent Grade)" originating in or exported from China PR

1. File No. 7/14/2022-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.

A. BACKGROUND OF THE CASE

Original Investigation

2. The original investigation concerning imports of the subject goods from China was initiated by the Authority vide Notification No. 6/14/2017-DGAD, dated 02.01.2018. Definitive anti-dumping duties were recommended vide Notification No. 06/14/2017-DGAD, dated 29.10.2018 and was imposed vide Customs Notification No. 57/2018-Customs (ADD), dated 13.12.2018.

Present Sunset Review Investigation

3. M/s Gujarat Credo Mineral Industries Limited (GCMIL) (hereinafter referred to as the "applicant") filed a duty substantiated application before the Authority, on behalf of the domestic industry, in accordance with Section 9A (5) of the Act read with Rule 23 of the Rules. After *prima facie* examination of the facts, the Authority initiated a Sunset Review (SSR) investigation vide Notification No. 7/14/2022-DGTR dated 29th Sept 2022 to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from China PR.

B. PROCEDURE

4. The procedure described below has been followed with regards to the investigation.
- i) The Authority, *vide* Notification No. F. No. 7/14/2022-DGTR dated 29th September 2022 published a public notice in the Gazette of India, Extraordinary, initiating a sunset review investigation concerning the imports of the subject goods from the subject country.
 - ii) The Authority forwarded a copy of the public notice along with the questionnaires to the Embassy of the subject country in India, all known exporters, importers and users (whose details were made available by the applicant) and gave them the opportunity to make their views known in writing in accordance with Rule 6(2) of the AD Rules. They were advised to reply within thirty days from the date of publication of the notification or from the date of letters.
 - iii) The Authority provided a copy of the non-confidential version of the application to the known exporters and the Embassy of the subject country in accordance with Rule 6(3) of the AD Rules. A copy of the application was also provided to the other interested parties, as requested.
 - iv) The Authority sent questionnaires to elicit relevant information to the following known producers/exporters in the subject country in accordance with Rule 6(4) of the AD Rules:

SN	Name of the producer/exporter	SN	Name of the producer/exporter
1	Chalco Qingdao International Trading Co. Ltd.	2	Chalco Zibo International Trading Co.
3	Tianjin Gerkwint International Trading Co. Ltd.	4	Xiamen Zhongzhao Imp and Exp Co. Ltd.
5	Guangzhou Chemicals Imp & Export Co. Ltd.	6	Huiying Chemical Industry (Quanzhou) Co. Ltd.
7	Shijiazhuang Jianda High-Tech Chemical Co.	8	Shangdong Sun High Rising Chemical Technology Co. Ltd.
9	Jiangxi Xintao Technology Co. Ltd.	10	Fujian Risheng Chemical Co. Ltd.
11	Yangzhou Guanmin Imp. & Exp. Co. Ltd.	12	China Catalyst Holding Co. Ltd.
13	Shijiazhuang Ningshu Trading Co. Ltd.	14	CHALCO Shangdong Co. Ltd
15	Nanjing Yongcheng Molecular Sieve Co. Ltd.	16	Luoyang Jalon Micro-nano New Materials Co. Ltd.
17	ZR Catalyst	18	Naike Chemical
19	Honwan Imp. & Exp. Co. Ltd.	20	LK (Nanjing) Co. Ltd.
21	YSHC (Tianjin) Chemical Co. Ltd.		

- v) CHALCO Qingdao International Trading Co. Ltd and CHALCO Shandong Advanced Material Co. Ltd, producers/ exporters from the subject country, have filed the exporter's questionnaire responses part I and II.
- vi) Questionnaires were also sent to the following known importers/ users of the subject goods in India seeking necessary information in accordance with Rule 6(4) of the AD Rules:

SN	Name of the importer/user	SN	Name of the importer/user
1	M/s Procter & Gamble Home Products Private Limited	2	M/s ALA Chemicals Private Limited
3	M/s Aaditya Finechem Pvt. Ltd.	4	M/s Soneko Marketing Private Limited
5	M/s Agarwal Minerals	6	M/s Prevest Denpro Limited
7	M/s Basil Prompt Vinyl Private Ltd.	8	M/s Platinum Industries Limited Liability Partnership
9	M/s Baerlocher India Additives Private Limited	10	M/s Sudarshan Minchem Limited
11	M/s Associated Stabplast & Chemicals	12	M/s Saan Global Limited
13	M/s Bhawani Chemicals	14	M/s Shrestha Chemicals Private Limited
15	M/s Indo Reagens Polymer Additives Private Limited	16	M/s Subray Catal Chem Private Limited
17	M/s Jyoti Vinyl Limited	18	M/s Vaaghani Inc.
19	M/s Galata Chemicals India Private Limited	20	M/s Shri Sai Network Private Limited
21	M/s Lalitha Chem Industries Private Limited	22	M/s Nirmesh Enterprises Private Ltd.
23	M/s Globelark Corporation LLP	24	M/s Stabplast Chemp Industries Private Limited
25	M/s Faith Industries Limited	26	M/s Oham International
27	M/s Indofil Industries Limited	28	M/s Manav Globaltrade
29	M/s Platinum Industries Private Limited	30	Hindustan Unilever Limited

- vii) None of the importers of the subject goods in India filed an importer questionnaire response or made any submissions. The only user who has filed the user questionnaire response is Hindustan Unilever Limited.
- viii) The Authority subsequently sent economic interest questionnaire to all interested parties. Also sent a copy to administrative ministry on 14.12.2022. Economic Interest questionnaire was filed only by Hindustan Unilever Limited.
- ix) The information provided by the interested parties on confidential basis was examined with regard to the sufficiency of such claims. 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 confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.

- x) Further information was sought from the applicant to the extent deemed necessary.
- xi) Verification of the domestic industry was conducted to the extent considered necessary for the purpose of the present investigation.
- xii) The non-injurious price (hereinafter referred to as 'NIP') based on the cost of production and the cost to make and sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and has been worked out so as to ascertain whether the present anti-dumping duty is sufficient to remove injury to the domestic industry.
- xiii) The period of investigation for the purpose of the present review is 1st April 2021 to 31st March 2022 (12 months) (hereinafter referred to as the "period of investigation" or "POI"). The injury analysis period included the period of investigation and the preceding three years, 2018-19, 2019-20 and 2020-21.
- xiv) In accordance with Rule 6(6) of the AD Rules, the Authority provided an opportunity to the interested parties to present their views during the oral hearing held on 10th March 2023. The interested parties were requested to submit their rejoinder submissions by 24th March 2023. The Authority had granted extension to rejoinder submissions by 28th March 2023.
- xv) The submissions made by the interested parties to the extent considered relevant by the Authority have been addressed in this Finding
- xvi) 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 4th September, 2023 and comments received thereon, considered relevant by the Authority, have been addressed in these final findings. The Authority notes that most of the post disclosure submissions made by the interested parties are mere reiteration of their earlier submissions. However, the post disclosure submissions to the extent considered relevant are being examined in these final findings.
- xvii) Wherever an interested party has refused access to or has otherwise not provided the necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded its observation on the basis of the facts available.
- xviii) *** in this Finding represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
- xix) Exchange rate considered for the POI for conversion of USD to Indian Rupees is 1 USD = **Rs. 75.37**

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C. 1 Views of the other interested parties

5. No submission has been made by other interested parties with regard to the scope of the

product under consideration (PUC) and like article.

C. 2 Views of the domestic industry

6. The domestic industry has made the following submission with regard to the scope of the product under consideration and like article:
 - i) The product under consideration in the present application is ‘Synthetic Grade Zeolite 4A’ also known as ‘Zeolite 4A’.
 - ii) Zeolites are microporous crystalline solids with well-defined structures. Generally, they contain silicon, aluminium and oxygen in their framework and cations, water and/or other molecules within their pores. Many occur naturally as minerals and are extensively mined in many parts of the world. Others are synthetic and are made commercially for specific uses in various industries. The general formula of Zeolite is given as $Nax[(AlO_2)_x(SiO_2)_y].zH_2O$
 - iii) The PUC functions as a detergent builder primarily as a water softener resulting in softening of water, which requires less soap for the same cleaning effort, as soap is not wasted mopping up calcium ions.
 - iv) The product under consideration remains the same as it was in the original investigation.

C.3 Examination by the Authority

7. The present investigation is a sunset review investigation concerning anti-dumping duties imposed on imports of ‘Zeolite 4A’ originating in or exported from China PR. Hence, the PUC in the present investigation is also ‘Zeolite 4A’ originating in or exported from China PR. The product under investigation as defined in the original investigation is as follows:

“6. The PUC is Synthetic Zeolite 4A (Detergent Grade). Zeolites are micro porous crystalline solids with well-defined structures. Generally, they contain silicon, aluminum and oxygen in their framework and cat-ions, water and/or other molecules within their pores. They also occur naturally as minerals, and are extensively mined in many parts of the world. Others are synthetic, and are made commercially for specific uses in various industries. The general formula is given as $Nax[(AlO_2)_x(SiO_2)_y].zH_2O$.

7. The PUC functions as a detergent builder primarily as a water softener resulting in softening of water, which requires less soap for the same cleaning effort, as soap is not wasted mopping up calcium ions.

8. The Authority notes that the PUC falls under Chapter 38 of the Customs Tariff Act, 1975. The subject goods were classified under customs sub-heading 38249022 at the time of filing of petition; however, the classification has thereupon changed to 38249922. It is further noted that the product is also being imported under different headings such as – 38249090, 38249990, 28429090, 28269000, 28399090 & 28421000. In view of the same, all such reported headings are also included in the scope of the present investigation. In any case, the Customs classification indicated is only indicative.”

8. 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 the subject country within the scope and meaning of Rule 2(d) of anti-dumping Rules.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D.1 Views of the other interested parties

9. No submission has been made by other interested parties with regard to scope of the domestic industry and its standing:

D.2 Views of the domestic industry

10. The domestic industry has made the following submissions with regard to the scope of the domestic industry and the standing:
- i) The application has been filed by M/s Gujarat Credo Mineral Industries Limited (GCMIL).
 - ii) Analysis of domestic industry's standing is not a mandatory requirement in a sunset review investigation.
 - iii) The applicant has neither imported the subject goods from the subject country nor are they related to any importer in India or producer/ exporter from the subject country.
 - iv) There is one more producer of the subject good in India, M/s Chemical India.
 - v) The production by the applicant company constitutes 'a major proportion' of the total Indian production as per Rule 2(b).

D.3 Examination by the Authority

11. Rule 2(b) of the AD Rules defines 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 ' must be construed as referring to the rest of the producers"

12. The application has been filed by M/s Gujarat Credo Mineral Industries Limited (GCMIL). The Authority notes that the production of the applicant company constitutes ***% of total domestic production of the subject goods in India. The applicant has not imported subject goods and are not related to any importer or exporter thereof. It is noted that the applicant is

the eligible domestic industry within the meaning of the Rule 2(b) and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules, even though standing within the meaning of Rule 5(3) is not required to be established in a sunset review initiated under Rule 23.

E. MISCELLANEOUS

E.1 Views of the other interested parties

13. The other interested parties have made the following miscellaneous submissions:
- i) Information provided by petitioner is insufficient to justify initiation. Allegations are based on estimations & assumptions. No logical conclusions can be drawn from the data submitted. The Authority should examine accuracy and adequacy of the evidence to determine sufficiency to justify initiation. 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.
 - ii) The Petition fails to meet several requirements prescribed under the anti-dumping Agreement and the Anti-dumping rules read with Trade Notice No. 01/2022. As per clause 2 (vi) of Trade Notice No. 01/2022, an interested party can access the import data submitted by the applicant to the DGTR after providing an undertaking in Annex-I to the Investigating Officer. Further, CESTAT in *Exotic Décor Pvt. Ltd. and Ors. v. Designated Authority, Directorate General of Anti-Dumping & Allied Duties*, had cast an obligation on the Authority to provide import data in the same form and manner in which it was taken on record. However, the Authority has not provided for a transaction-wise import data after a request was filed by the user on December 16, 2022.

E.2. Views of the domestic industry

14. The domestic industry has made the following miscellaneous submissions:
- i) 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.

E.3. Examination by the Authority

15. The miscellaneous submissions by the interested parties to the extent found relevant have been addressed below:
- i) In reference to submissions made on application lacking justification for initiation the present investigation, the Authority disagrees with this assessment and considers that the requirements for initiation of an investigation were met. In this respect, the Authority notes that the applicants submitted evidence that the duties in place helped reduce the dumped imports from China PR, and there were significant capacities available in subject country sufficient to capture the Indian market. It was also alleged that there was high export orientation of producers in the subject country. The analysis of the request, thus,

showed that there was sufficient evidence at initiation stage 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.

- ii) Further, the argument from other interested parties is unsubstantiated and lacking material ground. 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.
- iii) As regards import data, the Authority has procured from DGCI&S transaction wise data for determining volume and value of imports of the product under consideration in the present investigation. The DGCI&S data did not show any import transactions from China PR. The Authority has considered import volume and value as provided by the cooperating producer/exporter. The interested parties are being provided opportunity to comment on the Findings.
- iv) Further, it is submitted that the DGTR has been constantly relying upon the DGCI&S data which provides reliable and authentic information, and the same has been relied upon and examined in the present investigation.

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

F.1 Views of the other interested parties

16. The other interested parties have made the following submissions with regard to the normal value, export price and dumping margin:
- i) There are no imports of the PUC from China PR during the POI. Hence there is no dumping in the POI and the Authority should reject the dumping margin determined in the petition as was done by the Authority in previous SSR investigations.¹

F.2 Views of the domestic industry

17. The submissions of the domestic industry with regards to the normal value, the export price and the dumping margin, are as follows:
- i) China should be considered a non-market economy, in line with the position taken by the Authority in previous cases, and by the investigating authorities in other countries. Chinese producers' cost and price cannot be relied upon for determination of normal value.
 - ii) The Authority shall follow Para 1 – 6 of Annexure I for the determination of normal value only if the responding Chinese companies establish that their costs and price information is such that individual normal value and dumping margin can be

¹ Sunset Review of Anti-dumping Duty imposed on imports of "Hot-Rolled flat products of alloy or non-alloy steel" from China PR, Japan, Korea RP, Russia, Brazil, and Indonesia, Final Finding dated September 14, 2022.

determined. If the responding Chinese companies are not able to demonstrate that their costs and price information can be adopted, the Designated Authority shall reject the claim of individual dumping margin.

- iii) Paragraph 1 to 6 of Annexure I of the Rules does not apply for computation of normal value for imports from China PR, unless a producer/exporter shows with sufficient evidence that he is operating under market economy conditions. As a result, normal value for China PR has to be determined in terms of Para 7 of Annexure I of the Rules.
- iv) Chinese producers are required to be treated as companies operating under non-market economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.
- v) The applicant has constructed the normal value on the basis of the estimate of cost of production in the subject country considering the costs of the domestic industry in India, duly adjusted to include selling, general and administrative costs of the domestic industry by adding reasonable profits, after addition for selling, general and administrative expenses and reasonable profits.
- vi) There are no known imports of the product during the present period and the product is not being dumped currently. However, there is sufficient evidence that dumping is likely to recur in the event of cessation of duty.
- vii) The applicant has determined export price by considering the price at which the applicant is selling the product in the domestic market. This price is considered as the maximum price at which Chinese producers could sell the like product in the Indian market in order to substitute the same being made by the applicant or other producer or other foreign producers.
- viii) Exporters have claimed that they are exporting to India at a low volume and have not contended that they are not dumping goods into India which is a clear indication that dumping is continuing.

F.3 Examination by the Authority

F.3.1 Normal Value

18. Under Section 9A(1)(c) of the Act, normal value in relation to an article means:

- i. *the comparable price, in the ordinary course of trade, for the like article when meant 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 or 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 transhipped 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.

19. Article 15 of China's Accession Protocol in WTO provides as follows:

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

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

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

(ii) The importing WO 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. "

20. It is noted that while, the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO read with obligation under 15 (a) (i) of the Accession Protocol require criterion stipulated in para 8 of the Annexure I of the India's Rules to be satisfied through the information/data to be provided in the supplementary questionnaire for claiming the market economy status.

21. M/s Chalco Shandong Advanced Material Co., Ltd and M/s Chalco Qingdao International Trading Co., Ltd. have participated and submitted questionnaire response, however they havenot claimed market economy treatment. The normal value has thus been determined in accordance with Para 7 of Annexure I to the Rules.

22. Para 7 of Annexure I of the Rules reads as under:

In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third

country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

23. Para 7 lays down a hierarchy for determination of normal value and provides that normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other country, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit

margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure 7. There is no evidence of price or constructed value prevailing in market economy third country brought forward by any interested party. Imports into India are from countries that are currently subject to antidumping investigation. Thus, imports into India from market economy third country could not be taken. The normal value could not be based on the price from a market economy third country to other country, including India as this subject good does not have dedicated ITC HSN classification.

24. Therefore, the Authority has determined normal value for the subject imports in China as per any other reasonable basis including the “price actually paid or payable in India” as stipulated in para 7 of Annexure – I to the AD 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. The normal value so determined is given below in the dumping margin table.

F.3.2 Export Price

25. The Authority notes that following producer and exporter from China PR have furnished information to the Authority which could be used for determination of export price and individual dumping margin.

- i) M/s Chalco Shandong Advanced Material Co., Ltd (Producer)
- ii) M/s Chalco Qingdao International Trading Co., Ltd. (related trader/exporter)

26. Therefore, the Authority has analysed the response made by the exporters as follows:

M/s Chalco Shandong Advanced Material Co., Ltd, (“Chalco AM”) (Producer) and M/s Chalco Qingdao International Trading Co., Ltd. (Chalco Qingdao) (Exporter)

27. Chalco Shandong Advanced Material Co., Ltd. is a limited liability company established under Company Law of the People’s Republic of China.

28. During the POI, Chalco Shandong Advanced Material Co., Ltd., has exported ***MT of the subject goods of invoice value ***RMB to India indirectly through a related party namely, Chalco Qingdao International Trading Co., Ltd., on ex-works basis.

29. Chalco Qingdao International Trading Co., Ltd., China PR has claimed adjustment on account of ocean freight, marine insurance, export insurance, inland transportation, port and other related expenses, credit cost, bank charges and the same have been allowed by the Authority. Accordingly, export price at ex-factory level for Chalco Shandong Advanced Material Co., Ltd., has been determined and the same is shown in the dumping margin table below.

Normal Value & Export Price for non-cooperating producers/exporters

30. For all other producers/ exporters of China PR, export value has been determined based on facts available. Export price has been determined on the basis of transaction wise import data of the cooperating producer and exporter. Since these are CIF export price, these have been adjusted for expenses such as ocean freight, insurance, port expenses, bank charges, inland freight, commission to determine ex-factory export price.

F.3 Determination of dumping margin

Examination of the Authority

31. Considering the normal value and the export price for the subject goods, the dumping margin for the subject goods from the subject country is determined as follows:

Dumping Margin

SN	Producers	Normal Value (US\$/MT)	Net Export Price (US\$/MT)	Dumping Margin (US\$/MT)	Dumping Margin (%)	Dumping Margin (Range %)
1	Chalco Shandong Advance Material Co. Ltd. (CSAMCL)	***	***	***	***	130-140
2	All Other producers/ exporters from China PR	***	***	***	***	130-140

G. EXAMINATION OF INJURY AND CAUSAL LINK

G.1 Views of the other interested parties

32. The other interested parties have made the following submissions with regards to injury:
- i) The injury to the applicant is on account of other factors which includes lack of its capacity to address to the demand of the user industry due to capacity limitation, reduction in production due to technical upgradation at its plant and heavy rains in 2021, negligible impact of shutdown during 2019-20, 2020-21 due to Covid-19, and due to own inefficiencies of GCMIL.
 - ii) There is no volume injury to the applicant as the imports from China PR have decreased from 100 indexed points to 0 from the base year to the POI while the domestic sales of the applicant and other domestic producers have increased significantly during the injury period, outpacing the demand of the subject goods.

- iii) The applicant's exports have increased by 35 times in the POI, indicating that the applicant has shifted their focus to exports markets leaving low volumes for domestic sales resulting in their inability to meet the demand of the country.
- iv) The applicant admits in the application that the reason for reduced volume of subject imports from China is because of alleged dumped imports from Thailand/Iran/UAE, therefore the existence or non-existence of duties on China PR is not the because of decline in imports from China.
- v) While the market share of imports and imports from the subject country declined significantly during the base year to the POI, the market share of the applicant increased from 16% to 28%, which could have improved had the applicant not shifted its focus to export markets.
- vi) The applicant has been able to change its prices commensurately with changes in the cost of production, thereby indicating no existence of price suppression or depression.
- vii) The applicant attempted to obscure information relating to price undercutting for the three years prior to the POI. Since, there has been no imports of the PUC from the subject country in the POI, there exists no price undercutting in the POI.
- viii) The applicant is not suffering any material injury on account of subject imports as the domestic sales, production, and capacity utilization doubled, while the wages and productivity significantly increased during the POI in comparison to the base year. The applicant's financial statements also acknowledge that they were able to close the financial year 2021-22 with record production and sales of Synthetic Zeolite.
- ix) The reason for the increase in production and sales of the PUC during the injury period when the number of employees in the same period decreased needs to be verified.
- x) The applicant claimed anomalous profitability figures under Proforma IVA. The applicant claimed a positive figure for PBDIT in absolute values while the PBDIT in per unit value claimed is negative. Further, the applicant claimed losses under Proforma IV A for the PUC while the applicant reported a profitable year in the financial statements for the year 2021-22.
- xi) The applicant stated in its financial statement 2021-22 that its plant operations were impacted due to higher shipping, logistics and input costs, higher energy, and coal prices, however, they were able to pass on the increased cost to the customers. There is no injury being suffered by the applicant on account of these factors.
- xii) The applicant is involved in the production of various forms of Bauxite and Zeolite, which caters to products besides the PUC and industries besides detergents and hence, should confirm whether, (a) the capacity figures reported are allocated to the production of the PUC and not other products, and (b) the capacity reported is the projected or actual capacity.
- xiii) The producers of the downstream products of the PUC are forced to import the PUC from countries other than China PR and Thailand as even the full capacity utilization of the domestic producers is not enough to meet the demand of the PUC. Moreover, the applicant had declined the user's requests to increase allocation several times citing capacity limitation.
- xiv) The applicant claims that the capacities of the PUC in China PR is several times more than the demand in India, however, the websites relied upon by the applicant to

- corroborate this claim do not state the same. Further, the applicant did not provide any information regarding idle capacities, but rather only on 'Capacity (MT per annum)' possibly indicating the alleged capacity in the subject country and not idle capacity.
- xv) There were no imports of the PUC during the POI, hence, there can exist no price suppression/depression.
 - xvi) The reason for the increase in production and sales of the PUC during the injury period when the number of employees in the same period decreased needs to be verified.
 - xvii) The applicant is involved in the production of various forms of Bauxite and Zeolite, which caters to products besides the PUC and industries besides detergents and hence, should confirm whether, (a) the capacity figures reported are allocated to the production of the PUC and not other products, and (b) the capacity reported is the projected or actual capacity.
 - xviii) There is a demand supply gap of the PUC in India.
 - xix) Due to Covid-19 pandemic there were unplanned shutdowns in the plants of the PUC manufacturers leading to a shortage in supply.
 - xx) The injury period was marked by a notable growth in demand and sharp decline in subject imports which was insignificant even in the POI. The alleged loss to the applicant is due to factors such as limited capacity, shut down etc. which affected the performance of the domestic industry. Since, there is a break in causal link between the subject imports and injury, the current investigation should be terminated.
 - xxi) The liquid detergent has been gradually substituting the power detergent, and the global demand for Zeolite 4A has been declining. Qingdao's export to India has been reduced significantly since the imposition of existing anti-dumping duty.
 - xxii) The rising cost of raw materials under the influence of global energy crisis has significantly increased the production cost of the PUC. The companies' investment in environmental protection has also added to the production cost of the PUC.
 - xxiii) Due to the existing anti-dumping duties, the Indian importers had to bear higher cost to import the PUC from abroad which affected the availability of the PUC in the Indian market.
 - xxiv) Actual performance of the domestic industry has also improved sharply except the profits. Petitioner was already facing losses during the base year 2018-19, however, the same has been converted into profits and then again into losses even when the duty was in force. So, it is clear that the duty on the goods imported from China PR has no correlation with the losses of the petitioner
 - xxv) The applicant stated in its financial statement 2021-22 that its plant operations were impacted due to higher shipping, logistics and input costs, higher energy, and coal prices, however, they were able to pass on the increased cost to the customers. There is no injury being suffered by the applicant on account of these factors.

G.2 Views of the domestic industry

33. The following submission were made by the domestic industry with regard to injury and causal link:

- i) The demand or apparent consumption of the product concerned in India has declined

- from base year to 2020-21 and increased significantly in the POI.
- ii) Imports from China declined over the injury period and imports are non-existent in the POI. Absence of imports from China during the POI should be considered as a result of
 - (a) existing anti-dumping duties on China and (b) dumped imports from Thailand and Iran/UAE.
 - iii) Imports from China have declined in both, absolute and relative, terms as a result of imposition of duty.
 - iv) Imports from China were undercutting the prices of the domestic industry over the injury period when they occurred. Since there were no imports from China in the POI, price undercutting was not determined.
 - v) While the products were not being dumped from China during the POI, there were dumped imports from Thailand and Iran/UAE which were having suppressing effect on the prices of the domestic industry.
 - vi) Imports from China when it occurred in the injury period were even below the level of costs and sales of the domestic industry indicating the likelihood of suppression in the event of cessation of duty.
 - vii) The capacity with the domestic industry remained constant. Production and capacity utilization of the domestic industry increased over the injury period. However, capacity utilization was not to the optimum level. Sales of the domestic industry also increased.
 - viii) The increase in production and sales have been possible the domestic industry is selling at significantly low prices to compete with dumped imports from other countries.
 - ix) The losses being made by the domestic industry in the present is more than what the domestic industry made in the injury period of the original investigation.
 - x) The market share of China has declined significantly in the POI due to the existing duties and dumping from other countries. The market share of the domestic industry would decline significantly should the present duties cease and dumped imports from China recur.
 - xi) Profits of the domestic industry were low till 2019-20. They declined and became negative in the injury period despite duties in place. Dumped imports from other countries have forced the domestic industry to sell at prices even below cost throughout the injury period.
 - xii) The ROI of the domestic industry has also been negative throughout the injury period except during 2019-20 and is currently at a level even below the level prevailing in the base year of the injury period.
 - xiii) Inventories with the domestic industries remained significant throughout the injury period.
 - xiv) Number of employees declined while the wages increased as per the laws prevailing in the country. Productivity per employee also increased.
 - xv) Growth of the domestic industry in respect of price parameters has been adversely affected due to dumped imports from other countries.
 - xvi) Imports from Thailand and UAE are at dumped prices.
 - xvii) There is no decline in demand of the product over the proposed injury period. Decline in demand is not a possible cause of injury to the domestic industry.
 - xviii) Domestic industry is suffering injury due to the dumped imports from Thailand and

- Iran. The technology adopted by domestic industry is comparable to the technology being adopted by the producers in China, Thailand and Iran.
- xix) The pattern of consumption with regard to the product under consideration has not undergone any change.
 - xx) There is no trade restrictive practice, which could have contributed to the claimed injury to the domestic industry.
 - xxi) Technology for production of the product has not undergone any change. Developments in technology are, therefore, not a factor of claimed injury.
 - xxii) The domestic industry has made exports in the proposed injury period, however, exports are a negligible share of total sales. In any case, information on exports has been segregated as regards sales and prices are concerned.
 - xxiii) There is significant difference between the prices offered by the domestic industry and foreign producers. Resultantly, imports have continued to cause injury to the domestic industry.
 - xxiv) Imports of the product under consideration declined. Even though there was an increase in demand for the subject goods, the domestic industry was prevented from increasing its gaining market share to the optimum level because of presence of dumped imports from other sources.
 - xxv) The price undercutting has prevented the domestic industry from raising prices to the extent of cost increases.
 - xxvi) Price suppression has led to negative profits of the domestic industry.
 - xxvii) Negative profits has led to decline in PBIT and return on investment.
 - xxviii) Landed price of actual imports are below the fair prices for the domestic industry.
 - xxix) Growth of the domestic industry has become negative in respect of a number of price parameters in the POI, which is due to dumping by the subject country.
 - xxx) Chinese imports were not found in any official sources by the applicant; however, the responding exporter has shown imports into India during the current POI, indicating that these imports were off the record and not through proper channels.
 - xxxi) Exporters have claimed that they are exporting to India at a low volume and have not contended that they are not dumping goods into India which is a clear indication that dumping is continuing.
 - xxxii) The increase in exports by petitioner in the base year was inconsequential. Export sales are negligible (2% in POI) as compared to the domestic sales and the applicant requests the Authority to verify this fact from the confidential submissions. In fact, it declined during the last two years of the injury period due to dumping by China in third countries as is evidenced through third country data and email communication by importers in other countries.
 - xxxiii) The increase in production costs in the year 2021-22 were reflective of the increase in global costs. The applicant saw a major amount of cost increases, more than price increases and these domestic industry prices were in line with global trends.
 - xxxiv) Covid-19 pandemic was a global phenomenon that impacted the applicant who then ramped up production and sales during the POI and the preceding year.

G.3 Examination by the Authority

34. The submissions made by the domestic industry and the other interested parties during the course of the investigation with regard to injury and causal link and considered relevant by the Authority are examined and addressed in the present notification.
35. In consideration of the various submissions made by the interested parties in this regard, the Authority has examined the current injury, if any, to the domestic industry before proceeding to examine the likelihood aspects of dumping and injury.
36. The Authority has taken note of the various submissions made by the domestic industry and other interested parties on injury and causal link and has analysed the same considering the facts available on record and applicable laws. The injury analysis made by the Authority *ipso facto* addresses submissions made by the domestic industry and other interested parties.
37. As regards the argument that the focus of the applicant has increased on exports, it is noted that the export sales by the applicant is negligible in relation to capacity, production and sales.
38. As regards the argument that zeolite and bauxite is produced by the applicant and thus whether the capacity figures reported are allocated to the production of the PUC and not other products, and whether the capacity reported is the projected or actual capacity, the Authority notes that the capacity reported by the applicant is for zeolite and not for bauxite. The capacity is common for zeolites as a whole. However, information on sales, selling price, profitability, ROI etc have been considered for the subject goods alone.
39. As regards the argument that the demand of zeolite 4A is declining globally, it is seen that no evidence have been brought forward to substantiate this claim. In any case, it is seen that the demand over the present injury period in India has shown an increase.
40. Rule 11 of the Rules read with its Annexure-II thereto provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “... *taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles.*”
41. The Authority has examined the various injury parameters on account of imports from the subject country before proceeding to examine the likelihood aspects of dumping and injury. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity

utilization, sales volume, stock, profitability, net sales realization, the magnitude, and margin of dumping, etc. have been considered in accordance with Annexure-II of the Rules.

42. Rule 23 of the Rules provides that the provisions of Rule 6,7,8,9,10,11,16,18,19 and 20 shall apply mutatis mutandis in case of a sunset review. The Authority in its examination has evaluated the injury parameters which are required under Rules and Annexure II of the Rules and has also examined as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.

Assessment of Demand/Apparent Consumption

43. The Authority has taken into consideration, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of the domestic industry and other Indian producers and imports from all sources as per DGCI&S data. The exporter has reported higher exports to India. Thus, imports from China have been considered based on response filed by the responding exporter.

Particulars	Unit	2018-19	2019-20	2020-21	POI
Sales of Domestic Industry	MT	***	***	***	***
	Index	100	133	135	175
Sales of Other Indian Producers	MT	***	***	***	***
	Index	100	66	110	152
Imports from Countries under investigation	MT	***	***	***	***
	Index	100	352	301	360
Imports from subject country-China	MT	***	***	***	***
	Index	100	09	13	05
Imports from Other Countries	MT	***	***	***	***
	Index	100	266	325	1317
Total Demand/Consumption	MT	***	***	***	***
Total Demand/Consumption	Index	100	105	103	126

44. It is seen that the demand increased till 2019-20 and declined in 2020-21. Demand has increased significantly thereafter in the POI.

Volume Effect of Dumped Imports on Domestic Industry

a) Import Volumes and Share of Subject Country

45. The effects of the volume of dumped imports from the subject country as well as imports from other countries have been examined by the Authority as follows.

Particulars	Unit	2018-19	2019-20	2020-21	POI
Import Volume					

Subject country - China	MT	***	***	***	***
		100	09	13	05
Imports from Countries under investigation	MT	***	***	***	***
		100	352	301	360
Other Countries	MT	***	***	***	***
		100	266	325	1317
Total Imports	MT	***	***	***	***
Total Imports		100	103	93	109
Subject imports in relation to					
Total imports	%	***	***	***	***
	Index	100	08	14	04
Indian production	%	***	***	***	***
	Index	100	08	10	03
Indian consumption	%	***	***	***	***
	Index	100	10	13	04

46. It is seen that:

- a. Imports from China PR has declined significantly over the injury period post imposition of anti-dumping duty in China.
- b. Imports from other countries (countries under investigation) has increased significantly over the injury period. The Authority is undertaking a parallel anti-dumping investigation on imports of zeolites from Thailand and Iran.

Price effect of dumped imports

47. With regard to the effect of dumped imports on prices, it is required to be analyzed whether there has been a significant price undercutting by the dumped imports when compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase, which otherwise would have occurred in the normal course.

a) Price undercutting

48. In order to determine, whether the imports are undercutting the prices of the domestic industry in the market, price undercutting has been worked out by comparing the landed price of the subject imports with the selling price of the domestic industry during the injury period.

i. Price undercutting without ADD

Particulars	Unit	2018-19	2019-20	2020-21	POI
Landed price of imports	Rs/kg	***	***	***	***
	Index	100	101	88	123
Net selling price	Rs/kg	***	***	***	***
	Index	100	103	103	118

Price undercutting	Rs/kg	***	***	***	***
	Index	100	103	103	118
Price undercutting %	%	***	***	***	***
	Range	15-25	15-25	35-45	10-20

ii. Price undercutting with ADD

Particulars	Unit	2018-19	2019-20	2020-21	POI
Landed price with ADD	Rs/kg	***	***	***	***
	Index	100	104	93	118
Net selling price	Rs/kg	***	***	***	***
	Index	100	103	103	118
Price undercutting	Rs/kg	***	***	***	***
Price undercutting %	%	***	***	***	***
	Range	(10-20)	(0-10)	(0-10)	(10-20)

49. It is seen that the landed value of subject imports without anti-dumping duty has been below the selling price of the domestic industry throughout the injury period. There is significant price undercutting in the POI. It is also noted that price undercutting would be negative only after taking into account the anti-dumping duty in place.

b) Price Suppression or Depression

50. For the purpose of analysing price suppression and depression in the domestic market, the applicant has provided information about (a) unit cost of sales, (b) domestic selling price.

Particulars	Unit	2018-19	2019-20	2020-21	2021-22
Cost of Sales	Rs./Kg	***	***	***	***
	Index	100	113	122	137
Selling Price	Rs./Kg	***	***	***	***
	Index	100	103	103	118
Landed price of imports	Rs./Kg	***	***	***	***
	Index	100	101	88	123

51. It is seen that the cost of sales has increased throughout the injury period. However, the domestic industry has not been able to increase its selling price corresponding to the increase in cost of sales resulting in significant price suppression. Further, the landed value of subject imports is significantly below the level of cost of sales. These dumped imports were having a suppressing effect on the prices of the domestic industry in the market.

Economic parameters of the domestic industry

52. Annexure II to the Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual

and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below:

a) Capacity, Production, Capacity Utilization and Sales

53. The Authority has considered capacity, production, capacity utilization and sales volume of the domestic industry over the injury period.:

Particulars	Units	2018-19	2019-20	2020-21	POI
Installed Capacity	MT	***	***	***	***
	Index	100	100	100	100
Production	MT	***	***	***	***
	Index	100	145	154	192
Capacity Utilization	%	***	***	***	***
	Index	100	144	151	204
Domestic Sales	MT	***	***	***	***
	Index	100	133	135	175

54. It is seen that:

- i) The capacity with the domestic industry has remained constant during injury period and POI as well as original investigation.
- ii) Production and capacity utilization of the domestic industry has increased over the injury period.
- iii) Sales of the domestic industry has also increased over the injury period.

b) Market Share in Demand

55. The market share of the subject imports and the domestic industry over the entire injury period was as follows.

Market Share in Demand	Units	2018-19	2019-20	2020-21	POI
Sales of Domestic Industry	%	***	***	***	***
	Index	100	126	132	137
Sales of Other Indian Producers	%	***	***	***	***
	Index	100	60	100	120
Imports from countries under investigation	%	***	***	***	***

	Index	100	342	300	289
Import from subject country- China	%	***	***	***	***
	Index	100	10	13	4
Imports from Other Countries	%	***	***	***	***
	Index	100	-	-	-
Total Demand/Consumption	%	100%	100%	100%	100%

56. The market share of China has declined significantly in the period of investigation due to the existing duties in place and alleged dumping from other countries. The domestic industry was able to increase its market share from *** to *** by increasing its production from the base year to the POI. However, this increase in the market share has been achieved at the cost of selling price not keeping pace with the cost of sales. It has been claimed by the domestic industry that despite existing duties on China, owing to continued dumping from other countries, the domestic industry has to contend itself with a market share of mere ***. Under these circumstances, the market share of the domestic industry might decline significantly should the present duties cease.

c) Profitability, Cash profits, and Return on Capital Employed

57. The profit, profitability, cash profits, profit before interest (PBIT), and return on investment of the domestic industry over the injury period has been analysed as follows:

Particulars	Units	2018-19	2019-20	2020-21	POI
Cost of Sales	Rs/Kg	***	***	***	***
	Index	100	113	122	137
Selling price	Rs/Kg	***	***	***	***
	Index	100	102	103	118
Profit	Rs/Kg	***	***	***	***
	Index	100	-563	-1108	-1045
Profit	Rs. Lacs	***	***	***	***
	Index	100	-749	-1500	-1832
Cash Profit	Rs. Lacs	***	***	***	***
	Index	100	13	-70	-126
Profit before interest and tax	Rs. Lacs	***	***	***	***
	Index	100	-94	-274	-327
Return on Capital Employed	%	***	***	***	***
	Index	100	-70	-228	-310

58. It is seen that

- i) The domestic industry was earning profits in the base year, however it started incurring losses once again since 2019-20. The losses have further intensified in the POI.
- ii) The cash profit of the domestic industry declined from Rs *** lacs in 2018-19 to Rs *** lacs in 2019-20. It became negative in 2020-21 and POI.
- iii) The ROI of the domestic industry was positive in the base year, however, became negative since 2019-20.

d) Inventory

59. The data relating to inventory position of the domestic industry over the injury period and POI is given in the table below:

Particulars	Units	2018-19	2019-20	2020-21	POI
Average Inventory	MT	***	***	***	***
	Index	100	50	14	7

60. The Authority notes that level of inventories with the domestic industry declined since 2019-20.

e) Employment, Wages and Productivity

61. The position with regard to employment, wages and productivity of the domestic industry is as follows:

Particulars	Units	2018-19	2019-20	2020-21	POI
No of employees	Nos.	***	***	***	***
	Index	100	97	90	85
Salaries & wages	₹ Lacs	***	***	***	***
	Index	100	128	120	135
Productivity per day	MT/Day	***	***	***	***
	Index	100	145	154	192

62. The Authority notes that the number of employees has declined throughout the injury period and wages paid have increased over the injury period. Productivity per employee increased throughout the injury period with increase in production.

f) Ability to raise capital investments

63. It is seen that the domestic industry is incurring losses, and hence its ability to raise capital investments is limited.

g) Magnitude of Dumping and Dumping Margin

64. It is seen that the dumping margins are not only more than de-minimis but also significant.

h) Growth

65. The information with respect to growth of the applicant companies is given below:

Particulars	Unit	2018-19	2019-20	2020-21	2021-22
Production	Y/Y		0.45	0.06	0.25
Domestic Sales	Y/Y		0.33	0.02	0.30
Profit/loss	Y/Y		(8.49)	1.00	0.22
Cash profit	Y/Y		(0.87)	(6.36)	(2.81)

66. The domestic industry has registered positive growth in volume parameters and however, growth in terms of price parameters have been negative.

i) Factor affecting prices

67. The examination indicates that the demand in India for the subject goods is not a limiting factor for the growth of the domestic industry. The import prices affects the prices of the domestic industry in the domestic market.

I. CAUSAL LINK AND OTHER FACTORS (NON-ATTRIBUTION ANALYSIS)

68. The Authority examined known factors other than the dumped imports and ascertained whether these are at the same time have been injuring the domestic industry, so that the injury caused by these other factors, if any, is not attributed to the dumped imports. Factors which are relevant in this respect include, inter alia, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry.

a) Volume and prices of imports from third countries

69. On the basis of *prima facie* evidence, a parallel anti-dumping investigation is being conducted on the imports from Thailand and Iran. Imports from all other countries are either de minimis or at higher prices.

b) Contraction in Demand

70. It is seen that demand for the product under consideration has increased over the injury period.

c) Changes in pattern of consumption

71. It is seen that there are no changes in the pattern of consumption for the product under consideration over the injury period.

d) Conditions of competition and trade restrictive practices

72. The Authority notes that the investigation has not shown any change in the conditions of competition or any trade restrictive practices.

e) Developments in Technology

73. It is seen that there are no significant changes in technology.

f) Export performance of the domestic industry

74. The Authority has considered data for the domestic operations only for the injury analysis. The export volume of domestic industry has always been low.

g) Performance of other products

75. The domestic industry has provided the injury data for the PUC and the same has been adopted by the Authority for the purpose of injury analysis. Performance of other products produced and sold by the applicant companies have not been considered.

MAGNITUDE OF INJURY MARGIN

76. 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 and duly certified by the practicing accountant for the POI. 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.

77. 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

	Producers	Non-Injurious Price (US\$/MT)	Landed Price (US\$/MT)	Injury Margin (US\$/MT)	Injury Margin (%)	Injury Margin (Range %)
1	Chalco Shandong Advance Material Co. Ltd. (CSAMCL)	***	***	***	***	30-40

2	All Other producers/ Exporters from China PR	***	***	***	***	35-45
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H. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY

78. The Authority notes that this is a sunset review investigation. The domestic industry has claimed that it is not suffering from any continued injury and that it is likely to suffer injury in the event of cessation of anti-dumping duty. Accordingly, the Authority has examined the likely scenario of continuation of dumping and recurrence of injury on account of dumped imports if anti-dumping duty is allowed to expire.

H.1 Views of the other interested parties

79. The other interested parties have made the following submissions with regards to likelihood of continuation or recurrence of injury-

- i) There is no newly developed market after the imposition of anti-dumping duty on the PUC from China PR. The companies have not increased the exports to third countries but maintained it at a relatively stable level.
- ii) The liquid detergent has been gradually substituting the power detergent, and the global demand for Zeolite 4A has been declining. Qingdao's export to India has been reduced significantly since the imposition of existing anti-dumping duty.
- iii) There will be an increase in Qingdao's export to India if the anti-dumping duty is revoked. However, the growth rate will certainly not be large as the market has been gradually taken up by other suppliers during the past 5 years. Accordingly, Qingdao will adjust its sales strategy.
- iv) The websites relied upon by the applicant to corroborate the claim that the capacities of the PUC in China PR is several times more than the demand in India do not state the same. Further, the applicant did not provide any information regarding idle capacities, but rather only on 'Capacity (MT per annum)' possibly indicating the alleged capacity in the subject country and not the idle capacity.
- v) No evidence was also adduced showing that Chinese producers have expanded their production during the injury period. The website evidence submitted for the applicant's claim that 'Naik Chemical' has expanded their production of Zeolite catalyst lacks evidence/sources as the said capacity expansion details the same to have taken place between 2002 to 2007.
- vi) The applicant did not provide any corresponding evidence to substantiate that the producers in China are highly export oriented, pointing towards their high production capacity and low domestic demand other than the websites which merely detail the

- exportdestination of Chinese producers.
- vii) The applicant failed to make any averments that exports will be diverted to India despite the existence of other export markets for the Chinese producers.
 - viii) The applicant’s claim that the prices of Chinese exports to third countries, i.e., a volume of 33,890 MT is below prices to India and the information provided under “price attractivevolume in relation to Indian demand” are mere claims made without providing credible evidence. Further, the applicant has provided for no data or analysis to determine that the Indian market is price attractive and vulnerable.
 - ix) Shangdong has sufficient capacity to cater the demand and has maintained the capacity ata relatively stable level.
 - x) The exporters from other countries like Thailand have flooded the Indian market with lowprices since the anti-dumping duties were imposed which would influence market price ofthe PUC in India.
 - xi) Had the Chinese exporters dumped the subject goods to third countries, such countries would have undertaken the investigation against them, however, no such investigation hasbeen initiated. The petitioner is just trying to manipulate the Authority by making unsubstantiated allegations

H.2 Views of the domestic industry

80. The following submission were made by the domestic industry with regard to likelihood of continuation or recurrence of injury and dumping:

- i) Antidumping duties on imports of the PUC from China have led to decline in imports fromChina and helped the domestic industry to utilize their idle capacity. However, dumping of the subject goods from Thailand and Iran/UAE increased.

Particulars	Units	2018-19	2019-20	2020-21	2021-22
China PR	MT	13,620	408	638	0
Thailand + UAE					
Thailand	MT	4,495	15,808	12,905	14,864
UAE	MT	-	-	618	1,339

- ii) The Chinese have significant idle capacities, exceeding the demand in India multiple times. Capacities with some of the individual major players hold are several times more than the entire domestic demand in India.

SN	Producers In China	Capacity (MT/annum)
1.	Huiying Chemical Industry (Quanzhou) Co., Ltd. ²	1,50,000
2.	Chalco Shandong Co. ³	2,40,000
3.	Sino Material Technology Co. Ltd. ⁴	1,00,000

² <http://www.xmzeolite.com/EN/>

³ Biggest Zeolite Producer Chalco Zeolite - Buy A4 Zeolite, Zeolite 4a, Zeolite Product on Alibaba.com

⁴ <https://www.echemi.com/shop-us20210422177858946/index.html>

4.	Jalon Zeolite ⁵	55,000
5.	Yangzhou Guanmin Imp. & Exp. Co., Ltd. ⁶	15,000
6.	Nanjing Yongcheng Molecular Sieve Co., Ltd. ⁷	10,000
7.	Jiangxi Xintao Technology Co., Ltd. ⁸	5,000
8.	LK (NANJING) CO., LTD. ⁹	1,000
9.	Total known capacity	5,76,500
10.	Indian demand	29,459
11.	Additional capacity with Chinese producers compared to Indian demand	5,46,541

- iii) Chalco Qingdao International Trading Co. Ltd. has itself identified their company as the “World’s largest Zeolite 4A producer”. The Government of China has a significant share in the Chalco group of companies. Apart from Chalco, other producers such as Huiying Chemical Industry (Quanzhou) Co. Ltd. and Jalon Zeolite have significant capacities sufficient to drive the entire Indian Industry out of the Indian market. Further, producers like Naik Chemical has expanded new productions of molecular sieve, activated alumina, zeolite catalyst, tower internal parts, warehouses by 6000 cubic meters.
- iv) There are over 200 producers of the subject goods in China PR with massive production capacity. China is a major exporter of the subject goods to major economies across the globe. Chinese capacities and exporting capabilities would only increase in the future due to shift to environmentally friendly options in manufacturing detergents.
- v) The domestic industry was being burdened by dumped imports from China during the initial years of the injury period until the dumping shifted to Thailand and UAE. However, a mere 10,000 MT of dumped imports being routed back to India upon cessation of duties is more than sufficient to kill the entire Indian industry.
- vi) China is roughly 3 times larger than India and currently only has a difference of 0.04 billion in terms of population between the two countries. Further, while considering the consumption of detergents worldwide, China’s demand/consumption is just 2 – 2.5 times that of India. Even though China has a higher spending potential compared to India, the production capacities available with them far exceeds what is required for their population. Therefore, the Chinese demand can ideally be only 2.5 times more than Indian demand would render freely disposable production capacities enormous.

⁵ <https://www.jalonzeolite.com/quality/>

⁶ <https://deterchem.com/product/zeolite-detergent-grade/>

⁷ <http://njyongcheng.com/index/index.html>

⁸ <http://en.xt988.com/page/html/company.php>

⁹ <https://rawchem2021.en.made-in-china.com/company-LK-NANJING-CO-LTD-.html>

	Economy	Position of economy in the world (2022)	Population (in billions)	Purchasing Power Parity (PPP in GDP) in 2021	PPP GDP in figures (billions Int. \$)
China	Developing	2	1.41	261% of India	26,657
India	Developing	5	1.38		10,207

Source: Investopedia, Statistics Times

Total known Chinese capacity	Indian Demand	Approximate Chinese demand (2.5 times Indian demand)	Disposable Capacity
5,76,500 MT	29,459 MT	74,000 MT (approx..)	5,02,500 MT

- vii) Major domestic producers in China have significant global presence and export sales to major economies, countries and regions. They would be focused on increasing their production and exports further, as countries worldwide are shifting their focus to producing environmentally safe products, which have led them to utilizing zeolites as a replacement for phosphates for manufacturing detergents. The global zeolite market size is expected to reach USD 44.24 billion by 2028. It is expected to expand at a CAGR of 6.5% from 2021 to 2028. China would never back out from this opportunity of increasing their footprint around the globe for zeolite.
- viii) Chinese producers are dumping the subject goods to third countries. The prices offered by the Chinese producers were so low at a point that the applicant, themselves being an exporter, lost several potential export opportunities especially during the POI. Email communications of the applicant with the leading foreign traders dealing with Zeolite 4A globally show that the prices being offered by applicant were much higher against the offer that Chinese exports were giving.
- ix) The decline in dumped imports from China asserts that Chinese producers have routed the subject goods to potential markets to continue dumping of the subject goods. Based on the best available information with the applicant and considering the exports of China to third countries like Philippines, Indonesia, Pakistan, Vietnam, and Bangladesh it can be construed that there is significant volume of dumped imports which were sold at prices lower than the normal value and NIP of the subject goods, as can be seen from the table below. The percentage of this quantity to the dumped imports in relation to Indian demand is 115%.

Country	UoM	Dumped exports to third country*	Total exports to third country*	% of dumped exports	Dumped exports in relation to Indian demand	Indian Demand
China	MT	33,890	33,890	100%	115%	29,459

- x) There is significant volume of material which was sold at prices lower than the normal value of the subject goods. The applicant has determined likely dumping margin and

injurymargin based on imports of subject goods into Philippines, Pakistan, Bangladesh, Vietnamand Indonesia from China based on market intelligence. The subject goods do not have a dedicated code and thus third country export data cannot be considered as per Customs data to analyze the third country export behavior.

Dumping Margin based on third country:

Constructed Normal Value	UOM	Pakistan	Bangladesh	Philippines	Indonesia	Vietnam	Total
Import volume	MT	4,781	2,065	24,461	555	2,028	33,890
Normal value	USD/MT	***	***	***	***	***	***
Net export price	USD/MT	***	***	***	***	***	***
Dumping margin	USD/MT	***	***	***	***	***	***
Dumping margin	%	***	***	***	***	***	***
Dumping margin	Range	25-35	50-60	470-480	100-110	75-85	210-220

Injury margin based on third country:

	UOM	Pakistan	Bangladesh	Philippines	Indonesia	Vietnam	Total
Import volume	MT	4,781	2,065	24,461	555	2,028	33,890
Non-Injurious Price	USD/MT	***	***	***	***	***	***
Landed value	USD/MT	678	588	201	450	511	314
Injury margin	USD/MT	***	***	***	***	***	***
Injury margin	%	***	***	***	***	***	***
Injury margin	Range	25-35	45-55	330-340	90-100	70-80	175-185

xi) There is significant volume of subject goods which are being dumped from China to countries like Pakistan, Bangladesh, Philippines, Indonesia, and Vietnam. The available information regarding the Chinese exports of Zeolite is limited. However, the magnitude of exports can be better understood by the capacity that China caters to, and the approximate demand in China. Even with the available information, it is evident that China has been dumping the subject goods to third countries at prices which are lower than that prevailing in India. Further, if the duties cease to exist the exports from the subject country which are being sold at prices lower than the prevailing prices in India can be easily routed to India resulting in further injury to the domestic industry.

xii) The Indian market is highly price sensitive. China is dumping its goods in a global

market at prices which the Indian Industry cannot compete with. The reduction in dumped volumes in India was only due to the existing duties and other third country imports. However, given a situation of no duties, Chinese producers will resume their dumping. The domestic industry is already suffering material injury due to dumped imports from Thailand and UAE for which the domestic industry has filed an application for imposition of anti-dumping duties. Availability of such low-priced imports in the market in the absence of anti-dumping duty will definitely cause an adverse impact on the prices of the product in the market.

H.3 Examination by the Authority

81. The present investigation is a sunset review of duties imposed on the imports of subject goods from China. Under the Rules, the Authority is required to determine whether the cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.
82. All factors brought to the notice of the Authority have been examined to determine as to whether there is a likelihood of continuation or recurrence of dumping or injury in the event of cessation of the duty. The Authority has considered various information, as made available by the domestic industry, in order to evaluate the likelihood of continuation or recurrence of dumping or injury.
83. 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 domestic prices, and would likely increase demand for further imports; and
 - iv. Inventories of the article being investigated.
84. 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 dumped and injurious exports.**
85. The imports from China have declined significantly post imposition of duties. The exporter response shows imports in the POI. However, imports are made at dumped and injurious prices which are very significant, and are given in the table below:

SN	Export Volume to India	612 MT
1	Dumping margin	***
	% Range	130-140
2	Injury margin	***
	% Range	30-40

b. Significant surplus capacities in the subject country

86. The domestic industry has provided information on the capacity of various producers along with evidence as per websites of the producers of the subject countries. The information provided by the domestic industry shows as follows:

SN	Producers In China	Capacity (MT/annum)
1.	Huiying Chemical Industry (Quanzhou) Co., Ltd.	1,50,000
2.	Chalco Shandong Co.	2,40,000
3.	Sino Material Technology Co. Ltd.	1,00,000
4.	Jalon Zeolite	55,000
5.	Yangzhou Guanmin Imp. & Exp. Co., Ltd.	15,000
6.	Nanjing Yongcheng Molecular Sieve Co., Ltd.	10,000
7.	Jiangxi Xintao Technology Co., Ltd.	5,000
8.	LK (NANJING) CO., LTD.	1,000
9.	Total known capacity	5,76,000

87. One of the producers from China has cooperated in the present investigation and have provided information on their capacity. Information provided by responding producer/exporter shows as follows:

Particulars	Unit	POI
Capacity	MT	***
Production Quantity-PUC	MT	***
Production Quantity-NPUC	MT	***
Capacity Utilisation	%	***
<i>Total Sales</i>	MT	***
<i>Third country Sales</i>	MT	***
<i>Domestic Sales</i>	MT	***
Share of exports as % of total sales	%	***
Share of exports as % of total sales (Index)	Range%	40-50%

88. While the information on domestic demand has not been provided by the exporter, it is seen that the exporter has utilised its capacity to optimum level. The exports sales constitute ***% of total sales. Thus, the exporter is highly export oriented.

89. Information placed on record before the Authority indicates that China PR is the largest producer and exporter of the subject goods and has built significant capacities. The Authority notes that the existing capacity of the producer of China PR who have responded in the present investigation alone is around *** times of the Indian demand. The exporter's third country exports is almost ***times of the Indian demand.

90. As regards the claim that capacity utilization is very high for these producers, the Authority has examined third country dumped and injurious volume to examine likelihood of dumping and injury in the event of cessation of duty at subsequent paragraph on price attractiveness of Indian market.

c. Third country dumping

91. The domestic industry has provided information with regard to exports from the subject country to show that the producers in the subject country are also dumping the subject goods in third countries. Since the largest producer in China, Chalco Shandong Advanced Material Co, has responded in the present investigation, the claim of third country dumping has been examined considering the information provided by the said responding producer. It is seen that almost entire volume of exports to third countries being made by the responding exporter are at dumped price. Table below shows the factual information.

Particulars	Unit	China PR In POI
Total exports from cooperative producer/exporter to third Country	MT	***
Exports at dumped price	MT	***
Third country export price	USD/MT	***
Share of dumped volume in total exports	%	***
	% Range	90-100
Share of dumped volume in relation to Indian demand	%	***
	% Range	200-300%

92. The total export is ***MT. The entirety of third country exports have been made at dumped price. This volume constitutes around *** of Indian demand.

d. Injurious volume of exports

93. The domestic industry has provided information regarding the exports from the subject country to show that the producers in the subject country are exporting significant volume of the subject goods to third countries at injurious price. The price of the exports made by the responding exporter have been compared with the NIP determined for the POI. Table below shows the factual information:

Particulars	Unit	China PR
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Total exports from China to third Country	MT	***
Exports at injurious price	MT	***
Third country export price	USD/MT	***
Share of Injurious volume in total exports	%	***
	% Range	90-110
Share of dumped volume in relation to Indian demand	%	***
	% Range	200-300%

94. It is seen that the total exports reported by the Chalco Shandong is ***`MT. Entirety of third country exports are at injurious price, the volume of which constitutes around ***% of Indian demand. In the event of cessation of existing anti-dumping duty, these third country exports may likely to be diverted to India which will force the domestic industry to sell the PUC at injurious price in order to maintain its market share and they will eventually suffer losses.

e. Price attractiveness of Indian market

95. The domestic industry has provided information regarding the exports from the subject country to show that the producers in the subject country are exporting significant volume of the subject goods to third countries at a price below the level at which the subject goods are being exported to India. The Authority has examined information provided by the responding exporter. The exports made by the respondents have been compared with the landed value determined for the subject goods imported into India from China with the export price reported by the responding producer after due adjustments. Table below shows the factual information:

Chalco Shandong Advanced Material Co., Ltd

Particulars	Unit	China PR
Total exports from China to third Country	MT	***
Volume of exports which is being exported below India price- Attractive volume	MT	***
Total Demand in India	MT	***
Share of attractive volume in relation to Indian demand	%	***
	% Range	200-300%

96. The total exports reported by the responding exporters is ***MT and entire volume of exports made to third countries is at price below the level at which goods are being exported to India. This volume constitutes almost ***% of total Indian demand.

97. It is seen that significant exports to third countries are being made at dumped and injurious prices. Further share of exports to third countries at prices below the price at which goods

are being exported to Indian market is also significant. The response filed by Chalco Shandong shows that the entirety of third country exports from China are at dumped and injurious price.

I. POST DISCLOSURE COMMENTS

I.1 Views of other interested parties

98. Post disclosure comments made by the other interested parties is as follows:

- i. The Authority has claimed excessive confidentiality of the import data (of the cooperating producer) being considered for assessing injury. It is well settled that the Authority, on its own accord, cannot claim confidentiality of the data placed before it. the Authority may disclose the import data of the cooperating producer in indexed form and also clarify if the data being considered is indeed for the detergent grade alone.
- ii. Imports from the subject country have not led to any volume injury to the petitioner. Alleged injury, if any, is on account of reasons other than the subject imports.
- iii. If indeed the undercutting from the subject country was causing material injury to the domestic industry, any increase in undercutting should have led to a greater decline in profit – however, the data filed on record clearly indicates that the relationship is inverse, revealing a breach in causality.
- iv. The petitioner has been able to increase its selling price throughout the injury regardless of the landed value of imports.
- v. The petitioner has decreased its domestic sales and increased its export sales. Hence, injury, if any, is on account of exporting huge quantities.
- vi. That any alleged impact on the petitioner’s market share in the domestic market is on account of the petitioner’s conduct of diverting its sales towards exports. Hence, the increase in the market share must be assessed in consonance with the multifold rise in the petitioner’s exports of the subject goods.
- vii. Any continuing injury to the petitioner could not have been caused by the subject imports whereby there appears to be a significant breach in the causal link between the subject imports and the injury claimed to be suffered.
- viii. With regard to the cost of sales, it is submitted that the figures considered in the disclosure Statement are significantly different from those previously placed on record. It thus casts a doubt on the veracity of the data placed on record at the stage of initiation. Without prejudice, the Authority may clarify the reasons for such significant differences.
- ix. The annual demand for the PUC is about 30K MT in India and the domestic industry is not in a position to increase its sales because of capacity restrictions.
- x. The Petitioner also admitted that technical upgradation at its plant to improve product quality and heavy rains in the year 2021 (amongst others) as reasons for the reduction in the production volume of the PUC, whereby the petitioner has been unable to supply the PUC to the user.
- xi. The petitioner has acknowledged in its financial statements for the years 2019-20 and 2020-21 that it has been financially impacted (though negligible) by the COVID-19 pandemic.
- xii. Even if it is assumed that the petitioner’s claims on capacity are accurate, there is no evidence provided with regard to the existence of “idle” or “freely disposable” capacities in China PR.

- xiii. The data provided by one producer cannot form the basis to attribute such producer's alleged third country dumping/injury to all the other producers from China. Hence, the factors third country dumping/injury or price attractiveness remains unestablished by the petitioner.
- xiv. The PUC is a product with low density and is also very voluminous, whereby it is transported/imported through shipping containers. Accordingly, ocean freight plays a critical role in determining the source through which the PUC should be imported. Hence, the user prefers to purchase the PUC from the closest location, i.e., China PR and Thailand, the downstream producers will be forced to look for other sources of supply if duties on China is continued and is imposed on Thailand.
- xv. The business environment, is challenging on account of consumer price inflation (CPI). Given that these prices are already increasing on account of the factors above, such as inflation, even a minor price increase would place an additional burden on the already-strained purchasing power of the common man.
- xvi. Negligible exports have been made to India. Production capacity reported by Chalco Shandong Advanced is for all Zeolite, not limited to the PUC (detergent grade) only. Thus, the producer/exporter has no excess or surplus capacity with them.
- xvii. The Authority should grant lower rate of duty to the participating exporter than the residual category.
- xviii. There is no likelihood on dumping and injury. This is inconsistent with the long-term and overall interests of the Indian domestic industry
- xix. The Authority has inflated the NIP in the present investigation. The same is based on some hypothetical assumptions. The Authority should reconsider the NIP and constructed value considered.
- xx. The domestic industry cannot meet the demand as demand has increased by 20% during the POI when compared to the base year. But there is no increase in installed capacity.
- xxi. There is high likelihood of petitioner dominating the market and creating barriers to market entry.
- xxii. DGTR is giving undue protection to the domestic industry by applying 22% Return on Capital Employed which was designed in 1987. In Bridge Stone Tyre Manufacturing & others vs. Designated Authority, the 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.

I.2 Views of Domestic industry

99. Post disclosure comments made by the domestic industry are as follows:

- i. The imposition of duties has helped the domestic industry from improving in terms of volume parameters. It has also encouraged further investment in the country to bridge the demand supply gap. However, presence of dumped imports from other countries have prevented the domestic industry to achieve a reasonable and profitable price for the product leading to continued price injury.
- ii. The import volume reported in the Indian data for the classification meant for PUC are understated as established by the EQR. The Authority may kindly consider the export volumes reported by the exporter.
- iii. The domestic industry continues to suffer material injury and is thus vulnerable.
- iv. The imports declined from China as a result of duties. However, such imports are made at prices below the NIP, selling price and cost of sales.
- v. The known capacity in China is around 5,76,500 MT as against the demand of around 30,000 MT in India.

- vi. The largest exporter from China has responded in the investigation and it is seen that the exports to India are made at dumped and injurious prices.
- vii. Almost entirety of third country exports made by the exporter is also at dumped and injurious price. Significant share of these exports are being made at price below the price at which exports have been made to India. Thus, the Indian market is a price attractive market for the Chinese exporters.
- viii. The trend of the other producers in China should also be assumed the same, particularly so when they have chosen to be non-cooperative.
- ix. The present quantum of duties should be extended in the present case. The scope of sunset review is mere extension of existing duty, and not modification of duty. The import price is impacted by the anti-dumping duty in force. Therefore, while the anti-dumping duties are operative, no definitive inference can be drawn from the change in the dumping margin or injury margin in such situations due to the fact that ADD is in place. T
- x. Section 9A(5) read with Rule 23, in line with Article 11.3 of the WTO Agreement enables the Central Government to conduct a review investigation. The sunset review therefore focuses on whether the cessation of the duty is likely to lead to continuation or recurrence of dumping and injury. The quantum of anti-dumping duty is not the focus of a sunset review.
- xi. The fact that the Authority modified the quantum of duty in the past in some other investigation itself does not imply that the Authority should modify the quantum of duty in the present case. In the recently concluded sunset- review anti-dumping investigation concerning imports of "Opal Glassware" originating in or exported from China PR and UAE, the Authority had recommended continuation of same duties as imposed after 1st sunset review.
- xii. The imports have declined as a result of the imposition of duties. Thus, it is this duty that were effective and made the exporters reduce volume. The domestic industry continues to suffer injury. However, such injury is on account of imports from other sources. Therefore, modification of quantum of duties would lead to recurrence of intensified dumping and injury to the domestic industry.
- xiii. The request for extension is on the grounds of the likelihood of injury. There is clear evidence of likelihood of dumping and injury if the existing duties are allowed to expire. The volume of imports is quite low. In fact, the exports reported by the exporters were not even reflected in the DGCI&S data for the classification meant for the product under consideration.
- xiv. The impact of duties on the end-users and consumers of the like product in India is minimal. The subject good is only used by premium detergent brands such as Ariel, Surf Excel, Tide etc. Many of the low-cost detergent powders (which are the product of consumption by the public at large) do not use Synthetic Zeolite at all.
- xv. Zeolite accounts for only 2 – 3% of the total raw material cost and the resultant impact of zeolite on the overall cost of detergent manufacturers amount to less than 1.8% which is miniscule.
- xvi. Zeolite is used by premium brands whose detergent generally goes for machine wash. The premium detergent industries have been doing well as can be seen from the annual report 2022 of Hindustan Unilever Limited which clearly highlights the growth of their detergent brands in the past five years. In fact, HUL was also able to earn massive profits through their detergent brands and currently they are in the process of setting up new detergent manufacturing facility at Sumerpur, Uttar Pradesh.
- xvii. Affiliate of the applicant has set up a plant with capacity to the tune of 25000MT. It has already started production in the financial year 2023-2024. The current demand of the subject good is under 30,000MT and this additional capacity would be more than enough to cater to the current and future demand in the country.

- xviii. The product under consideration is not consumed by public at large. It is consumed by upper section of the society. Even if this negligible effect is to be considered it only affects a small section in the Indian economy who has much higher spending. Even if the price of eventual end product would increase by 0.14-0.28%, it is grossly insignificant for this section of the society.
- xix. Some detergent manufacturers produce multiple brands of detergents to cater to different sections of the society wherein Zeolite is only added to the premium brand of detergents. Procter & Gamble, Hindustan Unilever Ltd. and Nirma Ltd. who consume zeolites, are about 30% of gross detergent production in the country.
- xx. There are several major detergent manufacturers who are not consuming zeolites. Their collective production should be about 70% of the gross detergent production in the country.
- xxi. Further, the PUC is only used in the detergent category and not in detergent bars and liquid detergents as the properties of Zeolite is not suitable to manufacture these products. Hence, the impact, if any would only be on a limited group in the society.
- xxii. The Indian industry belongs to the MSME sector. By contrast, the consumers are mega companies. MSME performance is critical for macro-level economic growth. Discontinuation of duty will adversely affect long term viability of MSME production by forcing them to compete with imports at dumped prices.

I.3 Examination by the Authority

100. The Authority has examined the post disclosure submissions made by the domestic industry and notes that major comments are reiterations which have already been examined suitably and addressed adequately in the relevant paras of the disclosure statement. New submissions have been examined as under:

- i. As regards the contention of one of interested party (user industry) that import volume of the responding producer in the indexed form should be disclosed, it is noted that actual volume of exports by an individual exporter is a business sensitive information, which is claimed confidential by such exporter. The Authority has disclosed the trend of such imports, in the indexed form.
- ii. As regards the contention that injury is not on account of the subject country imports and there is no causal link between imports from China and injury to the domestic industry, it is noted that the imports from China have declined significantly post imposition of duties. The reduced imports from China are, however, being made at price below the level of the cost of sales, selling price and non-injurious price of the domestic industry. Thus, the actual imports from China itself shows the potential injurious effects of such imports from China. This coupled with the fact of high export orientation, third country dumping and injury indicates likelihood of dumping and injury in the event of cessation of duties.
- iii. As regards the argument with respect to price undercutting, it is noted that price undercutting without adding the anti-dumping duty is very significant. With regards to very low volume of dumped imports of the subject goods into India, it is noted that volume has reduced because of anti-dumping duty in force, and it is also noted that the exporters in the subject country are not able to export the subject goods in substantive volume at undumped prices. This reinforces the fact that the domestic industry is likely

to witness recurrence of import of dumped and injurious imports from the subject country in the event of cessation of anti-dumping duty from the subject country.

- iv. As regards the argument that the information on cost of sales have undergone change, it is noted that the information submitted by the interested parties are subject to verification and duly verified information has been considered in this findings.
- v. As regards the claim that demand supply gap and other restraints such as rain, covid 19 affected the supplier's ability to supply goods, it is noted from the information on record that the applicant-maintained inventories throughout the POI. The impact of covid-19 has been quoted to be negligible in the annual report. It is further noted that the capacity utilisation of the domestic industry is not utilised to its optimum. In any case, demand supply gap does not justify dumping of subject goods.
- vi. As regards the argument that the Authority has ignored the requirement to evaluate surplus or freely disposable capacity available with the Chinese producer as it has utilized most of its capacity, it is noted that the Authority has examined the disposable capacity as per information received on record. It is further noted that the volume of third-country dumped exports, third-country injurious exports and volume of exports made by the exporter at a price below the level at which it has been exported to India are strong evidences of likelihood of continuation/recurrence of dumping and injury in the event of cessation of anti-dumping duty.
- vii. As regards the argument that data provided by one producer cannot form the basis to attribute such producer's alleged third country dumping/injury to all the other producers from China, it is noted that the responding exporter is the largest exporter of the subject goods in India and its capacity constitutes almost half of the total known capacity and thus the performance of this exporter is indicative of the likely behaviour of other exporters. Moreover, despite giving an opportunity, none of the other producers from China have responded and provided relevant information. The responding exporter has also not provided information on the known capacity and prevailing demand in China. In view of the absence of relevant information from the exporters, the Authority has considered the best available information.
- viii. The Authority has determined the non-injurious price (NIP) for the domestic industry on the basis of information furnished by the domestic industry, as per principles laid down in the Anti- Dumping Rules read with Annexure III and the Generally Accepted Accounting Principles (GAAP).

J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

J.1 Views of other interested parties

101. The other interested parties have made the following submissions with regards to public interest:

- i. The producers of the downstream products of the PUC are forced to import the PUC from countries other than China PR and Thailand as even the full capacity utilization of the domestic producers is not enough to meet the demand of the PUC. Moreover, the applicant had declined the user's requests to increase allocation several times citing capacity limitation.
- ii. The continuation of duties would be detrimental to the interests of the downstream user industry of the PUC. The domestic industry's capacity is not sufficient to meet the

overall demand of the country, and hence, the imports are inevitable. Any imposition of anti-dumping duties would lead to shortage of supply of the PUC.

- iii. Considering the low density and voluminous nature of the PUC, ocean freight plays a critical role in determining the import source of the PUC and user also prefers to import the PUC from the closest locations, i.e., China and Thailand. If anti-dumping duties are continued to be imposed on the PUC from China PR and/or are imposed on the PUC from Thailand (in the parallel anti-dumping investigation), the user would have to depend on domestic suppliers who have no capacity to cater to the demand of the domestic industry.
- iv. Sales of FMCG products have declined significantly, particularly in rural markets due to increased prices in the range of 2-5%, which can be attributed mainly to inflation as stated in the annual report, 2021-22 of the user. The PUC is a product routinely consumed through detergents by the public and imposition of anti-dumping duties on the PUC would lead to an increase in the cost of the end product. This increase in cost followed by the increase due to inflation would place an additional burden on the already-strained purchasing power of the common man.
- v. Detergents also consume SLES/PAS (i.e., the downstream products of Saturated fatty Alcohol) which is currently subject to anti-dumping duties and an SSR investigation of AD duties and a CVD investigation are currently ongoing. Should a 30% ADD and CVD duties be levied on Saturated Fatty Alcohol along with the aforementioned duties on the PUC, the public would have to cumulatively pay an additional amount to consume the detergents.
- vi. PUC, the public would have to cumulatively pay an additional amount to consume the detergents.
- vii. Due to the existing anti-dumping duties, the Indian importers had to bear higher cost to import PUC from abroad which affected the availability of PUC in the Indian market.

J.2 Views of domestic industry

102. The domestic industry has made the following submissions with regards to public interest:

- i) An affiliate of the applicant is in the process of setting up a new plant with increased capacities that would add to existing investments and make the Indian industry self-sufficient.
- ii) HUL has always been a price negotiator with the applicant, for third parties who have never shown interest in any long-term contracts, despite which the applicant has aided HUL. It was a case of impromptu allocations that led to the decline of HUL's request for full volumes.
- iii) The applicant has constantly maintained adequate inventories for regular buyers and intends on doing the same with HUL now that they are actively showing interest in a long-term commitment.
- iv) The applicant has demonstrated that the impact of Zeolite on the cost of downstream product is miniscule and that the eventual impact on the end customer is negligible. The user has been performing well in terms of their detergent manufacturing and was successful in maintaining and increasing profits. The annual report of the user elaborates on how its detergent brands have grown over the past five years and are in the process of setting up new manufacturing facilities. The eventual impact on the end customer is further negligible. Zeolite is used in premium detergents and the impact of ADD on the user segment of these detergent is negligible.

J.3 Examination by Authority

103. 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

asto 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.

104. 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.
105. 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 relevant 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 relevant information with regard to present investigations, 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.
106. The submissions made by the other interested parties with respect to the impact of the duty have been considered. The Authority notes that the present investigation is a sunset review investigation, and therefore before considering the impact of the proposed duties on consumers, the Authority should first consider the impact of the duty that was imposed earlier. In a situation where the anti-dumping duty has been in place for the last more than four years, the increase in the price of the product (after due adjustments for raw material price movements) and the impact of the same is the best indicator of the likely impact of the proposed duty on the consumers. This impact is required to be determined considering the increase in price of the domestic and imported product post imposition of duty. It is seen that there is no increase in the price of the product by the domestic industry to the extent of anti-dumping duty imposed. There is no evidence to show that the imposition of duties had an adverse impact on the users/consumers. The prices of the subject goods have not increased by the quantum of anti-dumping duty that was earlier imposed. Further, the user

industry has itself shown the impact of anti-dumping duty in the range of 1-2%.

107. The Authority notes that there existed a huge demand-supply gap in India prior to the applicant entering the Indian market. It is seen that the applicant has set up this plant along with the Gujarat government inter alia to significantly bridge this gap. Post imposition of duties, the Indian industry was able to increase its production, and capacity utilization. Duties aided the domestic producer to maintain a ***% share in the market which was only 7% in the POI of the original investigation. Imposition of duties have led the industry to undertake fresh investment in order to bridge the demand-supply gap. The affiliate company of the applicant domestic industry has set up a capacity and has already started production in this financial year, i.e., 2023-2024. The capacities in Indian will be sufficient to cater the existing and future demand in the country. Further, the demand supply gap in the country does not justify dumping. Further, antidumping duties are does not restrict imports, it is imposed only to the extent necessary to ensure a level playing field for all the parties.
108. It is noted that the Indian producers of zeolite falls under MSME category. As the Authority has noted in other investigations involving MSME companies, that producers in this category are extremely susceptible to changes in the market conditions. The principles that govern large scale companies are not applicable in case of MSME companies. These companies do not benefit from economies of scale, or vast product profile, vast market base both domestic and export, and fine business/management skills, that are otherwise found in large-scale companies that help them in mitigating risks in the market. The subject goods is a commodity product, wherein the price is the deciding factor for the consumers. It may not be possible for a MSME producer, to not align their prices to the import prices. Therefore, despite the trends registered in raw material prices, if imports are entering the Indian market at dumped prices, a MSME producer in order to survive will attempt to align its prices to import prices. Moreover, unlike any other MSME industry this industry is not fragmented and consists of only 2 producers of the subject goods. If duties cease, it is likely that these producers may not survive and the Indian industry may vanish entirely.
109. The Authority notes that, from the analysis of original investigation that imports from other countries were quite low. However, post imposition of the present duties, these countries allegedly resorted to dumping and increased their exports. Accordingly, the Authority is parallelly investigating these imports.
110. The Authority has found that the installed capacities with known producers in China are in the region of 5,76,500 MT. Thus, considering the volume of dumped, injurious and price attractive sales by the responding Chinese producer, should the present duties cease to exist the volume of imports at dumped and/or injurious imports that are likely to enter the Indian market would be significantly more than the entire Indian demand. While the existing anti-dumping duty has prevented the Chinese producers from increasing their volumes beyond the present volumes, cessation of exiting anti-dumping duty shall lead to a significant increase in these volumes. The Indian industry is clearly vulnerable to injury in the event of cessation

of anti-dumping duty.

111. As, the present investigation is a sunset review actual impact of the duties can be assessed. Accordingly, it is seen that duties imposed in the past did not result in price increase, and did not result in any material adverse effect on the downstream industry (as is seen from the growth of the detergent portfolio of HUL) or the public at large.
112. The subject goods is a builder in detergents and is only used by top-end detergent brands. It has been submitted by the applicant that the cheaper detergent brands refrain from using the subject goods as a raw material, and that producers that are producing multiple brands only use zeolite in detergents for their premium brands. Therefore, it is noted that zeolite being consumed in detergent production is not used by the public at large, and is limited to certain income groups.

K. CONCLUSION

113. 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 likelihood of continuation/recurrence of dumping and consequent injury to the domestic industry, the Authority concludes that:
- i) Being a review investigation, the scope of the product under consideration has not been enhanced and has been kept the same as the original investigation. Accordingly, the PUC is being defined as “synthetic grade zeolite 4A”.
 - ii) With imposition of anti-dumping duty, the imports from the subject country have declined. However, imports from China are still being made at dumped and injurious price.
 - iii) The domestic industry continues to suffer injury as is seen from decline in profits, cash profit and ROI. In fact, the domestic industry is suffering losses in the POI and thus shows vulnerable position. The operating performance of domestic industry have significantly declined because of continuation of dumped imports at injurious price, and, also, because of significant increase of alleged dumped imports of subject goods from Thailand and Iran, for which the Authority is conducting parallel anti-dumping investigations.
 - iv) The information on record shows likelihood of continuation/recurrence of dumping and injury in case the anti-dumping duty in force is allowed to cease at this stage. The likelihood analysis shows that significant exports of the subject goods from the subject country to third countries other than India are at dumped and injurious prices. The price at which exports have been made to third countries shows that the Indian market is price attractive. These factors cumulatively indicate strong likelihood of diversion of exports of the subject goods from the subject country to India if the existing anti-

dumping measure ceases to exist.

114. The Authority notes that the imposition of anti-dumping duties on the product under consideration has led to significant new investment by the domestic industry.
115. From the information on record, it is also seen that the impact of anti-dumping duty on the consumers is quite 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.
116. In view of the above the Authority finds that there is a likelihood of continuation or recurrence of dumping and injury in the event of cessation of the existing anti-dumping duties, and therefore, recommends continuation of anti-dumping duties for a further period of five years.

L. RECOMMENDATION

117. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to the domestic industry, the exporters, the importers, the users, and the other interested parties to provide information on the aspects of dumping, injury and the causal link and also on likelihood of dumping and injury to the domestic industry.
118. Having concluded that there is positive evidence of likelihood of dumping and injury if the existing anti-dumping duties are allowed to cease, the Authority is of the view that the anti-dumping duty in force on the imports of the product under consideration from the subject country is required to be continued further. Considering the facts and circumstances of the case, as established hereinabove, the Designated Authority considers it appropriate to recommend extension of the anti-dumping duties on the imports of the subject goods from the subject country. Accordingly, the anti-dumping duties for producers from China is recommended as per the duty table below.
119. Thus, in terms of provision contained in Rule 4(d) and Rule 17(1) (b) of the AD Rules, the Authority recommends the continued imposition of the existing anti-dumping duties, so as to remove the likelihood of dumping and injury to the domestic industry. Accordingly, definitive anti-dumping duty equal to the amount mentioned in column 6 of the duty table below is recommended for the imposition for five (5) years from the date of the Notification to be issued by the Central Government, on all imports of the subject goods originating in or exported from the subject country.

DUTY TABLE

S. No.	Sub-heading	Description of goods	Country of origin	Country of export	Producer	Amount	Unit of Measurement	Currency
1	38249922 38249090 38249990 28429090 28269000 28399090 28421000	Synthetic Grade Zeolite 4A (Detergent Grade)	China PR	China PR	Chalco Shandong Advance Material Co. Ltd. (CSAMCL)	163.90	MT	USD
2	-do-	Synthetic Grade Zeolite 4A (Detergent Grade)	China PR	Any	All Other producers/exporters from China PR	207.72	MT	USD
2	-do-	Synthetic Grade Zeolite 4A (Detergent Grade)	China PR	Any	All Other producers/exporters other than ChinaPR	207.72	MT	USD

***Note – Customs classification is only indicative, and the determination of anti-dumping duty shall be made as per the description of the PUC

120. The landed value of imports for the purpose of this notification shall be the assessable value as determined by the Customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under Sections 3, 3A, 8B, 9A of the said Act.

M. FURTHER PROCEDURE

121. 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