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**F. No. 7/20/2021-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi – 110001**

Dated: 10th March, 2022

Case No. (AD (SSR) – 17/2021)

FINAL FINDING

Subject: Sunset Review of Anti-dumping duty imposed on “Ceramic Tableware and Kitchenware, excluding Kitchen Knives and Toilet items” originating in or exported from China PR.

A. BACKGROUND OF THE CASE

1. Anti-dumping investigation concerning imports of “Ceramic Tableware and Kitchenware, excluding Kitchen knives and Toilet items” (hereinafter also referred to as the subject goods or product under consideration or ‘PUC’) originating in or exported from China PR (hereinafter referred to as the subject country) was initiated by the Designated Authority (hereinafter referred to as ‘the Authority’) vide Notification No. 14/05/2016-DGAD, dated 13th October 2016. The Authority vide its notification dated 04th May 2017 recommended provisional anti-dumping duties on the subject goods. Provisional anti-dumping duty was imposed on the subject goods vide Customs Notification No. 27/2017-Cus (ADD), dated 12th June 2017. Subsequently, the Authority vide its Final Findings Notification F. No. 14/05/2016-DGAD, dated 08th December 2017, recommended definitive anti-dumping duty on the imports of the subject goods from the subject country. Definitive anti-dumping duty was imposed vide Customs Notification No. 4/2018-Customs (ADD), dated 21st February 2018 for a period of 5 years. The present anti-dumping duties are in force till 11th June 2022.
2. The Authority, on the basis of sufficient evidence submitted by the applicants, initiated an anti-circumvention investigation for the extension of anti-dumping duties on the subject goods originating in China PR and exported through Malaysia vide Notification No. 7/33/2020-DGTR, dated 25th September 2020. The Designated Authority vide its Final Findings dated 03rd August 2021 recommended the extension of the existing anti-dumping duties on the subject goods being imported from Malaysia. These extended duties were imposed on Malaysia by Ministry of Finance vide Notification No. 59/2021-Customs (ADD), dated 04th October 2021 and is co-terminus with the duties imposed on China PR.

3. In terms of Section 9A (5) of the Act, anti-dumping duty imposed shall, unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition and the Authority is required to review whether the expiry of anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury.
4. In accordance with the above, the Authority is required to review, on the bases of a duly substantiated request made by or on behalf of the domestic industry, as to whether the expiry of anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury.
5. And whereas, in terms of the above provisions, M/s Clay Craft (I) Pvt. Ltd. and M/s Ceramic Tableware Pvt. Ltd. (hereinafter referred to as the “applicants” or “applicant companies”) filed an application before the Designated Authority in accordance with the Customs Tariff Act, 1975 and the Anti-dumping Rules (hereinafter referred to as the ‘Rules’) requesting initiation of sunset review investigation of anti-dumping duty (ADD) imposed on imports of “Ceramic Tableware and Kitchenware, excluding Kitchen knives and Toilet items” originating in or exported from China PR.
6. The request of the applicants seeking continuation of anti-dumping duty against imports of subject goods from China PR was based on the ground that the expiry of the existing anti-dumping duty was likely to lead to continuation/recurrence of dumping of the subject goods and consequent injury to the domestic industry.
7. On the basis of a duly substantiated application filed by the applicants, the Authority initiated a Sunset Review (SSR) investigation vide Notification No. 7/20/2021-DGTR, dated 31st August 2021 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 and to examine whether the expiry of the said antidumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.
8. The scope of the present review investigation covers all aspects of the Final Findings of the Original Investigation vide Notification No. 14/05/2016-DGAD, dated 08th December 2017 and the Final findings of the Anti-circumvention investigation issued vide Notification No.7/33/2020-DGTR, dated 3rd August 2021.

B. PROCEDURE

9. The procedure described below has been followed in the present review investigation:
 - a) The Authority issued a public notice in the Gazette of India Extraordinary vide Notification No. 7/20/2021-DGTR, dated 31st August 2021, initiating a Sunset Review investigation concerning anti-dumping duty imposed on imports of the subject goods from the subject country.
 - b) In accordance with Rule 6(2) of the Rules, the Authority forwarded a copy of the initiation notification dated 31st August 2021, to the Embassy of the subject country

in India, the known producers/exporters from the subject country, known importers/users in India, and the other interested parties, as per the addresses made available by the applicants. The interested parties were advised to provide relevant information in the prescribed form and manner and to make their submissions known in writing within the prescribed time limit.

- c) The Authority provided a copy of the non-confidential version of the application to the known producers/exporters and to the Embassy of the subject country in India in accordance with Rule 6(3) of the Rules supra.
- d) The Embassy of the subject country in India was also requested to advise the exporters/producers from the subject country to respond to the questionnaire within the prescribed time limit. A copy of the letter and the questionnaire sent to the producers/exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject country.
- e) The Authority sent Exporter's Questionnaire and Supplementary Questionnaire to the following known producers/exporters to elicit relevant information in accordance with Rule 6(4) of the Rules:
 - a. M/s Huidi Porcelian Manufacturer Co. Ltd.,
 - b. M/s Shenzhen Evergrown Tableware Industry Co. Ltd.,
 - c. M/s Huifeng Ceramic Craft Making Co. Ltd.,
 - d. M/s Tangshan Win Win International Co. Ltd.,
 - e. M/s Klin Craft Ceramics Ltd.,
 - f. M/s Liling Zhong Sheng Ceramic Factory,
 - g. M/s Chaozhou Yamei Ceramics,
 - h. M/s Chaozhou Sunshine Technology Development Co. Ltd.,
 - i. M/s Chaozhou Fengxi Baita Shili Porcelian Craft Fty,
 - j. M/s Yiwu Wanquan Import and Export Ltd.,
 - k. M/s Chaozhou Hongye Ceramics Manufactory Co. Ltd.,
 - l. M/s Liling Siry Homeware Co. Ltd.,
 - m. M/s Tianjin Angel Sheng Yuan Imp & Exp Co. Ltd.,
 - n. M/s Zibo Hg Ceramics Co. Ltd.
- f) The Authority did not receive any response or Exporter Questionnaire Responses by the exporters/producers with regard to the above notification.
- g) Ceramic Tableware and Kitchenware Manufacturers Association, has filed its submissions before the Authority, and the same has been examined by the Authority to the extent deemed necessary.
- h) The Authority sent Importer's Questionnaires to the following known importers/users of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:

- a. M/s Akshita Enterprises,
 - b. M/s Ikea India Pvt. Ltd.,
 - c. M/s Lifestyle International Pvt. Ltd.,
 - d. K.S. Overseas.,
 - e. H M Glassware,
 - f. Via Ceramics Pvt. Ltd.,
 - g. Namo Enterprises,
 - h. Deco Pride (I) Pvt. Ltd.,
 - i. Devnow International
- i) None of the importers of the subject goods responded nor they filed any questionnaire responses.
- j) Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the details of imports of subject goods during the last four years, including the period of investigation, and the same was received by the Authority. The Authority has used the DGCI&S imports data for computation of the volume and value of imports and required analysis after due examination of the transactions.
- k) In accordance with Rule 6(6) of the Anti-Dumping Rules, the Authority provided an opportunity to the interested parties to present their views orally in the hearing held on 18th November 2021. Only the domestic industry presented their views in the oral hearing and no other interested parties participated in the hearing hence, the domestic industry was requested to submit their written submissions latest by 25th November 2021.
- l) The verification of information provided by the domestic industry was conducted to the extent considered necessary for the purpose of the present investigations. Only such verified information with necessary rectification, wherever applicable, has been relied upon.
- m) The Non-Injurious Price (hereinafter referred to as 'NIP') is 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 Annexure III to the Anti-dumping Rules.
- n) The Period of Investigation (POI) for the purpose of the present Anti-Dumping investigation is 1st April 2020 – 31st March 2021 (12 months). The examination of trends in the context of injury analysis covered the periods 1st April 2017 – 31st March 2018, 1st April 2018 – 31st March 2019, 1st April 2019 – 31st March 2020, and the POI.
- o) The submissions made by the domestic industry, wherever found relevant, have been addressed by the Designated Authority in this final finding.

- p) The information provided by the interested parties on confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered as confidential. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- q) It is noted that in cases where an interested party has refused access to or has otherwise not provided necessary information during the course of the present investigations, or has significantly impeded the investigation, the Authority has recorded its observation on the basis of the facts available.
- r) A disclosure statement containing the essential facts in this investigation which would have been formed the basis of the final findings was issued to the interested parties on 02.03.2022 and the interested parties were allowed time up to 07.03.2022 to comment on the same. The comments on Disclosure Statement received from the interested parties have been considered, to the extent found relevant, in this final finding notification.
- s) ** in this final finding represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
- t) Exchange rate considered for the POI for conversion of USD to Indian Rupees is 1USD = Rs. 75.22.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1 Submissions made by the other Interested parties

- 10. None of the exporters, importers, consumers, and other interested parties have filed any comment or submissions with regard to the product under consideration and the like articles.

C.2 Submissions made by the Domestic Industry

- 11. The domestic industry has made the following submission with regard to the scope of the product under consideration and the like article:
 - a) The instant investigation being a Sunset Review of Anti-Dumping duty in force, the product under consideration remains the same as has been defined in the previous investigations.
 - b) The product involved in the previous investigations and the present review investigation is “Ceramic Tableware and Kitchenware, excluding Kitchen knives and Toilet items” (also commonly referred to as ‘CERAMICS’).

- c) Ceramic Tableware and Kitchenware falls within Chapter 69 of the Customs Tariff Act, 1975. It is imported under various subheadings under HS code 6911 and 6912. The classification is, however, indicative only and in no way binding on the scope of the present investigation.
- d) There is no known difference between the subject goods produced by the domestic industry and the subject good imported into India. They are comparable in terms of the technical specifications, quality, functions, or end-uses. The two are technically and commercially substitutable. The customers are using the two interchangeably. Hence, should be treated as like article in accordance with the Rules.

C.3 Examination by the Authority

12. The present investigation is a Sunset Review investigation and the scope of the product under consideration remains the same as defined in the original investigation. The product under consideration determined in the original anti-dumping investigation vide Final Findings No. 14/05/2016-DGAD, dated 08.12.2017 is reproduced hereunder –

“7. The product under consideration in the present investigation is defined as “Ceramic table wares and kitchen wares, excluding knives and toilet items” (hereinafter referred to as ‘subject goods’ or PUC).

8. It is noted that bone china, stoneware and porcelain-ware all constitute ceramic products and therefore the product under consideration includes kitchenware and tableware of bone china, stone and porcelain. Ceramic tableware and kitchenware products are used for the purpose of eating, drinking, and serving food and beverages in homes and hotels.

19. Subject goods are classified under Chapter 69 of Customs Tariff Act, 1975. It is imported under various subheadings under HS code 6911 and 6912. However, the HS codes are indicative only and product description is the determining factor for the purpose of present investigation.”

20. The PUC under the present investigation is “Ceramic table wares and kitchen wares, excluding knives and toilet items”. Bone china, stoneware and porcelain-ware all constitute ceramic products and therefore covered under the scope of PUC.”

13. The Authority, therefore, determined that the PUC in the present investigation shall be the same as in the original investigation. The product under consideration is classified under Customs Tariff sub-headings 6911 and 6912 of the Customs Tariff Act. The classification is, however, indicative only and in no way binding on the scope of the present investigation.
14. The Authority notes from the information on record that the product under consideration produced by the domestic industry is “like article” to the goods imported from the subject country. The product under consideration produced by the Indian industry and imported

from the subject country are comparable in terms of technical specifications, functions or end-uses product specifications, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably.

15. In view of the above, the Authority holds that the product under consideration produced by the domestic industry is “like article” to the goods imported from the subject country.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D.1 Submissions made by the other Interested Parties

16. None of the exporters, importers, consumers, and any other interested parties have filed any comment or submission with regard to the scope and standing of the domestic industry.

D.2 Submissions made by the Domestic Industry

17. The domestic industry has made the following submissions with regard to the domestic industry and standing:
 - a) M/s Clay Craft (I) Pvt. Ltd. and M/s Ceramic Tableware Pvt. Ltd. hereinafter referred to as the “applicants” or “applicant companies”) have filed the application for reviewing the need of continued imposition of anti-dumping duty on Ceramic Tableware and Kitchenware excluding Kitchen knives and Toilet items originating in or exported from China PR.
 - b) Besides the applicants, four other Indian producers i.e, M/s Raghuvar (India) Ltd., M/s U.P. Ceramics & Potteries Pvt. Ltd., M/s Umberto Ceramics International Pvt. Ltd., and M/s Oasis Ceramics Pvt. Ltd have also supported the application and corresponding support letters have been filed.
 - c) All requisite information in the prescribed formats along with consolidated Format H for the petitioners have also been provided.
 - d) All Indian producers of the subject goods fall under the Micro, Small and Medium Enterprises (MSME) category, in which the applicants are the largest players in the domestic market, in terms of production and sales. The production of other domestic producers was considered based on market intelligence by the applicants as there is no public information with regard to production of these domestic producers.
 - e) M/s Crown Craft (I) Ltd., an affiliate company of M/s Clay Craft (I) Pvt. Ltd., had imported subject goods from Malaysia prior to the POI in miniscule quantities in order to undertake research on imports from Malaysia. This is not a bar to treat M/s Clay Craft as a domestic industry.

- f) The applicants have not imported the subject goods during the period of investigation, and are not related to any exporter or producer of the subject goods in the subject country or any importer of the product under consideration in India within the scope of Rule 2(b).
- g) The applicants along with the supporters account for more than 50% share of total domestic production thereby constituting a 'major proportion' and satisfies the standing requirement and constitutes domestic industry within the meaning of the AD Rules.

D.3 Examination by the Authority

18. Rule 2(b) of the Anti-Dumping 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' may be construed as referring to the rest of the producers".

19. The application has been filed by M/s Clay Craft (I) Pvt. Ltd. and M/s Ceramic Tableware Pvt. Ltd. The application has been supported by M/s Raghuvar (India) Ltd., M/s U.P. Ceramics & Potteries Pvt. Ltd., M/s Umberto Ceramics International Pvt. Ltd., and M/s Oasis Ceramics Pvt. Ltd. As was also noted in the original investigation, the producers of the subject goods are present in both, the organized sector and the unorganized sector. Further, almost all the producers are in the MSME sector.

Name of Company / Concern	Production Volume (MT)	% of Volume	Value ₹ Lacs
Applicant Companies			
Clay Craft (I) Pvt. Limited	**	**	**
Ceramic Tableware Pvt. Ltd	**	**	**
Total A	**	**	**
Supporter Company			
U.P. Ceramics & Potteries Pvt. Ltd.	**	**	**
Umberato ceramics International P. Ltd.	**	**	**
Raghuvar (India) Ltd	**	**	**
Oasis Ceramic Pvt. Ltd	**	**	**
Total B	**	**	**
Total Petitioner and Supporters(A+B)	8,548	52.19	21,654
Other Indian Producers			
Shan Tableware Pvt. Ltd	**	**	**
Conch Ceramics Pvt. Ltd.	**	**	**
Eva Ceramic	**	**	**

Bharat potteries Ltd	**	**	**
Marvel Ceramics Pvt Ltd	**	**	**
Sonaki Ceramics	**	**	**
Mudrika Ceramic (I) Ltd	**	**	**
Haryana Potteries	**	**	**
Maa Shakti Ceramics	**	**	**
Naresh Potteries	**	**	**
R.K. Potteries	**	**	**
SCK Insulators	**	**	**
Feather Touch Ceramics	**	**	**
Aarta broach	**	**	**
Metro ceramics	**	**	**
Samrat Ceramics	**	**	**
Unorganised Cluster	**	**	**
Other Indian Producers ('C)	7,831	47.81	19,797
Total Indian Production (A+B+C)	16,379	100.00	41,451

20. The table above shows total Indian production in terms of both volume and value. It is noted that the applicant companies happen to be the largest producers in terms of both volume and value. Further, there are a number of small sized producers, and a number of producers in micro sector. Therefore, considering the total valuation of the Indian industry, the applicant companies are the largest producers, with other producers including supporters being quite small producers.
21. Hence, it is concluded that the production of the applicants constitutes “a major proportion” of total Indian production. The production of the applicants along with the supporters constitute more than 50% of the total Indian production.
22. The Authority notes that the applicants have not imported the subject goods during the period of investigation and is not related to any exporter or producer of the subject goods in the subject country or any importer of the product under consideration in India. M/s Crown Craft, an affiliate M/s Clay Craft has imported the subject goods from Malaysia prior to the POI. However, in relation to total imports from both China and Malaysia, the imports are only in meagre quantities i.e., **% in the year 2018-19 and **% in the year 2019-20.
23. In view of the above, the Authority holds that the applicants constitute domestic industry within the meaning of Rule 2(b) of the Rules and considers that the application satisfies the criteria of standing in terms of Rule 5(3).

E. MARKET ECONOMY TREATMENT, DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

24. According to Section 9A (1)(c) of the Customs Tariff Act, 1975, ‘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 transshipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

E.1 Submissions made by the other Interested parties

- 25. None of the exporters, importers, consumers, and any other interested parties have filed any comment or submission with regard to Market Economy Treatment, determination of normal value, export price, and dumping margin.

E.2 Submissions made by the Domestic Industry

- 26. Submissions made by the domestic industry with regard to market economy treatment, normal value, export price and dumping margin are as follows:
 - a) China should be considered a non-market economy, in accordance with the position taken by the Authority in previous cases, and by investigating authorities in other countries. Chinese producers' cost and price cannot be relied upon for determination of normal value.
 - b) Since none of the exporters have responded to the investigation and no questionnaire response has been filed by any of the Chinese companies, the subject country should be treated as non-market economy and the Authority should consider the normal value as determined in terms of Para 7 of Annexure I of the Rules.
 - c) The options under Para 7 of Annexure I were explored in sequence but no information on the price of the subject goods in the third country domestic market and no

information was available about cost or price of the subject goods in the domestic market of a third country to construct the normal value.

- d) Further, the imports from countries other than China PR are quite low in volume, and at dumped prices, therefore, cannot be considered representative for the determination of normal value. Although there are imports from Malaysia, they are largely entering the market without claiming FTA concession, indicating that these goods are not originating in Malaysia. The Malaysian imports are at dumped prices hence, cannot be considered for normal value calculation. In the absence of the above information normal value in China was determined on the basis of cost of production in India, based on the cost of domestic industry duly adjusted with the selling, general, and administrative expenses.
- e) Reference has been made to the Hon'ble CESTAT's decision in the matter of Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India, wherein the Hon'ble CESTAT had held that the level of development would be relevant only if the domestic sale price or cost of production of a market economy third country is adopted and not when exports from surrogate country to third country or India is considered, as the price in international trade is a function of demand and supply in the international market and is not affected by the level of development of the supplier country.
- f) Export price was determined based on transaction wise import data obtained from DGCI&S. The prices so determined are CIF prices and were adjusted for freight, insurance, FOB export price, port expenses, bank charges, inland freight expenses, and commission which the exporter should have incurred for exporting the material to India based on best available information so as to arrive at the net export price at ex-factory level.
- g) Dumping Margin continues to be positive and quite significant despite imposition of anti-dumping duties and is evident that the producers/exporters would resort to further dumping of the subject goods in the event of cessation of duties.

E.3 Examination by the Authority

- 27. At the initiation stage, the Authority considered normal value in China on the basis of Para-7 of Annexure-I. Pursuant to the initiation, the Authority sent questionnaire to the know producer/exporters from the subject country, advising them to provide information in the form and manner prescribed. However, none of the exporters have filed response or claimed market economy treatment.

Market Economy status for Chinese producers

- 28. Article 15 of China's Accession Protocol to 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 conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*
 - (ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*
- b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*
 - c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.*
 - d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”*

29. It is noted that while, the provisions contained in Article 15(a)(ii) have expired on 11.12.2016, the provisions under Article 2.2.1.1 of the 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 on claiming the market economy status. It is noted that since neither of the responding producer and the exporter from China PR have submitted supplementary questionnaire response, the normal value computation is required to be done as per provision of para 7 of Annexure I of the Rules.

30. Accordingly, the normal value and export price for all the producers/exporters from China PR have been determined as mentioned below.

Normal Value determination for China PR

31. None of the producers/exporters of the subject goods from China PR have submitted the exporter's questionnaire response and market economy questionnaire response, consequent to the initiation notification issued by the Authority. In view of the same, the Authority has decided to proceed with Para-7 of Annexure I to the Rules for determination of normal value in case of China PR.
32. Para-7 of Annexure I to the Rules lays down 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-I.
33. It is seen that there is no relevant information available for the price in a market economy third country or a constructed value in a market economy third country. There is no information on the price from such a third country to any other country. As regards price from a market economy country to India, it is seen that apart from China PR, Malaysia has been the largest exporter of the subject goods throughout the injury period. However, the goods exported from Malaysia are circumvented product attracting duties. The volume of imports from other countries is low and thus cannot be considered representative for the purpose of determination of normal value.
34. In view of the above, the Authority holds that the normal value can only be determined on the basis of price paid or payable in India, duly adjusted to include profit, which has been determined considering cost of production in India, after addition for selling, general & administrative expenses and reasonable profits. The Authority has thus constructed the normal value based on the optimised cost of production, considering prices of major raw materials and other costs paid in India, as per facts available in view of non-cooperation by the foreign producers. Further, reasonable profit has been added to the cost of sales for the purpose of determination of normal value. The normal value thus determined is mentioned in the dumping margin table.

Export Price determination for exporters from China PR

35. None of the exporters from the subject country have provided any information/details in the form and manner prescribed which could be used for the determination of export price and individual dumping margin. The Authority, therefore, has determined the export price on the basis of the DGCI&S import data. Thus, the net export price at ex-factory level in respect of all exporters from China PR has been determined after making due adjustments for Ocean Freight, Insurance, Commission, Bank Charges, Port Expenses, and Inland Freight Charges, on the basis of facts available, to determine export price at ex-factory level. Thus, the Authority has adopted the weighted average export price of both China PR and Malaysia for computing ex-factory export price. The net export price so determined is mentioned in the dumping margin table.

Determination of Dumping Margin

36. On the basis of the above stated normal value and export price so determined at ex-factory level, the dumping margin is positive and quite significant despite imposition of anti-dumping duties.

Dumping Margin Table

Particulars	US\$/MT	₹/MT
Normal Value	**	**
Net Export Price	**	**
Dumping Margin	**	**
Dumping Margin %	**	**
Dumping Margin range	80-90	80-90

F. EXAMINATION OF INJURY AND CAUSAL LINK

F.1 Submissions made by the other Interested Parties

37. None of the exporters, importers, consumers, and any other interested parties have filed any comment or submission with regard to injury and causal link.

F.2 Submission made by the Domestic Industry

38. The following submission were made by the domestic industry with regard to injury and causal link:
- a) The subject goods are being circumvented and the Authority vide Notification No. 7/33/2020-DGTR, dated 03rd August 2021, has extended the imposition of existing anti-dumping duties on import of the subject goods from Malaysia.

- b) The demand for the subject goods increased in 2017-18 and 2018-19 and slightly decreased in 2019-20. Thereafter, significant decline in the POI was seen, which was due to the worldwide slowdown in light of the COVID-19 pandemic.
- c) Imports have remained significant and are at the same level as was prevailing during the original investigation. Cumulative imports from China and Malaysia shows significant increase since the POI of the original investigation. The decline in imports in the POI is less than the decline in demand.
- d) Imports in relation to production and consumption declined in 2018-19 and increased thereafter in 2019-20 and the POI. Imports have increased in relative terms in the POI despite decline in demand and imposition of duties.
- e) Landed price of imports with and without ADD from the subject country have been significantly below the selling price of the domestic industry, resulting in significant price undercutting.
- f) Price undercutting due to the imports of the subject goods remains positive and significant. Current price undercutting levels establish that the imports are likely to further undercut the prices of the domestic industry in the event of cessation of anti-dumping duty.
- g) Considering the potential situation post cessation of existing duties, the domestic industry may have to reduce its prices and would be faced with significant price depression, forcing it to sell the subject goods below the cost of production. Since, the landed price is below the selling price, cost of production, and non-injurious price of the domestic industry, cessation of duties is likely to lead to increases in imports at such a price which is likely to cause price depression.
- h) Capacity of the domestic industry remained the same over the injury period. Production, sales, and capacity utilization increased till 2018-19 but declined thereafter in 2019-20 and in the POI.
- i) The existing capacities are significantly underutilized and capacity utilization of the major players including the applicants is lower than that of the base year of the original investigation. The smaller players are more severely affected.
- j) Market share of China increased in the current POI, while the market share of the domestic industry increased till 2018-19 and declined thereafter. Market share of China is far higher in the present injury period compared to that of the injury period of the original investigation while the market share of the Indian industry dipped from 81% in the base year of the original investigation to 53% in the present investigation.
- k) Level of inventories increased over the injury period. The cost of production and selling price of the domestic industry increased over the injury period and consequently their cash profits also improved.

- l) The ROI improved in 2018-19 but declined thereafter. Profits, cash profits, and ROI in the present injury period are far higher than the same in the previous injury period.
- m) Level of employment with the industry remained stable over the injury period with slight fluctuations. Productivity declined in the POI, while wages first increased significantly and then declined drastically in the POI.
- n) Dumping margin from the subject country is not only more than de-minimis but also substantial and the impact of dumping on the domestic industry is significant.

F.3 Submissions made by the association

39. Ceramic Tableware and Kitchenware Manufacturers Association has made the following submission:

- a) In the original investigation, several industries were on the verge of shut-down 4 years back. These companies were able to stay afloat due to imposition of anti-dumping duties. This relief was short-lived as the subject goods were then trans shipped through Malaysia post imposition of duties, and in huge volumes. This circumvention was addressed and the duties were extended.
- b) Due to high volume of imports from China and Malaysia, Indian industry was unable to produce and sell at desired levels. In fact, a number of producers in the small sector were unable to sustain and shut-down production. At least the following companies had shut down production:
 - i. Empire ceramics, Alwar, Rajasthan
 - ii. TCPL, Bhiwadi, Rajasthan
 - iii. Ambica Ceramics, Ahmedabad, Gujarat
 - iv. Rupa Ceramics, Ahmedabad, Gujarat
 - v. Solar Ceramics, Ahmedabad, Gujarat
 - vi. Laxmi Pottery, Ahmedabad, Gujarat
 - vii. Gopinath Refectories, Ahmedabad, Gujarat
 - viii. Mammi Ceramics, Ahmedabad, Gujarat
 - ix. Diamond Potteries, Bhaurgarh, Haryana
 - x. Tata Ceramics, Cochin, Kerala
 - xi. Family Bone China, Hyderabad,
 - xii. Metro Ceramics, Moradabad, UP
 - xiii. Hopewell Ceramics, Jaipur, Rajasthan
 - xiv. Bharat Potteries Ltd, VKI plant, Jaipur, Rajasthan
 - xv. Pooja ceramics, Koshi, UP
- c) The ceramic industry is a labour-intensive industry and generates high employment for unskilled, semi-skilled, and skilled labourers and additionally to artisans. The industry provides employment to more than 50,000 people directly and indirectly. Moreover, the raw materials used for production is largely indigenous and shutting down of these factories has badly impacted them too.

d) Under these circumstances, extension of duties is highly necessary.

F.4 Examination by the Authority

40. Rule 11 of the Anti-dumping Rules, read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, considering all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like article and the consequent effect of such imports on domestic producers of such articles. 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 a significant price undercutting by the dumped imports as compared to the price of the like article 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.
41. Rule 23 of the Rules provides that the provisions of Rule 6,7,8,9,10,11,16,17,18,19 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 Rule 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.
42. In consideration of the various submission made by the interested parties in this regard, the Authority has examined continuation of injury, if any, to the domestic industry before proceeding to examine the likelihood of recurrence of dumping and injury.
43. The Authority has noted the submissions made by the interested parties on injury and causal link and has analyzed the same considering the facts available on record and applicable laws. Since, no submissions were made by the opposing interested parties, the Authority has examined and addressed the relevant submissions made by the domestic industry during the investigation with regard to injury and causal link in the present final finding.
44. The injury analysis made by the Authority *ipso facto* addresses submissions made by the domestic industry and the other interested parties.

A. Volume Effect of Dumped Imports on the Domestic Industry

a) Assessment of Demand

45. Demand or apparent consumption of the product in India has been determined as the sum of domestic sales of the Indian producers and imports from all sources.

Demand in India	Unit	2017-18	2018-19	2019-20	POI
Sales of Domestic Industry	MT	**	**	**	**

Demand in India	Unit	2017-18	2018-19	2019-20	POI
<i>Trend</i>	Indexed	100	115	102	84
Sales of other domestic producer	MT	**	**	**	**
<i>Trend</i>	Indexed	100	103	94	79
Subject Country – China	MT	12,809	9,506	11,450	10,107
<i>Trend</i>	Indexed	100	74	89	79
Malaysia	MT	2,212	4,843	4,787	2,908
<i>Trend</i>	Indexed	100	219	216	131
Imports from other Countries	MT	2,842	2,639	1,718	1,834
<i>Trend</i>	Indexed	100	93	60	65
Total Indian Demand	MT	38,349	38,863	37,678	31,316
<i>Trend</i>	Indexed	100	101	98	82

46. It is noted that while the demand remained largely static till 2019-2020, the same declined in the POI. The decline in demand was largely due to Covid-19 pandemic.

b) Import Volumes and Market Share

47. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to the production or the consumption in India. For the purpose of the injury analysis, the Authority has relied on the transaction wise import data procured from the DGCI&S. The factual position is as follows:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Imports - Subject Country	MT	15,021	14,349	16,237	13,015
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>96</i>	<i>108</i>	<i>87</i>
China	MT	12,809	9,506	11,450	10,107
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>74</i>	<i>89</i>	<i>79</i>
Malaysia	MT	2,212	4,843	4,787	2,908
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>219</i>	<i>216</i>	<i>131</i>
Others	MT	2,842	2,639	1,718	1,834
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>93</i>	<i>60</i>	<i>65</i>
Total Imports	MT	17,863	16,987	17,954	14,849
Subject country imports (including Malaysia) in relation to					
Total Imports	%	84.09	84.47	90.43	87.65
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>100</i>	<i>108</i>	<i>104</i>
Production	%	**	**	**	**
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>90</i>	<i>103</i>	<i>110</i>
Consumption	%	39.17	36.92	43.09	41.56
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>94</i>	<i>110</i>	<i>106</i>

48. It is seen that:

- a) The volume of imports from the subject country declined in 2018-19, increased in 2019-20, and again declined in the POI. The imports in absolute terms, however, remained significant throughout the injury period.
- b) The producers from the subject country started circumventing the duties by exporting goods through Malaysia. The Authority recommended extension of duties on subject goods exported from Malaysia vide Notification No.7/33/2020-DGTR, dated 3rd August 202 and Ministry of Finance imposed the duty vide Notification No. 59/2021-Customs (ADD), dated 04th October 2021. Thus, the producers of the subject goods from Malaysia have tried to circumvent duty and maintain their presence in the domestic market.
- c) The subject imports in relation to the production and consumption declined in 2018-19 and continued to increase thereafter. Imports have increased in relative terms in the POI despite decline in demand.

B. Price Effect of the Dumped imports on the Domestic Industry

49. With regard to the effect of the dumped imports on the prices, it is required to be analyzed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress the prices or prevent the price increase, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the dumped imports from the subject country has been examined with reference to the price undercutting, price underselling, price suppression and price depression, if any. For the purpose of this analysis, the cost of production, net sales realization (NSR) and the non-injurious price (NIP) of the domestic industry have been compared with the landed price of imports of the subject goods from the subject country.

50. The Authority has taken into account the weighted average export price of both China PR and Malaysia for computing landed value.

a) Price Undercutting

51. The price undercutting effects of dumped imports from the subject country are as follows:

Price Undercutting- China+ Malaysia	Unit	2017-18	2018-19	2019-20	POI
Without ADD					
Landed price of imports	₹/MT	1,05,183	1,15,127	1,12,185	1,11,137
<i>Trend</i>	Indexed	100	109	107	106
Net Selling Price	₹/MT	**	**	**	**
<i>Trend</i>	Indexed	100	106	112	121

Price Undercutting	₹/Mt	**	**	**	**
Price Undercutting	%	**	**	**	**
<i>Trend</i>	Indexed	**	**	**	**
Price Undercutting	Range	90-100	90-100	100-110	120-130
With ADD					
Landed price of imports	₹/MT	1,73,131	1,88,778	1,86,705	1,89,367
<i>Trend</i>	Indexed	100	109	108	109
Price Undercutting	₹/MT	**	**	**	**
<i>Trend</i>	Indexed	100	93	131	176
Price Undercutting	%	**	**	**	**
<i>Trend</i>	Indexed	**	**	**	**
Price Undercutting	Range	20-30	10-20	20-30	30-40

52. It is seen that the landed price of the imports is below the selling price of the domestic industry and thus, the import from the subject country is significantly undercutting the prices of the domestic industry. The domestic industry has claimed that the existing anti-dumping duties have helped in arresting the adverse impact of undercutting to a significant degree. However, the volume of imports has remained significantly high in both absolute terms and in relation to consumption in India. Further, it is seen that the price undercutting is more than the quantum of antidumping duty imposed. In other words, the price undercutting is positive even after adding prevailing antidumping duty. It is seen that the market share of the subject imports had increased at the time of original investigations from 16% (in 2012-13) to 29% (in 2015-16, the POI of that investigation). The market share of Chinese producers is much higher than the market share registered by the Chinese producers at the time of original investigations. The volume of Chinese imports (including circumvented product from Malaysia) in the current POI i.e., 2020-2021 is 13015 MT which is much higher than the volume of imports in the POI of the original investigations (2015-16) i.e., 10,160 MT. It is thus seen that that the imports are undercutting the prices of the domestic industry even after adding the prevailing antidumping duty. Further, the volume of imports increased even beyond the previous levels, in both absolute terms and in relation to consumption in India.

b) Price Suppression and Depression

53. In order to assess as to whether imports from the subject country were suppressing/depressing the prices of the domestic industry and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred to a significant degree, the Authority has compared the cost of production and net selling price of the domestic industry over the injury period along with the landed price of imports over the injury period, and shown in the table below:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Cost of Sales	₹/Mt	**	**	**	**
<i>Trend</i>	Indexed	100	103	107	114
Net Selling Price	₹/Mt	**	**	**	**
<i>Trend</i>	Indexed	100	106	112	121
Landed Price	₹/Mt	1,05,183	1,15,127	1,12,185	111,137
<i>Trend</i>	Indexed	100	109	107	106

54. It is seen that both, cost of sales and selling price of the domestic industry, has increased. Selling price has increased more than the cost of sales. Thus, the domestic industry has not suffered price suppression or depression in the domestic market. However, it is noted that the landed value of imports of subject goods has remained below the level of selling price and cost of sales of the domestic industry. Thus, cessation of anti-dumping duties is likely to lead to price suppression and depression in the domestic market.
55. The domestic industry has claimed that undercutting even with ADD was positive, as has also been noted by the Authority above. However, given that the domestic industry is in the category of MSME and the government had imposed anti-dumping duty, the domestic industry was able to maintain its prices by reducing the volume of the production.

Economic Parameters of the Domestic Industry

56. Annexure II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on domestic producers of such products. With regard to the consequent impact of dumped imports on domestic producers of such products, the Anti-dumping Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic facts 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, ability to raise capital investments. The Authority has examined the injury parameters objectively taking into account various facts and submissions made before it.

a) Production, Capacity, Capacity Utilization and Sales

57. Capacity, production, sales and capacity utilization of the domestic industry over the injury period is given in the following table:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Capacity	MT	**	**	**	**
<i>Trend</i>	Indexed	100	100	100	100
Production	MT	**	**	**	**

<i>Trend</i>	Indexed	100	112	104	74
Capacity utilization	%	**	**	**	**
<i>Trend</i>	Indexed	100	112	104	74
Domestic sales	MT	**	**	**	**
<i>Trend</i>	Indexed	100	115	102	84

58. It is seen that:

- a) Capacity of the domestic industry remained constant over the injury investigation period.
- b) Production, sales, and capacity utilization increased from the base year to 2018 – 19 and declined thereafter with a further significant decline in the POI.
- c) The capacity utilization of the domestic industry is largely unutilized despite duties, in view of persistence of dumped imports.

b) Market Share in Demand

59. Market share of the domestic industry in demand for the product under consideration is given in the table below:

Market Share in Demand	Unit	2017-18	2018-19	2019-20	POI
Sales of Domestic Industry	%	**	**	**	**
Trend	Indexed	100	114	104	103
Sales of other Indian industry	%	**	**	**	**
Trend	Indexed	100	102	95	97
Imports from China	%	**	**	**	**
Trend	Indexed	100	73	91	97
Malaysia - Circumvented	%	**	**	**	**
Trend	Indexed	100	216	220	161
Total Imports- Malaysia + China	%	**	**	**	**
Trend	Indexed	100	94	110	106
Other Countries	%	**	**	**	**
Trend	Indexed	100	92	62	79
Total Demand Share	%	100	100	100	100

60. It is seen that the market share of the domestic industry and the other Indian producers declined over the injury period whereas market share of the subject imports has increased. It is also seen that the market share of the subject imports was 16% and 29.33% in the base year (2012-13) and POI (2015-16) of the original investigation, which has increased to 32.28 % (for China alone) in the present POI (2020-21). Market share of China and Malaysia

together is 41.56% in the present POI (2020-21). The imports from the subject country along with the circumvented imports from Malaysia have captured a major share of the domestic market, where the capacity with the Indian industry is lying unutilized. Despite the existing duties, the market share of Chinese product increased from 16% (in 2012-13) to 42% in the present POI and the domestic industry and the Indian industry is facing significantly unutilized production capacities.

c) Inventories

61. Inventory position with the domestic industry over the injury period is given in the table below:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Average Inventory	MT	**	**	**	**
<i>Trend</i>	Indexed	100	118	143	137

62. It is seen that the average inventory level with the domestic industry has increased over the injury period with some decline in the POI.

d) Profitability, Return on Investment and Cash Flow

63. The return on investment, profit/loss before and after interest, return on investment and cash profit during the injury period is as indicated in the table below:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Profit/Loss	₹/MT	**	**	**	**
<i>Trend</i>	Indexed	100	136	158	182
PBIT	₹ Lacs	**	**	**	**
<i>Trend</i>	Indexed	100	139	144	134
Cash Profit	₹ Lacs	**	**	**	**
<i>Trend</i>	Indexed	100	146	153	145
ROI	%	**	**	**	**
<i>Trend</i>	Indexed	100	77	74	53

64. It is seen that:

- a) Post imposition of anti-dumping duty, the profitability of the domestic industry has improved over the injury period.
- b) Cash profit increased till 2019-20 and declined in the POI, while ROI declined over injury period. Overall performance of the domestic industry in terms of price parameters have shown improvement. However, the return on investment has continuously decreased due to infusion of capital investment for replacement of plant

and machinery. The extent of price increase (after adjusting for cost increase) was however much lower than the extent of antidumping duty imposed. Thus, the domestic industry has not increased the prices to the extent of antidumping duty. However, considering the level of price undercutting, it is evident that the domestic industry shall suffer financial losses, should the domestic industry be forced to reduce the prices with the cessation of antidumping duty.

e) Employment, Productivity and Wages

65. The analysis of the number of employees employed by the domestic industry, its productivity and wages paid are shown as follows:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Wages Total	₹ Lacs	**	**	**	**
<i>Trend</i>	Indexed	100	127	131	107
Wages per Unit	₹ / MT	**	**	**	**
<i>Trend</i>	Indexed	100	113	126	144
No. Of Employees	Nos	**	**	**	**
<i>Trend</i>	Indexed	100	105	96	97
Productivity Per Day	MT/day	**	**	**	**
<i>Trend</i>	Indexed	100	112	104	74

66. It is noted that the employment level has slightly declined over the injury period. Wages continued to increase till 2019-20 but declined significantly in the POI. The productivity has also declined in the POI due to the decline in production. However, the industry remains labour-oriented unit.

f) Growth

67. The growth of the domestic industry in terms of production, capacity utilization, domestic sales, selling price, profit/loss, cash profit, inventory, and return on investment is given in the table below:

Particulars	Unit	2017-18	2018-19	2019-20	POI
Production	%	-	12.34	(7.77)	(28.49)
Capacity Utilisation	%	-	12.34	(7.77)	(28.49)
Domestic Sales Volume	%	-	15.37	(11.20)	(17.97)
Selling Price	%	-	6.31	5.26	8.01
Profit & Loss ₹ Lacs	%	-	57.21	3.22	(6.00)
Cash Profit - ₹ Lacs	%	-	46.50	4.66	(5.31)
Inventory	%	-	18.16	20.66	(3.60)
Return on Capital Employed	%	-	(22.92)	(4.23)	(27.84)

68. It is noted that the overall growth of the domestic industry was positive in case of selling price. However, profitability parameters such as profit, cash profit, return on investment and volume parameters such as production, sales, capacity utilization, market share in demand, and inventory have shown negative growth.

g) Ability to Raise Capital Investments

69. There is no adverse impact on the ability of the domestic industry to raise capital investment.

h) Magnitude of Dumping Margin

70. The Authority notes that the dumping margin determined against the subject country is positive and significant, despite imposition of duties.

Injury Margin or Price Underselling

71. The Authority has determined Non-Injurious Price for the domestic industry on the basis of principles laid down in the Anti-dumping Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the verified information/data relating to the cost of production provided by the domestic industry and duly certified by the practicing accountant for the period of investigation. This non-injurious price of the domestic industry has been compared with the landed values of the subject imports from the subject country to determine injury margin. As there is no competition from any exporters from subject country, the Authority has determined the landed price based on facts available.

Injury Margin		
Particular	US\$/Mt	₹/MT
Non-Injurious Price (NIP)	**	**
Landed Price	**	**
Injury Margin	**	**
Injury Margin %	**	**
Injury Margin- range	90-100	90-100

72. It is seen that the injury margin continues to be positive and significant despite imposition of anti-dumping duties.

G. CAUSAL LINK AND OTHER FACTORS

73. The Authority examined whether other factors listed under the Rules caused injury to the domestic industry.

a) Volume and value of imports not sold at dumping prices

74. Imports of subject goods from China PR, and circumvented imports from Malaysia together constitute more than 84% of the total imports into India. Imports from third country are either at higher price or low in volume.

b) Contraction in demand or Changes in the pattern of consumption

75. Demand increased throughout the injury period till 2018-19 and declined thereafter in 2019-20 and the POI. This decline in demand is largely attributed to the Covid-19 pandemic. It is expected that the demand will increase once the Covid-19 situation improves. It is also noted that despite decline in demand the share of imports in relation to demand shows a significant increase.

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

76. The Authority notes that the investigation has not shown that conditions of competition or trade restrictive practices are responsible for injury suffered.

d) Developments in Technology

77. The Authority notes that the technology for the production of the concerned product has not undergone any change and is hence, not a factor contributing injury to domestic industry.

e) Export Performance

78. The Authority notes that the export volumes of the domestic industry are low. In any case, the Authority has considered data for the domestic operations only. Any possible deterioration in the export performance of the domestic industry, therefore, cannot be a cause for the injury to the domestic industry.

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

79. The Authority has considered the data relating to the performance of the subject goods only. Therefore, performance of other products produced and sold by the domestic industry are not a possible cause of the injury to the domestic industry.

H. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY IN THE EVENT OF CESSATION OF ANTI-DUMPING DUTY.

80. The Authority notes that the current investigation is a sunset review investigation. The domestic industry has claimed that it is likely to suffer injury in the event of cessation of anti-dumping duty. The Authority has examined the likely scenario of continuation of dumping and recurrence of injury on account of dumped imports, if the existing anti-dumping duties are to expire.

H.1 Submissions made by the other interested parties

81. None of the exporters, importers, consumers, and any other interested parties have filed any comment or submission with regard to likelihood of continuation or recurrence of dumping and injury.

H.2 Submissions made by the Domestic Industry

82. Submission made by the domestic industry on likelihood of continuation or recurrence of dumping and injury are as follows:

- a) There has been continued dumping from China PR even after the imposition of anti-dumping duties. The dumping and injury margin caused by the dumped imports has intensified since the original investigation.
- b) Chinese producers have maintained their presence in the Indian market by circumventing the existing duties through Malaysia. Despite the duties in place, there are significant imports from the subject country at dumped and injurious prices.
- c) Duties were undermined and were made largely ineffective due to the circumvention practiced by the China PR, which was also proved in the recent circumvention investigation.
- d) The European Commission had decided to extend the duties on the subject goods from China in an expiry review vide Regulation dated 12th July 2019. The Commission found that China has exponentially high production capacity, with an estimate that in 2021 the spare capacity will be around 30%. The spare capacity in China PR is itself much higher than the total demand in India. It also found that the Chinese exports of the subject goods are being sold at dumped prices to the rest of the world as well, implying that such pricing behaviour is the standard for Chinese producers.
- e) The subject goods are being imported at substantially lower prices compared to the selling price of the goods sold in the Indian market. Due to the availability of surplus capacities with them, the exports from China PR would be further channelized into the Indian market in the event of cessation of duties.
- f) Chinese producers circumvented the subject goods through Malaysia despite the duties in place. Non-extension of duties would evidently open a direct pathway for the subject country to dump their products at even lower prices.
- g) Price undercutting with and without anti-dumping duty is significantly high in the POI. If the duties cease to exist, the imports will likely undercut the prices of the domestic industry further forcing the domestic industry to reduce its prices further causing material injury to the domestic industry.

- h) The Indian market is price sensitive and the availability of 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.
- i) All the producers of the subject goods in India fall in the MSME category and in the event of cessation of duties, the reduction in profitability is enough to force many of the Indian producers out of business, leaving the Indian market open to more imports from the subject country and in turn affecting the return on investment and cash profits.
- j) As per the Project Teams Report, the market size of China's Ceramic (bone China, porcelain) tableware and kitchenware accounts for more than 1/4 of the world's market. Their share has been increasing from 2017 – 2019, with a decrease only in 2020 due to the impact of Covid-19 pandemic. However, even during the pandemic hit year, the Chinese market share was more than the base year of 2017 at a time when most other industries were struggling to revive themselves from the repercussions of the pandemic.
- k) The global market size of Ceramic (bone China, porcelain) tableware and kitchenware is estimated to reach 208.32 billion yuan, with a year-on-year growth of 2.4% by the year 2025. The increase in production in China, which is also the largest producer of ceramics in the world would pave way to huge saturation of the subject goods in the world market increasing the likelihood of dumping of these products into the Indian market.
- l) Asia-Pacific is the world's largest ceramic (bone China, porcelain) tableware and kitchenware demand market in the world accounting for 43.3% of the demand market due to its huge population and good ceramic consumption habits.
- m) The capacity established by the producers in China is double the level of demand in the domestic industry. The production of the subject goods in China did not increase proportionately with the increase in their capacity. Despite there being a dip in the production caused by the pandemic, there exists significant unutilized capacities in China.
- n) There is surplus production of the subject goods in the Chinese market even when the industry is not functioning in the optimum capacity. This is clear from the fact that the forecasted demand of China from 2021 – 2025 show that the estimated production during the pandemic hit year (2020) is more than sufficient and surplus to cater to the Chinese domestic demand projected in 2025.
- o) Chinese export volumes continued to increase during 2017 – 2019 and it is evident that China's ceramic market is highly export oriented and a significant amount of their production goes to the export market. China has never been producing at their maximum capacity and they continue to cater huge, underutilized capacities at their disposal.

- p) Chinese government in the name of development has been introducing various policies to boost the export capability of the ceramic sector. Presently there is 13% export tax rebates in China for ceramic tableware and kitchenware industry and in addition there is specific subsidy policies put in place by the local government in the form of fiscal subsidies which are given through various projects.
- q) The subject goods from China have been subject to trade remedial measures by various countries over a long period of time. The duties in most of the jurisdictions have been continued after undertaking multiple review investigations. This points out that the Chinese producers have been able to survive and continue dumping even with the anti-dumping duties in place.
- r) The project report titled ** relied upon for submissions on likelihood of continuation of dumping and subsequent injury is by market research agency, namely, **. This agency is one of the leading companies providing system solution for decision making for companies in mainland China. The agency *inter alia*, is engaged in providing market research services in a wide array of fields.

H.3 Examination by the Authority

83. All the 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 duties. 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 and/or injury.
84. The Authority has examined the likelihood of continuation or recurrence of injury considering the requirement laid down under Section 9A (5), Rule 23 and parameters relating to threat of material injury in terms of Annexure-II (vii) of the Rules and other relevant factors brought on record. The present investigation being a sunset review of anti-dumping duty currently imposed, and under the Rules, the Authority is required to determine whether continued imposition of the anti-dumping duties is warranted in the event of cessation of anti-dumping duty.
85. 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:
- a) A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.
 - b) 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.

- c) 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
- d) Inventories of the article being investigated.

86. 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.

a) Intensified dumping and injury margin

87. The Authority notes that dumping of the subject goods from China PR has remained significant, even after the imposition of duties and this has limited the domestic industry's ability to restore its market share.

b) Persistent presence of Chinese producers in Indian market through circumvention

88. The Authority notes that the imports of the subject goods from China PR at dumped and injurious prices have been significant despite the duties in force. It has already been noted by the Authority in the anti-circumvention investigation that the remedial effect of duties was also undermined due to the circumvention of imports by the subject country through Malaysia. It has also been brought to the notice of the Authority that circumvention was resorted to by Chinese exporters/producers even in case of duties imposed by European Commission by claiming a different country of origin.

c) Surplus capacity and third country dumping

89. As per the information submitted by the applicants (**Report¹), besides significant surplus production capacities, Chinese producers also have significant unutilized capacities.

Particular	UoM	2017	2018	2019	2020
Production Capacity	100 million Sets	462	491	516	525
Output (Production)	100 Million Sets	343	361	379	349
Demand	100 Million Sets	209	223	232	231
Surplus Capacity (Capacity-demand)	100 Million Sets	253	268	284	294
Unutilised capacity (Capacity-production)	100 Million Sets	119	130	137	176

90. The fact of unutilized capacities is also corroborated from the findings of the European Commission that has extended the duties on the subject goods exported from China PR in its expiry review vide its Regulation (EU) 2016/1036 dated 12th July 2019. The

¹ The applicant has claimed that the report submitted is highly confidential and the same has not been contested by any of the interested parties.

Commission has found that there exists significant production capacity and spare capacity in China PR and that the producers in China PR have been practicing dumping in many third countries despite duties in place. In the review, the production capacity was estimated to be 5.5 million tons with a forecast that even in 2021, the spare capacity will stand at 30%. Based on the information submitted by the domestic industry, it is seen that the spare capacity of the subject goods in China PR is itself much higher than the total demand in India.

d) Price Undercutting and Price attractiveness of Indian Market

91. It is noted that the price undercutting both with and without the anti-dumping duty is significantly high in the POI. Hence, the imports are likely to undercut the prices even further in the event of cessation of anti-dumping duty and is likely to lead to intensified dumping and injury in the form of low sales volume, reduced selling prices and decline in profits to the domestic industry.

Price Undercutting- China+ Malaysia	Unit	2017-18	2018-19	2019-20	POI
Without ADD					
Landed price of imports	₹/MT	1,05,183	1,15,127	1,12,185	1,11,137
<i>Trend</i>	Indexed	100	109	107	106
Net Selling Price	₹/MT	**	**	**	**
<i>Trend</i>	Indexed	100	106	112	121
Price Undercutting	₹/Mt	**	**	**	**
Price Undercutting	%	**	**	**	**
<i>Trend</i>	Indexed	**	**	**	**
Price Undercutting	Range	90-100	90-100	100-110	120-130
With ADD					
Landed price of imports	₹/MT	1,73,131	1,88,778	1,86,705	1,89,367
<i>Trend</i>	Indexed	100	109	108	109
Price Undercutting	₹/MT	**	**	**	**
<i>Trend</i>	Indexed	100	93	131	176
Price Undercutting	%	**	**	**	**
<i>Trend</i>	Indexed	**	**	**	**
Price Undercutting	Range	20-30	10-20	20-30	30-40

92. Considering the high price undercutting, it is seen that the landed price of imports from China PR are substantially lower than the selling price of the goods in the Indian market. Therefore, should the duties expire and cease to exist, the subject country would

channelize their exports to the Indian market due to the significant spare capacity available as noted above indicating likelihood of injury to the domestic industry.

e) Vulnerability of the domestic industry

93. The Authority notes that the consumers are majorly driven by the price of the product in the market which makes the Indian market price sensitive. It is likely that the availability of low-priced dumped imports in the market in the event of cessation of duties would severely impact the prices of the product in the market as the domestic industry would be forced to reduce their selling price by the amount of existing duty. Should prices be not reduced, the domestic industry would suffer by losing significant sales volume. This would consequently impact the profitability of the domestic industry which adversely impact the return on investment and cash profit. Potential impact on the performance of the domestic industry has been assessed below:

Particulars	Unit	POI	POI
			Landed price =Selling price
Cost of sales	₹/Mt	**	**
Selling Price	₹/Mt	**	**
Profit/(Loss)	₹/Mt	**	**
Profit/(Loss)	₹ Lacs	**	**
Interest	₹ Lacs	**	**
PBIT	₹ Lacs	**	**
Depreciation	₹ Lacs	**	**
Cash Profit	₹ Lacs	**	**
ROI	% Range	10-20	(30-40)

94. The Authority notes that in the event of cessation of duties and availability of low-priced dumped imports in the market, the domestic industry would be forced to reduce their selling price by the amount of existing duty and it would adversely impact the prices of the product in the market by impacting the profitability, return on investment and cash profit of the domestic industry.

f) Export orientation

95. It has been seen from the information (** Report²) submitted by the applicants that the China's ceramic market is highly export oriented and a significant amount of their production of the subject goods goes to the export market and it is likely that imports will be channelized to India if the duties cease to exist.

² & ³ The applicant has claimed that the report submitted is highly confidential and the same has not been contested by any of the interested parties.

g) Government policies supporting Ceramic producers in China PR

96. It has been claimed by the domestic industry as per ** Report³ that the Chinese government has extended immense support to the industry via various measures. These measures have resulted in encouragement for the producers/exporters to export the subject goods at dumped prices.

h) Trade remedial measures by other countries

97. The Authority notes that most of the jurisdictions have imposed anti-dumping duties and have further extended these duties in review investigations on the subject goods being imported from China PR as given below. Argentina, Brazil, Columbia, European Union, Mexico and Turkey, have currently imposed duties on the subject goods.

SN	Country	Action/ measure	Year of introduction	Quantum of measure
1	Argentina	ADD	2009, 2015	USD 3.71 per kilogram
2	Brazil	ADD	2014, 2020	\$1.84-\$5.14
3	Columbia	ADD	2004, 2011, 2015, 2017	The difference between the FOB declared by the importer and the reference FOB set at USD 1.71/Kg for 6912.0000 and USD 2.88/Kg for 6911.1000 respectively.
4	EU	ADD	2013, 2019	13.1%-36.1%
5	Mexico	ADD	2013, 2019	The difference between the declared customs value and the reference price of USD 2.58 per kilogram.
6	Turkey	ADD	2018	8% CIF value.

98. It is seen that China has a historical and persistent practice of dumping of the subject goods in other jurisdictions as well and it is highly likely that the imports from China would increase on the event of cessation of duties.

I. POST-DISCLOSURE COMMENTS

a) Submissions made by the domestic industry

- i. Domestic industry is not only providing employment to the skilled/unskilled labour but is especially engaging female artisans on a large scale for their skills.

- ii. It has been submitted that, there is a need for upward enhancement of duties considering the Authority's determination that existing duties were undermined due to circumvention practices, and due to continued injury being suffered from the subject imports.
- iii. Margins determined in case of China PR may be considered for fixation of the new duty and the same may be made applicable to imports from Malaysia as well, instead of calculating a weighted average of China PR and Malaysia.

b) Submissions made by the other interested parties

99. None of the exporters, importers, consumers, and any other interested parties have filed any comment post circulation of the disclosure statement.

a) Submissions made by the Association

100. Ceramic Tableware and Kitchenware Manufacturers Association has made the following submission:

- a) The Indian industry is largely in MSME sector, and majority of the companies would fall under micro and tiny sector companies. These companies are largely family driven. An approximate turnover of a company that falls under the small sector is 25-50 lakhs, with some having an average turnover of 1 crore per month.
- b) The industry is critical in terms of providing employment especially to women engaged as artisans. Morbi and Khurja have a number of factories, with each factory having 25-50 workers.
- c) A number of factories [at least 15 known factories] have closed down in last 7-8 years, and several others are likely to shut down if ADD is not enhanced. While new factories have come up in the hope that the product has a good market. However, it is soon realised that the market is in fact in a bad state.
- d) Chinese imports are having snowball effects i.e., due to the subject imports the domestic industry is running at low-capacity utilisation. This low-capacity utilisation leads to higher cost, and if the capacity utilisation further reduces, the cost will further increase.
- e) The Chinese products are being provided immense support by way of subsidies by their government. The costs have increased more in India than in China. This indicates that subsidies are being made available to Chinese producers.
- f) Factories that are in the cottage industries, do not have advanced machines as the larger companies do. Due to this majority portion of the cost for these companies is manpower cost, and not even clay or other raw materials.
- g) Since imposition of duties on Chinese subject goods, Morbi and Khurja crockery industries are now getting some sales. However, these plants are significantly underutilised. In the past two years, Covid 19 had badly impacted retail shops, hotel/commercial demands. Post-covid however now, the market situation is slowly improving and stocks are starting to move out from factories.

- h) The small manufacturers are receiving some demand after imposition of ADD. It has led to either some using more of their production capacities; or some increasing their capacities; or some producing more of the subject goods and less of other products.
- i) USA & European importers are also looking for Chinese substitutes in India. Therefore, if the Chinese dumping of goods is curbed in India, the Indian industry will emerge to be more competitive.
- j) Extension of these duties is especially extremely critical for the micro-cottage industry companies located in Morbi and Khurja. Companies like Clay Craft are actually much bigger than the MSME companies, as they can afford to deploy professional manpower. However, Khurja and Morbi industry cannot afford to deploy professional manpower. Although Clay Craft is bigger than most MSME companies, it is much smaller than professionally managed listed large-scale companies.
- k) While the imposition of duties has given some support to the Indian industry but the Chinese producers/exporters still have managed to maintain their presence in the market despite of the anti-dumping duty in place. The Chinese producers sell their products at throwaway prices, and it is impossible for the Indian producers to produce and sell at those prices. Moreover, the present duties are low, due to which imports continue to be significant.
- l) Indian industry has sufficient capacity to cater to the whole of the market and there is no demand-supply gap. There is no requirement for Chinese goods as the Indian industry can produce the same.
- m) Low priced imports are not helping the public at large, as the ultimate consumer is not getting benefited. Indian industry is price sensitive and the product being breakable in nature is targeted towards upper middle-class families.
- n) Indian industry does not have the capacity to dictate prices and that is not the intention as well. Price increase to the extent of duty amount is not being sought, rather only a reasonable duty is being sought to prevent imports at injurious prices.
- o) In line with initiatives like AtmaNirbhar Bharat, Make in India, Vocal for Local, it is important that the domestic industry is supported. However, the imported Chinese kitchenware is still seen everywhere. In reality imports have actually increased, after the imposition of duty.
- p) Chinese producers use lead and cadmium as its raw material to make this product cheaper but these elements are slow poison and are not permitted. In fact, such imports should be banned after imposing high duties. The Indian ceramic product is environment friendly and should therefore be encouraged on that account.
- q) The Indian ceramic industry needs a level playing field to compete with the Chinese imports.
- r) The increase in duty amount is very important, as the present duty amount is not sufficient. While the industry is not clear on data or law as it is driven by small businesses, it does understand that Chinese companies are selling at absurdly low prices, which needs to be investigated by this Authority.
- s) Indian industry requests imposition of at least 100% duty on Chinese imports, and it is assured that the duties will not be abused and would only help the industry become competitive and strong.

b) Examination by the Authority on comments to disclosure, and likelihood of continuation/recurrence of dumping and injury

101. The Authority has examined the post disclosure submissions made by the domestic industry, and other interested parties and notes that some of the comments are reiterations which have already been examined suitably and addressed adequately in the relevant paras of the disclosure statement. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority have been examined. Further, submissions made by the Association have been examined under the relevant heading i.e., “Indian Industry’s interest and other issues”.
102. There is continued dumping of the subject goods from the subject country despite duties being in force. The dumping and injury margins are positive and significant after considering circumvented imports. The imports have been undercutting the price of the domestic industry and the price effects would have been higher in the absence of existing duties. Price effect of imports is prominent as there has been circumvention of duties in force.
103. Production, capacity utilisation, sales of the domestic industry have declined during the POI. It is also noted that in terms of market share in demand, subject imports along with the circumvented imports from Malaysia have captured a major share of the domestic market, where the capacity with the Indian industry is lying unutilized. Therefore, the domestic industry has suffered adversely in terms of effect on volume parameters.
104. The domestic industry being in the MSME was able to maintain price levels due to presence of the anti-dumping duties. However, even during this time, the domestic industry was adversely impacted on volume parameters. Further considering the level of price undercutting, it is likely that the domestic industry shall suffer significant financial losses, should the domestic industry be forced to reduce the prices with the cessation of antidumping duty.
105. While no producer/exporter has responded in this investigation, however there is evidence from duties imposed and/or continuation of duties from other jurisdictions, that there is historical and persistent practice of dumping of the subject goods in other jurisdictions as well and it is highly likely that the imports from China would increase on the event of cessation of duties.
106. Chinese producers have significant surplus production capacities, as well as significant unutilized capacities, as has been corroborated from the Findings of the European Commission. The spare capacity of the subject goods in China PR is itself much higher than the total Indian demand while also being highly export oriented.
107. It is noted that the dumped imports continued even after imposition of the anti-dumping duties and there are practices like circumvention to avoid the anti-dumping duties in place.

This shows a strong likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of the anti-dumping duties.

108. It is therefore concluded that there is likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of duties at this stage.
109. It may be recalled that the Authority, on the basis of sufficient evidence submitted by the Applicants, had initiated an anti-circumvention investigation for the extension of anti-dumping duties on the subject goods originating in China PR and exported through Malaysia vide Notification No. 7/33/2020-DGTR, dated 25th September 2020. The Designated Authority vide its Final Findings dated 03rd August 2021 had recommended the extension of the existing anti-dumping duties on the subject goods declared as originating in Malaysia. These extended duties were imposed on Malaysia by Ministry of Finance vide Notification No. 59/2021-Customs (ADD), dated 04th October 2021 and is co-terminus with the duties imposed on China PR.
110. It is noted that the scope of the present review investigation covered all aspects of the Final Findings of the Original Investigation vide Notification No. 14/05/2016-DGAD, dated 08th December 2017, and the Final findings of the Anti-circumvention investigation issued vide Notification No.7/33/2020-DGTR, dated 3rd August 2021. As concluded by the Authority in this finding, that there are practices like circumvention to avoid the duties in place, the Authority, keeping in view the aforesaid, recommends extension of the anti-dumping duty as modified, and as mentioned in the duty table above, concerning imports of “Ceramic Tableware and Kitchenware, excluding Kitchen Knives and Toilet items” originating in or exported from China PR, to subject goods from Malaysia as well.

J. INDIAN INDUSTRY’S INTEREST AND OTHER ISSUES

111. The Authority notes that the purpose of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. The Authority considered whether imposition of ADD shall have adverse public interest. For the same, the Authority examined whether the imposition of the duty on imports of the product under investigation would be against the larger public interest. This determination is based on consideration of information on record.
112. The Authority issued a gazette notification inviting views from all the interested parties, including importers, consumers, and exporters for a comprehensive redressal of concerns of various stakeholders emanating from this investigation. The Authority also prescribed a questionnaire for the consumers to provide relevant information with regard to present investigations, including possible effect of ADD 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 ADD on the consumers.

113. The domestic industry has made submissions on producer's interest, impact on eventual end products and benefits of imposition of duties. The domestic industry has submitted that the prices being offered by it are reasonable and the anti-dumping duty will have very minimal impact on the end user.
114. The Authority notes that none of the importers, users/consumers have filed response to the questionnaire sent by the Authority. In fact, none of the other interested parties representing users/associations have filed any submissions before the Authority.
115. The Authority notes that the purpose of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti- dumping measures would not restrict imports from the subject country in any way, and, therefore, would not affect the availability of the product to the consumers. The Authority also notes the submission of the association on behalf of the Indian industry that the duties have not been used as a tool to dictate prices in the market.
116. The subject goods mostly cater to the upper-middle class customers and an individual purchasing a ceramic set would lie in the middle to high-income group and the impact on the target group is also marginal. The fair competition will not be reduced by the anti-dumping measure if the duty is restricted to an amount necessary to redress the injury to the domestic industry.
117. The Authority notes that all producers of subject goods in India belong to the MSME sector, in fact even the largest players, i.e., the applicants, are also in MSME. There are various small size producers who have a meagre turnover, i.e., 25-50 lakhs on an average. In fact, most factories engaged in production of the subject goods are cottage factories. The existing anti-dumping duties helped them to arrest the decline in their performance and have protected their interest. Extension of duties would only help the Indian producers to stay viable and competitive.
118. The Authority also notes that the Indian industry which belong to the MSME sector has invested significant amount on land and infrastructure. These companies also employ around 50,000 people directly and indirectly which includes both skilled and unskilled labour in the factories and the above investment would only lead to more employment. The employment generated is especially critical for women as they are engaged in large scale and as skilled workers.
119. The Authority also takes note of the submission made by Ceramic Tableware and Kitchenware Manufacturers Association, that several producers as a result of continued

significant imports and circumvention practices employed, have had to shut down production:

- i. Empire ceramics, Alwar, Rajasthan
- ii. TCPL, Bhiwadi, Rajasthan
- iii. Ambica Ceramics, Ahmedabad, Gujarat
- iv. Rupa Ceramics, Ahmedabad, Gujarat
- v. Solar Ceramics, Ahmedabad, Gujarat
- vi. Laxmi Pottery, Ahmedabad, Gujarat
- vii. Gopinath Refectories, Ahmedabad, Gujarat
- viii. Mammi Ceramics, Ahmedabad, Gujarat
- ix. Diamond Potteries, Bhaurgarh, Haryana
- x. Tata Ceramics, Cochin, Kerela
- xi. Family Bone China, Hyderabad,
- xii. Metro Ceramics, Moradabad, UP
- xiii. Hopewell Ceramics, Jaipur, Rajasthan
- xiv. Bharat Potteries Ltd, VKI plant, Jaipur, Rajasthan
- xv. Pooja ceramics, Koshi, UP

120. It is noted from the information on record that while new entrants have attempted to get established in the market in the hopes that the Indian market is faring well, it has been soon realised by new players that as a result of subject dumped imports and aggressive tactics employed by exporters, the Indian market in fact is not favourable. The adverse effect of subject imports on the Indian industry as also seen in case of applicants, is in terms of capacities being underutilised. Underutilisation of capacities have had and continue to have a cascading effect on the industry as, low utilisation entails a higher cost, and a further decline in utilisation would mean further increase in costs for the industry.
121. The market share of the imports which has remained at the same levels during the injury period have not only taken away legitimate market share of the domestic industry but also the market share of the fair priced imports from other sources.
122. It is recognized that the imposition of anti-dumping duty might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of this product. However, fair competition in the Indian market will not be reduced by the anti-dumping measure, particularly, if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. It is observed that the subject goods are entering the Indian market at dumped prices and should duties not exist to counter the effect of dumped/injurious imports, the entire Indian industry engaged in production of the goods will likely be wiped out. On the contrary, any imposition of anti- dumping measure would remove the unfair advantages gained by dumping practices, prevent the decline in the performance of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

123. It is also noted in this context that there have been practices to circumvent the ADD imposed on the subject goods and it was found in the recently concluded anti-circumvention investigation concerning ADD on subject goods that the ADD on PUC have been getting circumvented by importing PUC from Malaysia and such practices have undermined the duties imposed originally. The adverse effects of such practices on the domestic industry are reflected in the facts as examined above and the said context is also very relevant for this review.

K. CONCLUSION

124. Having regard to the contentions raised, information provided, submissions made and the facts available before the Authority as recorded above and on the basis of the above analysis of the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority concludes that:
- i. The applicants constitute domestic industry under Rule 2(b) of the Rules and the application filed by the applicants on behalf of the domestic producers satisfy the criteria of standing in terms of Rule 5(3) of the Rules.
 - ii. There is continued dumping of the subject goods from the subject country despite duties being in force. The dumping and injury margins are positive and significant after considering circumvented imports.
 - iii. The imports have been undercutting the price of the domestic industry and the price effects would have been much higher in the absence of existing duties. Price effect of imports is prominent as there has been circumvention of duties in force.
 - iv. Production, capacity utilisation, sales of the domestic industry have declined during the POI. It is also noted that in terms of market share in demand, subject imports along with the circumvented imports from Malaysia have captured a major share of the domestic market, where the capacity with the Indian industry is lying unutilized. Therefore, the domestic industry has suffered adversely in terms of effect on volume parameters.
 - v. The domestic industry being in the MSME was able to maintain price levels due to presence of the anti-dumping duties. However, even during this time, the domestic industry was adversely impacted on volume parameters. Further, considering the level of price undercutting, it is likely that the domestic industry shall suffer significant financial losses, should the domestic industry be forced to reduce the prices with the cessation of antidumping duty.
 - vi. While no producer/exporter has responded in this investigation, however there is evidence from duties imposed and/or continuation of duties from other jurisdictions, that there is historical and persistent practice of dumping of the subject goods in other jurisdictions as well and it is highly likely that the imports from China would increase on the event of cessation of duties.

- vii. Chinese producers have significant surplus production capacities, as well as significant unutilized capacities, as has been corroborated from the Findings of the European Commission. The spare capacity of the subject goods in China PR is itself much higher than the total Indian demand while also being highly export oriented.
- viii. It is noted that the dumped imports continued even after imposition of the anti-dumping duties and there are practices like circumvention to avoid the anti-dumping duties in place. This shows a strong likelihood of likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of the anti-dumping duties.
- ix. The Authority accordingly concludes that there is likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of duties at this stage.

L. RECOMMENDATIONS

- 125. The Authority notes that the sunset review was initiated and notified to all the interested parties and adequate opportunity was given to the domestic industry, exporters, importers/users and other interested parties to provide information on the aspects of dumping, injury and the causal link and likelihood of continuation or recurrence of dumping and injury.
- 126. Having initiated and conducted the sunset review into dumping, injury and causal link and likelihood of continuation or recurrence of dumping and injury in terms of provisions laid down under the Rules, and having concluded that the cessation of ADD is likely to lead to continuation or recurrence of dumping and injury to the domestic industry, the Authority is of the view that continued imposition of anti-dumping duty is required on subject goods from subject country.
- 127. Thus, in terms of provision contained in Rule 4(d) & Rule 17(1) (b) of the Rules, the Authority recommends continued imposition of anti-dumping duty, as modified, equal to the lesser of margin of dumping and the margin of injury, 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 9 of the duty table below is recommended to be imposed for five (5) years from the date of the Notification to be issued by the Central Government, on all imports of subject goods originating in or exported from the subject country.
- 128. Further, having regard to the final findings notified by the Authority vide Notification No.7/33/2020-DGTR, dated 3rd August 2021 wherein the Authority concluded that the

circumvention of ADD took place, the Authority is of the view that the ADD is also required to be extended to imports of the product under consideration declared as originating in Malaysia.

Duty Table

S. No.	Sub-Heading	Description of Goods	Country of Origin	Country of Export	Producer	Amount	Unit of Measurement	Currency
1	2	3	4	5	6	7	8	9
1.	6911 and 6912	Ceramic Tablewares and Kitchenwares*	China PR**	Any country including China PR	Any	1075	MT	US Dollar
2.	6911 and 6912	Ceramic Tablewares and Kitchenwares*	Any country other than China PR**	China PR	Any	1075	MT	US Dollar

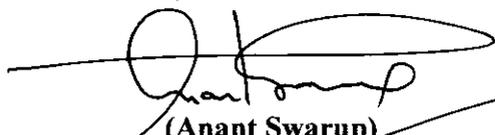
**Note: In case the goods are declared as 'originating in Malaysia', the anti-dumping duty as per rates mentioned above shall apply.

*Description of the subject goods is "Ceramic Tablewares and Kitchenwares, excluding knives and toilet items". Bone China, stoneware and porcelain-ware all constitute ceramic products.

129. 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, 8B, 9 and 9A of the customs Tariff Act, 1975, as amended from time to time.

M. FURTHER PROCEDURE

130. An appeal against these findings after its acceptance by the Central Government shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff Rules, 1995.


 (Anant Swarup)
 Designated Authority