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**F. No. 6/09/2023-DGTR  
Government of India  
Ministry of Commerce & Industry  
Directorate General of Trade Remedies  
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi – 110001**

Dated: 14<sup>th</sup> August 2024

**FINAL FINDINGS**

**CASE NO. AD(OI) – 09/2023**

**Subject: Anti-dumping investigation concerning imports of "Isopropyl Alcohol" originating in or exported from China PR.**

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**Subject: Anti-dumping investigation concerning imports of "Isopropyl Alcohol" originating in or exported from China PR.**

**F. No. 6/09/2023-DGTR:-** Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred as the 'Act') and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the 'AD Rules' or the 'Anti-dumping Rules' or the 'Rules');

**A. BACKGROUND OF THE CASE**

1. Deepak Fertilisers and Petrochemicals Corporation Limited (hereinafter also referred to as the "applicant") filed an application before the Designated Authority (hereinafter also referred to as the "Authority"), in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred as the "Act") and the Customs Tariff (Identification, Assessment, and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter referred to as the "Rules" or "Anti-Dumping Rules"), for initiation of an anti-dumping investigation concerning imports of "Isopropyl Alcohol" (hereinafter also referred to as the "product under consideration" or "subject goods" or "IPA"), originating in or exported from China PR (hereinafter also referred to as the "subject country").
2. The Authority, on the basis of *prima facie* evidence submitted by the applicant, issued a public notice vide Notification No. 6/09/2023-DGTR dated 29<sup>th</sup> September 2023, published in the Gazette of India Extraordinary, initiated the subject investigation in accordance with Section 9A of the Act read with Rule 5 of the Rules to determine existence, degree and effect of the alleged dumping of the subject goods, originating in or exported from the subject country, and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

**B. PROCEDURE**

3. The procedure described herein below has been followed with regard to the subject investigation:
  - i. The Authority notified the embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with Sub-Rule (5) of Rule 5 supra.

- ii. The Authority issued a public notice dated 29<sup>th</sup> September 2023 published in the Gazette of India, Extraordinary, initiating anti-dumping investigation concerning imports of the subject goods from the subject country.
- iii. The Authority sent a copy of the initiation notification along with questionnaires to the embassy of the subject country in India, known producers/exporters from the subject country, known importers/users and the domestic industry as well as other domestic producers as per the email addresses made available by the applicant and requested them to make their views known, in writing, within the prescribed time limit.
- iv. The Authority provided a copy of the non-confidential version of the application to the embassy of the subject country in India, the known producers/exporters, importers and users in accordance with Rule 6(3) of the Rules.
- v. The embassy of the subject country in India was also requested to advise the exporters/producers from its country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject country.
- vi. The Authority sent exporter's questionnaires to the following known producers/exporters in the subject country in accordance with Rule 6(4) of the Rules:
  1. Avantor Performance Materials
  2. Chang Chun Chemical (Panjin)
  3. Dezhou Detian Chemical
  4. Hubei Kelin Bolun New Materials Co.
  5. Mitsui Chemicals
  6. Petrochina Jinzhou PC
  7. Shandong Dadi Supu Chemical
  8. Yancheng Super Chemical Technology
  9. Zhejiang Xinhua Chemical Co., Ltd.
  10. Zibo Nalcohol Chemical Co.
  11. Hi-Tech Spring Chemical Co.
  12. Zhuhai Long Success Chemical Industry Co., Ltd.
- vii. The following producers / exporters filed response to the exporters' questionnaire issued by the Authority.
  1. Zhuhai Long Success Chemical Industry Co., Ltd.
  2. Fox Chem PTE Limited
  3. SK Chemical Trading (HK) Limited

viii. The Authority sent Importer's Questionnaire to the following known importers/users of subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:

1. Adama India Private Limited
2. Ami Riddhi Chem Private Limited
3. Archoma India Private Limited
4. Arkema Peroxides India Private Limited
5. Aspen International Private Limited
6. Aurigene Discovery Technologies Limited
7. Aurobindo Pharma Limited
8. Bharat Jyoti Impex
9. Biocon Limited
10. Brenntag Ingredients (India) Private Limited
11. C J Shah and Co.
12. Chemi Tech Engineers Private Limited
13. Chemical Corp Private Limited
14. Flora Chemicals
15. Hazel Mercantile Limited
16. Insecticides India Limited
17. K. Uttamlal & Company
18. Khushbu Dye Chem Private Limited
19. KLJ Resources Limited
20. L.J. International Limited
21. Laurus Labs Limited
22. Lok Chemicals Private Limited
23. Lupin Limited
24. Maharashtra Chemical Products
25. Mayur Chemicals
26. Micro Labs Limited
27. Mylan Laboratories Limited
28. Nikeon Corporation
29. Overseas Polymers Private Limited
30. R.R. Innovative Private Limited
31. Reliance Organic
32. Sanjay Chemicals (India) Private Limited
33. Samman Trade Impex
34. Saraca Laboratories Limited

35. Satya Deeptha Pharmaceuticals Limited
36. Shree Bankey Behari Lal Board Mills
37. Signet Chemical Corporation Private Limited
38. Symrise Private Limited
39. T.M. Thakore Pharmaceutical Laboratories
40. Technova Imaging Systems Private Limited
41. Teva API India Private Limited
42. Trident Chemphar Limited
43. Urmi Chemicals
44. V.D.H. Organics Private Limited
45. Vertex Chemicals
46. Vivimed Labs Limited
47. Yasho Industries Private Limited
48. ZCL Chemicals Limited
49. Ramniklal
50. Pioneer Chemicals
51. Shivtex
52. Ujjin Pharma
53. Jupiter Dye Chem
54. Pon Pure Chemicals India Private Limited

- ix. None of the importers/users have participated in the present investigation by filing a response to the importers' / users' questionnaires issued by the Authority.
- x. The Authority issued economic interest questionnaire to all interested parties and concerned ministry. The following parties have filed a response to the economic interest questionnaire.
  1. Domestic industry
  2. Zhuhai Long Success Chemical Industry Co., Ltd.
- xi. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.

- xii. The interested parties were asked vide notification dated 21<sup>st</sup> February 2024 to share the non-confidential version of the responses, submissions and evidence presented by them with the other interested parties.
- xiii. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction-wise details of imports of subject goods for the past three years, and the period of investigation, which was duly received by the Authority. The Authority has relied upon the DG Systems data for the purpose of computation of the volume of imports.
- xiv. The Non-Injurious Price (NIP) has been determined based on the cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry, maintained as per Generally Accepted Accounting Principles (GAAP), has been worked out so as to ascertain whether the present interim anti-dumping duty would be sufficient to remove injury to the domestic industry.
- xv. The period of investigation for the purpose of the present anti-dumping investigation is from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 (12 Months). The injury investigation period has been considered as the period from 1<sup>st</sup> April 2019 - 31<sup>st</sup> March 2020, 1<sup>st</sup> April 2020 - 31<sup>st</sup> March 2021, 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022, and the period of investigation.
- xvi. The Authority sought further information from the other interested parties to the extent deemed necessary. The verification of the data provided by the other interested parties was conducted to the extent considered necessary for the purpose of the present investigation. The Authority has considered the verified data of the interested parties in its analysis in the present case.
- xvii. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to the interested parties to present their views orally in a public hearing held on 26<sup>th</sup> June, 2024. The parties, which presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- xviii. The submissions made by the interested parties, arguments raised and information provided by various interested parties during the course of investigation, to the extent the same are supported with evidence and considered relevant to the present

investigation, have been appropriately considered by the Authority in the present final findings.

- xix. The Authority, during the course of the investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of the present final findings to the extent possible and verified the data/ documents submitted by the domestic industry to the extent considered relevant, practicable and necessary.
- xx. The information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.
- xxi. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the investigation, or has significantly impeded the investigation, the Authority considered such interested parties as non-cooperative and recorded the present final findings on the basis of the facts available.
- xxii. '\*\*\*\*' in the present final findings represents information furnished by an interested party on confidential basis, and so considered by the Authority under the Rules.
- xxiii. The exchange rate adopted by the Authority for the subject investigation is **1USD = ₹ 81.06**

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

### **C.1 Submissions by the other interested parties**

4. No submissions have been made by the other interested parties with regard to the scope of product under consideration or like article.

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

5. The submissions made by the domestic industry with regard to the scope of product under consideration and like article are as follows:

- i. The product under consideration is Isopropyl Alcohol (IPA) also known as Isopropanol.
- ii. IPA can either be manufactured using propylene as a raw material or acetone as raw material.
- iii. IPA is a colorless, flammable liquid with a strong odor and used to manufacture a wide variety of industrial and household chemicals. IPA is also used for major applications in the production of bulk drugs and drug formulations which are vital in the pharmaceutical manufacturing.
- iv. It is also used as a common ingredient in chemicals such as antiseptics, disinfectants, and detergents.
- v. The product under consideration consists of 99.8% IPA, 0.1% water and residual impurities.
- vi. The product manufactured by the domestic industry is commercially and technically substitutable and is being used by the consumers interchangeably. Thus, product produced by domestic industry is like article to the product imported from the subject country.

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

6. The product under consideration in the present investigation is Isopropyl Alcohol or IPA. IPA is also known as Isopropanol and is a compound with chemical formula  $\text{CH}_3\text{CHOHCH}_3$ .
7. IPA can be produced either using acetone route or propylene route. The applicant has submitted that they are using propylene route for manufacturing IPA. However, it needs to be emphasized herewith that the production of IPA through two different routes, which require usage of different raw materials, does not lead to any difference in the final product. The product is used for the same applications and in the same manner. There is no difference between the characteristics of the final product manufactured using both the technologies.
8. The product produced by the domestic industry is like article to the goods imported from the subject country. The product produced by the domestic industry and imported from the subject country are comparable in terms of physical & chemical properties, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Even though there are different manufacturing process/technologies involved for production of the subject goods, the end product has comparable specifications and is used interchangeably. In view of the same, the product manufactured by the domestic industry is considered as like article to the product imported into India.

9. The product under consideration is classified under Chapter 29 of the Customs Tariff Act, 1975 under the HS Code 2905 1220. The customs classification is only indicative and not binding on the scope of the product under consideration in the present investigation.

**D. SCOPE OF DOMESTIC INDUSTRY & STANDING**

**D.1 Submission by the other interested parties**

10. The petition filed by the domestic industry highlighted that Deepak Phenolics Limited was considered ineligible by the applicant due to its imports of the subject goods during the period of investigation. The petitioner, however, believed it was eligible despite also importing goods from a different country. Deepak Phenolics imported \$2.12 million worth of goods from China PR, while the petitioner imported \$7.14 million from Korea, alleging a deliberate attempt to sway the Authority. The petitioner's consistent imports from Korea indicate a strategy to avoid China and continue importing from other countries at similar prices. This raises concerns about the eligibility criteria for the domestic industry.

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

11. The submissions made by the domestic industry with regard to scope of the domestic industry and standing are as follows:
  - i. Apart from the applicant, there is only one other domestic producer of the subject goods in India, that is, Deepak Phenolics Limited (“DPL”).
  - ii. DPL has imported the subject goods from the subject country during the period of investigation. Thus, the producer should be considered ineligible for the purpose of determining standing.
  - iii. The applicant has not imported the product under consideration from the subject country during the period of investigation and is not related to any importer in India or any exporter from the subject country.
  - iv. The imports were made from non-subject countries, primarily South Korea. As per Rule 2(b) of the Anti-Dumping Rules, an applicant may be considered ineligible to constitute domestic industry in case it is an importer of dumped article. Since dumping investigation is only applicable for the imports from the subject country, imports made by the petitioner from other countries do not bar the petitioner from constituting domestic industry.

Particulars	Unit	2022-23
Imports made by petitioner	MT	***

Production in India	MT	***
Demand in India	MT	***
Imports in relation to production	%	***
Imports in relation to demand	%	***

- v. The quantity of imports stated by other interested parties during the oral hearing was overstated. The imports are negligible compared to production and consumption in India, as shown in the table above.
- vi. In case, DPL is considered ineligible, the applicant accounts for 100% production of like article in India.
- vii. In case, DPL is considered eligible, the applicant still accounts for a major proportion of domestic production in India and thus, satisfies the requirement as per Rule 2(b) and Rule 5 of the Anti-Dumping Rules.

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

12. Rule 2(b) of the Rules defines domestic industry as follows:

*“(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.”*

13. The application for initiation of the present investigation has been filed by Deepak Fertilisers and Petrochemicals Corporation Limited. The applicant has submitted that there is only one other producer of the subject goods in India, that is Deepak Phenolics Limited. DPL has submitted a letter supporting imposition of anti-dumping duty on imports of the product under consideration from the subject country. It is noted that the applicant has not imported the product under consideration and is not related to any importer in India or any exporter from the subject country.
14. The applicant has submitted that Deepak Phenolics Limited (DPL) has imported the product under consideration from the subject country during the period of investigation. This assertion is supported by DPL's statement and the same is also verified through DG Systems data. Since, DPL has imported the PUC from the subject country, the Authority deems DPL ineligible for the purpose of determining standing. Accordingly, the Authority

holds that for the purpose of this investigation, the applicant accounts for 100% of the domestic production in India and satisfies the standing requirement of Rule 2(b) read with Rule 5(3) of the Rules.

15. In response to the interested party's claim that the petitioners' consistent imports from Korea suggest a strategy to circumvent China and continue importing at similar prices, raises concerns about the eligibility criteria for the domestic industry, the Authority notes that the term "themselves importers thereof" in Rule 2(b) of the AD Rules 1995 refers to domestic producers who are involved in importing the alleged dumped article. The word "thereof" explicitly refers to the alleged dumped articles. Further, "alleged dumped article" in the said rule pertains to goods from the country accused of dumping i.e. subject country, which is China in the present investigation. Since the applicant has not imported the subject goods from China, there is no question regarding the eligibility of the applicant as domestic industry for this investigation. Arguendo, the Authority verified that Deepak Fertilizers imported \*\*\* MT of subject goods from Korea, amounting to \$\*\*\*million. These imports represent\*\*\*% of the total imports and\*\*\*% of the total demand during the period of investigation. This data indicates that the volume and value of imports from Korea RP are relatively minor in the context of the overall market, undermining the claim that the exclusion was intended to influence the investigation's outcome.
16. The Authority further notes that even in case the production of DPL is taken into consideration for the purpose of determining standing, the applicant solely accounts for major proportion of domestic production in India and thus, satisfies the requirement of Rule 2(b) read with Rule 5(3) of the Rules.

## **E. CONFIDENTIALITY**

### **E.1 Submission by the other interested parties**

17. No submissions have been made by the other interested parties with regard to confidentiality.

### **E.2 Submissions made by the domestic industry**

18. The submissions made by the domestic industry with regard to confidentiality are as follows:
  - i. Zhuhai Long Success Chemical Industry Co. has claimed excessive confidentiality as it has claimed the list of products produced / sold, shareholding, production

process, number of employees and details of related parties confidential.

- ii. Fox Chem Pte Limited and SK Chemical Trading (HK) Limited have claimed excessive confidentiality as they have not disclosed the related parties involved in production and sales of the subject goods as well as shareholders of the company.

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

19. Rule 7 of the Anti-Dumping Rules provides as follows:

*"7. Confidential Information:*

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

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

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

20. The information provided by all the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, the parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis, which was duly circulated to all the interested parties.

## **F. MISCELLANEOUS ISSUES**

### **F.1 Submission by the other interested parties**

21. The producer/exporter argues that the domestic industry has failed to prove that China is setting benchmark prices, especially when imports from various countries undercut prices. There are no clear criteria to determine which country sets benchmarks in anti-dumping investigations, and price data shows significant fluctuations from China PR, Taiwan, Korea RP, USA, and Netherlands. Chinese exporters do not consistently set lower benchmarks compared to other countries. Pricing strategies are influenced by market conditions, currency fluctuations, and global trade dynamics. It is crucial to evaluate imports from all major sourcing countries to effectively address injury to the domestic industry. The Authority is urged to review and apply trade measures consistently across all involved countries, rather than focusing solely on China PR.
22. The investigation against China PR was initiated based on the petitioner's application, primarily focusing on Chinese exports, citing price undercutting and material injury to the domestic industry. However, import prices from China were similar to those from Taiwan, Korea, USA, and the Netherlands, collectively constituting 99% of total imports. The producer/exporter argues that the investigation should have been initiated against all countries whose import prices closely resemble those of China, especially those meeting the threshold of 3% import volume. Annexure II of the Anti-Dumping Rules mandates a cumulative assessment of the impact of imports from multiple countries when the margin of dumping exceeds 2% of the export price, and the volume of imports from each country is at least 3% of the total imports, or collectively these countries account for more than 7% of total imports.
23. It has also been argued that focusing on one country, like China in this case, without considering others could be seen as arbitrary and discriminatory. It may not effectively address the issue of price undercutting and harm to the domestic industry from various sources. Therefore, the Authority is urged to evaluate all exporting countries' behavior fairly.
24. Imports from Taiwan, Korea, USA, and the Netherlands individually exceed the 3% threshold, making up 99% of total imports, including from China. The current investigation may violate WTO rules by not including all relevant countries. A broader investigation is needed to comply with anti-dumping laws and ensure fairness.
25. It has been submitted that in accordance with Para 11.7.2 of the Manual of Operating Practices for Trade Remedy Investigations, a cumulative assessment is warranted in the

current investigation. The criteria stipulate that such assessment must be undertaken when imports from individual countries exceed 3% of the import volume of the like product, and collectively surpass 7%. These conditions are satisfied in the present investigation. Furthermore, it is noted that the margin of dumping from all other countries is expected to fall within a similar range as that of China PR, given the similarity in their CIF prices. Therefore, in the interest of ensuring a thorough and legally sound investigation, it is recommended that the Authority proceed with a cumulative assessment in the present investigation.

26. The producer/exporter also argues that focusing the investigation only against China will not fully mitigate the injury to the domestic industry. Prices from countries like Taiwan, Korea RP, USA, and Netherlands have been competitive or lower than China in the past. To effectively combat the injury caused by unfairly priced imports, a thorough investigation involving all relevant countries is necessary. This comprehensive approach ensures a fair and uniform application of any anti-dumping measures. Failure to include all countries could result in ongoing unfair competition and insufficient protection for the domestic industry.

## F.2 Submissions made by the domestic industry

27. The investigation targets anti-dumping duties on imports from China, the primary price setter in the Indian market. Despite significant imports from countries like South Korea, Taiwan, the USA, and the Netherlands, only China's imports have surged during the investigation period, while imports from other major countries, except the USA, have declined.

Countries	2021-22	2022-23	Change	
			Volume	%
China	38,364	76,040	37,676	98%
Taiwan	23,152	13,890	-9,262	-40%
Korea	36,759	14,860	-21,899	-60%
USA	5,691	8,763	3,072	54%
Netherlands	7,457	4,498	-2,959	-40%
<b>Total for Other countries</b>	<b>8,188</b>	<b>1,478</b>	<b>-6,710</b>	<b>-82%</b>
<b>Total for these countries</b>	<b>81,247</b>	<b>43,489</b>	<b>-37,758</b>	

28. Imports from the USA are relatively small, at 8,763 MT, constituting only 6% of India's total imports and 4% of its demand. In contrast, while China increased its imports by 37,676 MT, other countries collectively lost 37,758 MT, indicating that Chinese producers replaced

suppliers from other countries. Monthly data reveals that USA imports occurred only in the third quarter of the investigation period. Additionally, China's average import price was lower than that of all non-subject countries, leading to a complete substitution of imports from other nations by the Chinese products.

29. The applicant further submitted that the Authority must assess whether dumped imports from China are a major factor in causing injury. It is not necessary for dumped imports to be the sole or principal cause of injury; they need only be one of the contributing factors. In the case of European Communities – Anti-dumping duties on Malleable Cast Iron Tube or Pipe Fittings from Brazil [DS 219], the Panel determined that even if imports from other countries have contributed to material injury, they do not negate the causal link between dumping and the injury.

*7.367 In its determination, the European Communities identified certain factors, other than dumped imports, that were potentially causing injury to the domestic industry including imports from third countries not subject to the investigation; decline in consumption and substitution. With respect to each of these factors individually, the European Communities conducted a separate examination and found either that it "is not such as to have contributed in any significant way to the material injury suffered by the Community industry" (decline in consumption); that it made "no significant contribution" (export performance) or that "no significant influence" could have resulted (own imports of the product concerned), that it cannot have significantly contributed to injury (substitution), or (in the case of imports from the countries not subject to the investigation) "even if imports from other third countries may have contributed to the material injury suffered by the Community industry, it is hereby confirmed that they are not such as to have broken the causal link between the dumping and the injury found").*  
**The European Communities concluded that any other factors that may have contributed to the injury to the domestic industry were "not such as to have broken the casual link" between dumped imports and injury.**

*7.368 These aspects of the EC determination indicate to us that the European Communities analysed individually the causal factors concerned and identified the individual effects of each of these causal factors. With respect to each of the factors, the European Communities concluded that the extent of the contribution to injury was not significant, or, in one case, extrapolated that, even if the effect were significant, it would not be such as to "break the causal link" between dumped imports and material injury. The European Communities' overall conclusion was that none of these factors had an*

*effect that was such to have broken the causal link between dumped imports and material injury.*

*7.369 We are certainly aware of the theoretical possibility that a causation methodology which separates and distinguishes between individual injury factors may not accommodate the possibility that multiple “insignificant factors” might collectively constitute a significant cause of injury such as to sever the link between dumped imports and injury. However, the EC methodology -- which we understand to separate and distinguish between the effects of each of these causal factors and the dumped imports including through an examination as to whether the extent of the effects of each causal factor are such that it is necessary to separate and distinguish its effects -- does not leave the effects of those factors entirely lumped together and indistinguishable.*

30. Para 7.250 of 7.253 of United States – Anti-dumping measures on certain *Hot-Rolled Steel Products from Japan [DS 184]* also states that Article 3.5 of the AD Agreement mandates that authorities demonstrate a causal link between dumped imports and injury to the domestic industry. This involves a thorough review of all relevant evidence and consideration of other factors causing harm. Authorities must ensure that injuries from these other factors are not wrongly attributed to dumped imports. The requirement emphasizes avoiding simplistic conclusions and confirms that injuries from other factors must not disrupt the causal link between dumped imports and material injury. The decision in *United States – Atlantic Salmon* remains relevant, affirming that the principle of non-attribution of injuries to dumped imports is unchanged despite Japan’s claims of substantive text changes.
  
31. Anti-dumping duties can be imposed on imports from a single country if those imports are causing injury to the domestic industry. The key legal requirement is that dumped imports must be one of the causes of injury. The European Union has imposed such duties on imports from individual countries despite significant imports from other nations. For example:
  - **Calcium Silicon from China:** Although imports from Brazil and non-subject countries were significant, the European Commission focused on China, citing its higher volume and greater impact on injury compared to Brazil and other sources.
  - **Birch Plywood from Russia:** Despite imports from Belarus and Ukraine being present, the EU only targeted Russia due to the limited presence of the other imports in the market.

32. The practice confirms that anti-dumping duties can address injury from a single country without needing to consider imports from all other countries, even if those imports are significant.
33. Further, the law does not outline criteria for selecting subject countries for anti-dumping investigations. It specifies that investigations must be terminated if imports from a subject country are below 3% individually or 7% cumulatively. The Rules address termination conditions rather than selection criteria. Annexure II of the Rules on cumulative assessment applies only when more than one country is simultaneously investigated. Since the current case involves only one country, this rule does not apply. Furthermore, there is no evidence of dumping from other countries, which is necessary for including them in the investigation.

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

34. The arguments given by all the interested parties with respect to the initiation being bad in law were analysed within the framework of applicable rules in force. In this regard, the Rule 14 of the AD Rules, 1995 states the circumstances under which the investigation shall be terminated. Rule 14(d) requires that the investigation must be terminated if imports from a specific country account for less than three percent of the total imports of the like product unless countries individually contributing less than three percent of imports collectively account for more than seven percent of the total import volume of the like product.
35. The Authority in this reference, observes that there is no prevailing specific law prohibiting the initiation of an investigation against one country, even if imports from other countries are substantial. Therefore, the current investigation does not contravene any legal standards simply because it focuses solely on Chinese imports to assess injury.
36. In light of allegations from interested parties that imports from other countries Taiwan, Korea, USA and Netherlands were significant and the domestic industry's contention that China was setting market prices, the Authority meticulously examined whether Chinese prices were lower or higher compared to imports from Taiwan, Korea, USA, and the Netherlands. Notably, import volumes from these countries exceeded *de minimis* limits during the period of investigation (POI). However, in this instance, the Authority has observed specific circumstances, which are addressed in the subsequent paragraphs.
37. The Authority conducted a comprehensive comparison of import prices, analyzing data on a monthly basis to account for significant price fluctuations over time. To ensure a robust assessment, a weighted average price difference was calculated between China and each of

the other major suppliers, taking into consideration the respective import volumes from China.

### Month-wise Price Trend of China and Other Countries

Monthly Price Analysis										
Month	China		Taiwan		Korea RP		USA		Netherlands	
	Quantity	Rs./MT	Quantity	Rs./MT	Quantity	Rs./MT	Quantity	Rs./MT	Quantity	Rs./MT
Apr-22	9,547	81,774	173	97,951	1,399	86,231	-	-	12	-
May-22	6,488	89,025	1,930	88,603	-	-	-	-	12	-
Jun-22	8,097	88,956	1,697	95,450	1,998	88,378	-	-	1,502	84,859
Jul-22	8,043	89,883	1,003	88,137	-	-	-	-	12	-
Aug-22	-	-	13	1,55,424	-	-	-	-	-	-
Sep-22	7,463	77,139	-	-	2,969	84,073	-	-	-	-
Oct-22	8,322	77,162	1,785	77,085	1,940	78,930	-	-	1,062	85,914
Nov-22	4,905	77,702	1,016	79,163	-	-	1,504	82,877	12	-
Dec-22	7,607	78,655	2,662	74,524	985	85,012	3,960	79,735	1,539	84,294
Jan-23	2,953	77,757	1,039	74,251	115	1,06,451	19	-	6	-
Feb-23	4,904	76,232	742	77,500	112	1,00,995	321	76,709	12	-
Mar-23	4,094	79,136	1,805	77,838	5,091	77,483	2,960	74,883	6	-
<b>Total</b>	<b>72,423</b>	<b>81,828</b>	<b>13,864</b>	<b>81,635</b>	<b>14,610</b>	<b>82,259</b>	<b>8,763</b>	<b>80,215</b>	<b>4,177</b>	<b>93,156</b>

### Monthly and weighted Average Price difference between China and Other Countries (Taiwan, Korea, USA and Netherlands)

(Rs./MT)

Month	Quantity Exported by China (MT)	Taiwan	Korea	USA	Netherland
Apr-22	9,547	16,177	4,457	-	-
May-22	6,488	-422	-	-	-
Jun-22	8,097	6,494	-578	-	-4,096
Jul-22	8,043	-1,746	-	-	-
Aug-22	-	-	-	-	-
Sep-22	7,463	-	6,934	-	-
Oct-22	8,322	-76	1,768	-	8,752
Nov-22	4,905	1,461	-	5,176	-
Dec-22	7,607	-4,131	6,357	1,080	5,639
Jan-23	2,953	-3,506	28,694	-	-
Feb-23	4,904	1,268	24,763	478	-
Mar-23	4,094	-1,298	-1,653	-4,253	-
<b>Weighted Average Price Undercut</b>	<b>72,423</b>	<b>2,153</b>	<b>4,862</b>	<b>256</b>	<b>1,140</b>

38. The above analysis revealed that the import prices from China were lower than those from

Taiwan, Korea, USA, and the Netherlands in the present POI. Further, it was these low priced Chinese imports which forced the other countries also to reduce their prices. This finding strongly suggests that Chinese import prices exerted downward pressure on the overall market price.

39. Furthermore, despite other countries' attempts to remain competitive by adjusting their prices to match those of Chinese exports, they experienced a decline in import volumes during the POI. It is seen that whereas the Chinese imports increased by approximately 37,000 MT, imports from major exporting countries collectively declined by 31,000 MT. This clearly shows that the low prices of Chinese imports not only undercut the prices of other suppliers but also significantly impacted their volume and market share.

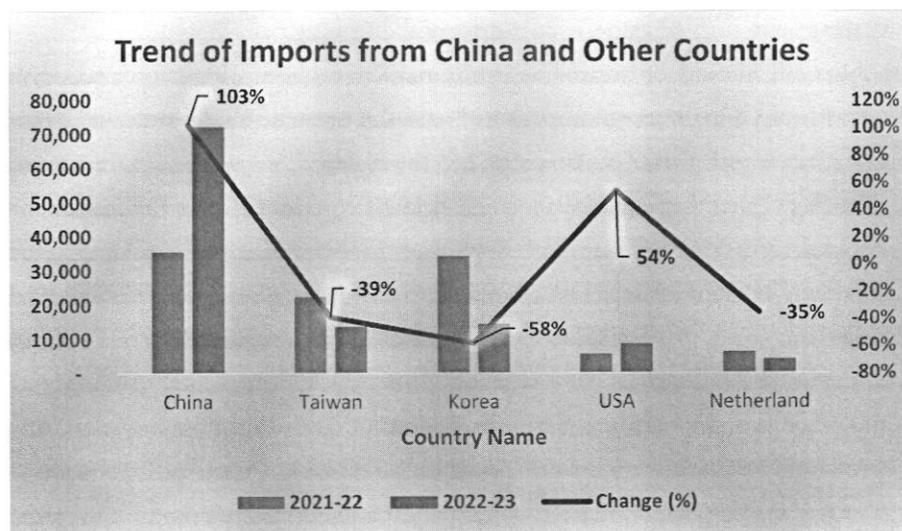
Countries	Volume (MT)				Price (Rs./ Unit)			
	2019-20	2020-21	2021-22	2022-23	2019-20	2020-21	2021-22	2022-23
CHINA P RP	78,685	52,332	35,758	72,423	50,272	92,645	82,240	81,828
TAIWAN	7,676	19,859	22,593	13,864	55,305	86,532	83,789	81,635
KOREA RP	28,823	34,691	34,547	14,610	52,336	89,061	80,955	82,259
USA	9,862	18,952	5,695	8,763	54,958	81,783	79,344	80,215
NETHERLAND	5,162	5,033	6,440	4,177	53,347	93,117	89,754	93,156

40. The Authority examined the import data from DG Systems and observed there has been significant increase in the imports from China and substantial decline in the imports from other countries, except for those from the USA. The same is depicted in the table given below. As regards imports from USA, it has been noticed that exports by USA were not regular and it happened only at the end of POI between December, 2022 to March 2023. A significant increase of more than 100% in imports from China during the POI and simultaneous decline in the imports from other countries clearly reflects dominance of Chinese exporters/producers controlling the market. Moreover, the decision not to initiate investigation against other countries does not negate the potential injury inflicted by Chinese imports on the domestic industry.

#### Trend of Imports from China and Other Countries

Import	2021-22	2022-23	Change (%)
China	35,758	72,423	103%
Taiwan	22,593	13,864	-39%
Korea	34,547	14,610	-58%
USA	5,695	8,763	54%
Netherlands	6,440	4,177	-35%

41. A graphical representation of trend of imports from China and other countries is also depicted as follow to show the significant increase in the imports from China and decline in imports from other countries especially accounting for more than 3% of total imports in India.



42. The examination of pricing data, market share trends, and the overall impact on the domestic industry establishes that Chinese imports were the primary and predominant cause of the material injury.

**G. MARKET ECONOMY TREATMENT (MET), NORMAL VALUE, EXPORT PRICE & DETERMINATION OF DUMPING MARGIN**

**G.1 Submissions by the other interested parties**

43. After December 11, 2016, i.e., after expiry of the China's Accession Protocol, India's Basic Anti-Dumping Regulations cannot establish normal value for Chinese exporting producers based on domestic prices and costs. This means that India no longer has a legal basis to calculate normal value in anti-dumping investigations of Chinese products using non-market economy methodology. If India does not comply, China PR may challenge the legislation, as it is inconsistent with India's WTO obligations. The Ministry of Commerce and Industry is obligated to obtain necessary information for calculating dumping margins in accordance with WTO rules.

44. China PR should be granted "market economy status" based on its market economy development, and normal value calculations should following Article 2 of the Anti-

Dumping Agreement, using the data filed by the company in its response.

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

45. The following submissions have been made by the domestic industry with regard to market economy treatment, normal value, export price and dumping margin:
- i. China PR should be treated as a non-market economy in accordance with Article 15(a)(i) of China's accession protocol, and the normal value should be determined in accordance with Para 7 of Annexure I to the Rules.
  - ii. The WTO members only need to use domestic prices or costs in China if producers prove that market economy conditions apply to their industry. Since the producers have not demonstrated this, the Designated Authority is not required to use China's domestic prices or costs to determine normal value. This approach is consistent with the Designated Authority's treatment of China as a non-market economy in recent investigations, including the sunset review of anti-dumping measures on Electric Insulators from China (Case No. 7/44/2018-DGTR).
  - iii. The normal value has been determined for the subject country on the basis of FOB price of exports from Korea RP to countries other than India. Such prices are adjusted for port expenses, bank charges and inland freight.
  - iv. Alternatively, the applicant has also constructed the normal value based on price payable in India duly adjusted for selling, general and administrative expenses and reasonable profits.
  - v. The applicant has determined the export price as per DGCI&S published data. Adjustments have been made for ocean freight, marine insurance, commission, port expenses, bank charges and inland freight.
  - vi. The dumping margin is positive and significant.

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

46. The Authority had sent questionnaires to the known producers/exporters from the subject country, advising them to provide the information in the form and manner prescribed by the Authority. Response to exporter's questionnaire has been filed by Zhuhai Long Success Chemical Industry Co., Ltd., Fox Chem Pte Limited and SK Chemical Trading (HK) Limited.

### G.3.1 Determination of normal value

#### Examination of Market Economy Status

47. The Authority had sent questionnaires to known producers / exporters from the subject country, advising them to provide the information in form and manner prescribed by the Authority. None of the producers have filed response to the supplementary questionnaire for claiming market economy treatment. Accordingly, the normal value for the producers from China PR has been determined as below.
48. Article 15 of the China's Accession Protocol to the WTO provides as follows:

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

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

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

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

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

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

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

49. The treatment of China PR as a non – market economy does not solely stem from Article 15 (a) (ii) –but also flows from the remaining text of Article 15 i.e., subparagraph (a), as well as the broader rules set forth in Article VI of GATT 199435 and Article 2.2.1.1 of the WTO Anti-Dumping Agreement. As per the current international framework emerging from Article 15 of China’s Accession Protocol, read with GATT Article VI and Article 2.2.1.1 of the Anti-Dumping Agreement, there are no restrictions in treating China PR as non-market economy. It is noted that although Article 15 (a)(ii) has expired, Article 2.2.1.1 of the Anti dumping Agreement read with the Article 15(a)(i) of China’s Accession Protocol to the WTO indicate that producers/exporters from China PR may be required to prove that market economy conditions exist in China PR. Further, paragraph 8 of Annexure I to the AD Rules stipulates that any country that has been determined to be or has been treated as a non-market economy country, is presumed to be a non-market economy. Exporters from such country may rebut such a presumption by providing information/evidence stipulated in paragraph 8(3) of Annexure-I to the AD Rules in the form of a response to the supplementary questionnaire issued by the Authority. Therefore, the burden is on the producers/exporters to prove that Market Economy Conditions prevail in the subject country.
50. The Authority has a consistent practice of treating China PR as a Non-Market Economy. It is noted that since the responding producers/exporters from China PR has not filed a response to Market economy treatment/Supplementary questionnaire to dispute the presumption that market economy conditions exist in China PR, the normal value computation is required to be done as per the provisions of paragraph 7 of Annexure I of the Rules, which reads as under:

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

51. The normal value for China PR has been determined on the basis of price payable in India, calculated as per cost of production in India, duly adjusted, for selling, general & administrative expenses and reasonable profits. The normal value so determined is indicated in the dumping margin table below.

#### **Determination of Export Price**

52. The followings producers / exporters have filed responses to Exporters' Questionnaire:
- i. Zhuhai Long Success Chemical Industry Co., Ltd.
  - ii. Fox Chem Pte Limited
  - iii. SK Chemical Trading (HK) Limited

#### **Export price for Zhuhai Long Success Chemical Industry Co., Ltd, Fox Chem Pte Limited and SK Chemical Trading (HK) Limited**

53. Zhuhai Long Success Chemical Industry Co., Ltd. is the producer of the product under consideration and has exported the subject goods to India through unrelated exporters, namely, Fox Chem Pte Limited and SK Chemical Trading (HK) Limited. The Authority notes that the producer has sold \*\*\*MT to unrelated traders. Out of the said sales Fox Chem Pte Limited has exported \*\*\*MT to India and SK Chemical Trading (HK) Limited has exported \*\*\* MT to India. The producer/unrelated exporter has claimed adjustment on account of ocean freight and credit cost.
54. The Authority has undertaken desk verification and examined the claims made by the

respondent. The adjustments claimed by the respondent have been allowed. However, the producer/unrelated exporter did not claim the insurance cost. Therefore, to calculate the CIF price, the Authority has computed the insurance cost as 0.5% of the net invoice value, which is also applied by the applicant to calculate their claimed net export price. The net export price so determined is given below in the dumping margin table.

**For all other producers / exporters from China PR**

55. The export price for all other producers and exporters, that have not participated in the present investigation, has been determined as per facts available after allowing due adjustments for ocean freight, marine insurance, commission, bank charges, port expenses and inland freight. The same has been mentioned in the dumping margin table.

**Dumping Margin**

56. Considering the normal value constructed as provided above, and export price as determined, the dumping margin determined for the subject country is as follows:

SN	Name of Producer	Normal Value	Export Price	Dumping Margin	CIF Value	Dumping Margin (% based on CIF)	Dumping Margin %
		(USD/MT)	(USD/MT)	(USD/MT)	(USD/MT)	(MT)	(Range)
<b>China PR</b>							
1	Zhuhai Long Success Chemical Industry Co., Ltd,	***	***	***	***	***	20-30
2	Non-cooperative / residual exporters	***	***	***	***	***	40-50

## **H. INJURY ASSESSMENT AND CAUSAL LINK**

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

57. The domestic industry's injury is attributed to factors other than imports from China PR. If any injury occurs, the Director General must examine known factors causing injury to the domestic industry.
58. The Appellate Body in US – Hot-Rolled Steel ruled that investigating authorities must assess the injury caused by other known factors and separate the injurious effects of dumped imports from those of other factors. This requires a satisfactory explanation of the nature and extent of the injurious effects of the other factors, as distinguished from the injurious effects of the dumped imports. It is crucial that non-attributive factors are analyzed in detail by the Director General before rejecting other factors causing injury to the domestic market. To determine the injury caused to the petitioner, three issues must be considered: analyzing the effect of other factors, determining the extent of their effect on the petitioner, and making a detailed analysis of the impact of any factor.
59. The Directorate General of Trade Remedies (DGTR) is criticized for its lesser duty rule and non-injurious price calculation, which is deemed highly inflated and not based on real situations. The law requires reasonable return to arrive at the non-injurious price, and the DGTR should adopt the return on capital employed (ROCE) earned by the industry when there was no allegation of dumping as a reasonable profit margin.
60. The 22% ROCE is incorrect as it provides more than 22% return on net worth portion of capital employed, which is not acceptable during a global recession. The DGTR's 22% ROCE is also deemed unreasonable, as it was introduced by the Government of India in the Drugs (Prices Control) Order, 1987, specifically designed for fixing prices of bulk drugs. The 22% ROCE cannot be considered reasonable after 37 years, as interest rates and corporate tax have come down. The DGTR is giving undue protection to the domestic industry. Further, in the case of *Bridgestone Tyre Manufacturing & Ors. v. Designated Authority*, the Ld. CESTAT observed that the price of 22% ROCE adopted by the Authority is not correct.

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

61. The following submissions have been made by the domestic industry with regard to injury and causal link:
  - i. The imports have increased in India in absolute terms and in relation to production and

consumption in India.

- ii. The imports have increased at a rate much higher than the increase in demand. The subject imports have taken up the market share of the Indian industry as well as imports from other countries.
  - iii. The subject imports are forcing exporters from other countries to reduce the prices of exports to India.
  - iv. The imports are significantly undercutting and causing a strain on the prices of the domestic industry.
  - v. Price undercutting was highest during the period of investigation.
  - vi. The capacity utilization, production, domestic sales and market share of the domestic industry has declined, despite demand-supply gap in the country.
  - vii. The domestic industry has suffered financial losses, cash losses and recorded a negative return on investment during the period of investigation.
  - viii. The interest coverage ratio of the domestic industry has declined during the period of investigation as compared to the injury period.
  - ix. The inventories of the domestic industry have increased by \*\*\*% in the period of investigation as compared to the previous year.
  - x. The domestic sales of the industry have significantly declined during the period of investigation as compared to 2020-21 and 2021-22 despite a significant increase in the demand.
  - xi. The domestic industry has suffered material injury and there is a threat of further material injury to the domestic industry.
  - xii. There is threat of material injury as the subject imports have increased 1.9 times during the period of investigation, there are surplus capacities in China and the subject imports are priced below the selling price and cost of sales of the domestic industry.
  - xiii. The injury to the domestic industry is due to dumping of imports from China PR.
62. The applicant further submits that it is a multi-product company, manufactures various products at a single location using different plants. Utilities such as power and steam are internally generated and consumed, originating from a centralized plant but allocated individually to each product's plant. Detailed records are maintained to track utility usage by each plant. Due to IPA's specific manufacturing chemistry, it consumes more utilities compared to other products. Therefore, the actual utilities consumed in IPA production should be considered when determining the non-injurious price for the domestic industry.
63. The applicant utilizes Propylene for IPA production, sourced from different suppliers at varying purity levels, which affects consumption rates and prices. Higher purity reduces consumption but increases costs, while lower purity increases consumption and reduces prices. The Authority

should standardize raw material usage based on optimal purity and consider pricing from the period of investigation to avoid distorting calculations of the non-injurious price. Alternatively, the Authority may adjust data to calculate consumption based on the purity used during the injury period and standardize raw material usage accordingly. Pricing adjustments may also be necessary. The petitioner urges fair evaluation without unfairly criticizing their efficient input use.

64. The arguments of other interested parties should be dismissed because the Tribunal consistently maintains that a return of 22% is standard for determining the non-injurious price, unless evidence is presented to justify a different rate. In the case of Bridge Stone Tyre Manufacturing Vs. Designated Authority, evidence showing lower returns globally was submitted. However, after this decision, Tribunal has upheld the 22% return unless compelling evidence proves otherwise. For instance, in Tangshan Sanyou Group Hong Kong International Trade Co. Ltd. Vs. Union of India [2017 (349) E.L.T. 667 (Tri. - Del.)], the Tribunal upheld this practice due to the absence of evidence challenging the reasonableness of the 22% return set by the Designated Authority. It may be considered that the other interested parties have not provided any evidence of the fact that 22% should not be considered.

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

65. The Authority consistently applies a 22% Rate of Capital Employed (ROCE) as standard practice in all anti-dumping investigations. The observations of the Ld. CESTAT in the Bridgestone case were specific to the use of 22% ROCE in determining price underselling, not its appropriateness in computing the Non-Injurious Price (NIP). Moreover, the Bridgestone decision predates the introduction of Annexure-III to the AD Rules, rendering reliance on it by other interested parties is unjustified. In the subsequent Merino Panel Products case, the Ld. CESTAT upheld DGTR's practice of applying a 22% ROCE.
66. The non-injurious price of the product under consideration has been determined by adopting the verified information and data relating to the cost of production for the period of investigation in respect of the domestic industry. Detailed analysis / examination and reconciliation of the financial and cost records maintained by the companies, wherever applicable, were carried out for this purpose.
67. The request of the domestic industry to standardize raw material usage based on purity and consider pricing from the period of investigation to avoid distorting calculations of the non-injurious price has been examined. It has been noted that the domestic industry procures raw material (refinery grade propylene) from two sources namely BPCL Mahul and BPCL Kochi.

The contention of the domestic industry that the raw material procured from the BPCL Kochi has higher degree of purity, which requires less consumption quantity whereas the raw material procured from BPCL Mahul has lower degree of purity requiring higher amount of consumption quantity. However, the data submitted by the applicant not reflect the same. It has been noted that during 2019-20 and 2020-2021 the consumption norm was \*\*\* and \*\*\* respectively where the producer utilised the raw material from both sources with almost in similar range in both years. Hence, the plea of the domestic industry to standardize the consumption norm based on purity is not found to be tenable and could not be considered for finalizing the NIP.

68. The Authority has taken note of various submissions made by the domestic industry with regard to the injury assessment and causal link and has examined the same considering the facts available on record and applicable laws.

### H.3.1 Volume Effect of Dumped Imports on the Domestic Industry

#### a. Assessment of demand/apparent consumption

69. For the purpose of the present investigation, demand or apparent consumption of the product in India has been defined as the sum of domestic sales of the Indian producers and imports from all sources. The demand so assessed is given in the table below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Sales of domestic industry	MT	***	***	***	***
Trend	Indexed	100	89	107	72
Sales of other domestic producer	MT	***	***	***	***
Trend	Indexed	-	100	142	270
Imports from subject country	MT	78,685	52,332	35,758	72,423
Imports from other countries	MT	58,182	1,07,539	79,176	42,662
Total Demand/Consumption	MT	***	***	***	***
Trend	Indexed	100	120	108	113

70. Based on the above, the Authority notes that the demand for the product under consideration has increased in 2020-21 as compared to 2019-20. The demand declined in 2021-22 as compared to the previous year and increased again thereafter during the period of

investigation.

**b. Import volumes from the subject country**

71. With regard to the volume of the imports, the Authority is required to consider whether there has been a significant increase in the dumped imports from the subject country, either in absolute terms or relative to production or consumption in India. The same is analyzed in the table below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
<b>Production</b>					
Domestic Industry	MT	***	***	***	***
Other Indian Producer	MT	***	***	***	***
<b>Total Production</b>	MT	***	***	***	***
Indexed	Trend	100	133	164	187
<b>Total Demand/Consumption</b>	MT	***	***	***	***
Indexed	Trend	100	120	108	113
Imports from subject country	MT	78,685	52,332	35,758	72,423
Imports from other countries	MT	58,182	1,07,539	79,176	42,662
<b>Total Imports</b>	MT	<b>1,36,867</b>	<b>1,59,870</b>	<b>1,14,934</b>	<b>1,15,084</b>
<b>Subject imports in relation to</b>					
Production	%	***	***	***	***
Indexed	Trend	100	50	28	49
Consumption	%	***	***	***	***
Indexed	Trend	100	55	42	82
Total Imports	%	57%	33%	31%	63%

72. Based on the above, the Authority notes that:

- i. The volume of imports from the subject country declined in 2020-21 and 2021-22 as compared to immediate previous year but increased thereafter during the period of investigation. The imports in 2019-20 were high due to which the domestic industry had filed an application for imposition of safeguard measures in the form of quantitative restrictions.
- ii. Imports in relation to consumption have declined in 2020-21 and 2021-22 as compared to the previous years but increased thereafter during the period of investigation.
- iii. Imports in relation to production has declined in 2020-21 and 2021-22 as compared to the previous year but increased thereafter during the period of investigation.
- iv. Imports in relation to total imports declined in 2020-21 as compared to the previous year

and remained stable in 2021-22 as compared to 2020-21 but increased thereafter. Subject imports in relation to total imports was the highest during the period of investigation.

- v. While the demand for the subject goods has increased by only \*\*\*% in the period of investigation as compared to the previous year but the imports from the subject country have increased by \*\*\*% and the imports from non-subject countries decreased by \*\*\*%. The subject imports have not only captured the increase in demand in India but also the existing demand in India.

### H.3.2 Price Effect of Dumped Imports on the Domestic Industry

- 73. With regard to the effect of the dumped imports on prices of the domestic industry, 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 prices or prevent price increases, 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 price undercutting, 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.

#### a. Price Undercutting

- 74. For the purpose of price undercutting analysis, the selling price of the domestic industry has been compared with the landed price of imports from the subject country. Accordingly, the undercutting effects of the dumped imports from the subject country is as follows:

Particulars	Unit	POI
Landed Price	₹/MT	81,828
Net Sales Realization	₹/MT	***
Price undercutting	₹/MT	***
Price undercutting	%	***
Price undercutting	Range %	20-30

- 75. The Authority notes that the subject imports are undercutting the prices of the domestic industry and the price undercutting is positive and significant. During the onsite verification, the domestic industry reported that despite the low import price, the domestic industry was

able to maintain a little higher price due to its ability to provide a crucial, uninterrupted supply of the subject goods which is essential for its customers in pharmaceutical and chemical industry. Furthermore, the domestic industry's higher selling price led to a marked increase in imports and a consequent decline in domestic sales. This situation resulted in a significant buildup of inventory, followed by reductions in production and capacity utilization. Consequently, the drop in import prices, combined with rising costs, inflicted injury to the domestic industry during the POI.

**b. Price Suppression and Depression**

76. In order to determine whether the dumped imports are depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period, are compared as below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Selling price	₹/MT	***	***	***	***
Trend	Indexed	100	168	156	165
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	108	131	142
Landed Price	₹/MT	50,272	92,645	82,240	81,828
Trend	Indexed	100	184	164	163

77. The Authority determines that:

- i. The imports from the subject country were priced below the cost of sales of the domestic industry during the years 2019-20, 2021-22 and the period of investigation.
- ii. While the cost of sales of the domestic industry has increased during the period of investigation as compared to 2020-21, the landed price has declined during the same period.
- iii. Compared to the previous year, the selling prices of the domestic industry have increased by a smaller margin than the rise in their cost of sales. Meanwhile, the landed prices of the subject imports have decreased during this period. Consequently, the subject imports have suppressed and depressed the prices of the domestic industry.

**H.3.3 Economic Parameters of the Domestic Industry**

78. Annexure II to the 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 consequent impact of dumped imports on domestic producers of such products, the Rules further provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. The various injury parameters relating to the domestic industry are discussed hereinbelow.

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

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

Particulars	Unit	2019-20	2020-21	2021-22	POI
Capacity	MT	***	***	***	***
Trend	Indexed	100	100	100	100
Production	MT	***	***	***	***
Trend	Indexed	100	91	108	80
Capacity utilization	%	***	***	***	***
Trend	Indexed	100	91	108	80
Domestic sales	MT	***	***	***	***
Trend	Indexed	100	89	107	72

80. Based on above, the Authority notes the following:

- i. The capacity of the domestic industry has remained the same throughout the injury period.
- ii. The production of the domestic industry has declined by 20% over the injury period and by \*\*\*% in the period of investigation as compared to the previous year.
- iii. The domestic sales of the domestic industry have declined by \*\*\*% over the injury period and by \*\*\*% in the period of investigation as compared to the previous year. The domestic sales of the domestic industry have declined even though the demand has increased in India and the domestic industry has been selling at losses.
- iv. The capacity utilization of the domestic industry has declined by \*\*\*% during the period of investigation as compared to the previous year. The domestic industry was operating at the lowest capacity utilization during the period of investigation as compared to the injury period.

**b) Market share**

81. The market share of the domestic industry and imports of the product into India is shown in the table below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Subject imports	%	***	***	***	***
Trend	Indexed	100	55	42	82
Other imports	%	***	***	***	***
Trend	Indexed	100	153	126	65
Domestic industry	%	***	***	***	***
Trend	Indexed	100	74	99	64
Other domestic producer	%	***	***	***	***
Trend	Indexed	-	100	159	289
Total	%	100%	100%	100%	100%

82. Based on above, the Authority notes the following:

- i. The market share of the domestic industry has reduced as compared to the base year as well as the previous year.
- ii. The market share of the subject imports declined in 2020-21 due to commencement of production by the other domestic producer. However, the market share of the subject imports increased again in the period of investigation as compared to the previous year.
- iii. While the demand has increased by 4% in India during the period of investigation as compared to the previous year, the market share of the subject imports have increased by 93% during the same period. Thus, the subject imports captured the growth in demand as well as the existing demand in India.

**c) Inventories**

83. Inventory position of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Opening Inventory	MT	***	***	***	***
Closing Inventory	MT	***	***	***	***
Average Inventory	MT	***	***	***	***
Trend	Indexed	100	60	52	170

84. Based on the table above, the Authority notes that the inventories of the domestic industry have increased multifold over the injury period. Even though the domestic industry has sold

the subject goods at losses, the inventories have increased significantly.

**d) Profitability, cash profits and return on capital employed**

85. Profitability, return on capital employed and cash profits of the domestic industry over the injury period is given in the table below: -

Particulars	Unit	2019-20	2020-21	2021-22	POI
Cost of sales	₹/MT	***	***	***	***
Trend	Indexed	100	108	131	142
Selling price	₹/MT	***	***	***	***
Trend	Indexed	100	168	156	165
Profit/(Loss)	₹/MT	***	***	***	***
Trend	Indexed	-100	202	-4	-26
Total Profits/(Loss)	₹ Lacs	***	***	***	***
Trend	Indexed	-100	181	-5	-17
Cash Profits	₹/MT	***	***	***	***
Trend	Indexed	-100	313	27	-11
PBIT	₹/MT	***	***	***	***
Trend	Indexed	-100	381	17	-20
Return on Capital Employed	%	***	***	***	***
Trend	Indexed	-100	277	20	-16

86. Based on the above table, the Authority notes the following:

- i. In the year-2019-20, the imports into India increased which caused serious injury to the domestic industry. The domestic industry had filed an application for imposition of safeguard measures during this period.
- ii. While the domestic industry has earned profits during 2020-21, it has incurred losses in 2021-22. Further, the losses have increased during the period of investigation as compared to the previous year.
- iii. The domestic industry has incurred cash losses during the period of investigation.
- iv. The return on capital employed of the domestic industry has declined since 2020-21. The domestic industry has recorded a negative return on capital employed during the period of investigation.

e) **Employment, productivity and wages**

87. Employment, productivity and wages of domestic industry over the injury period is given in the table below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
No. of employees	No.	***	***	***	***
Trend	Indexed	100	96	94	94
Productivity per employee	MT/No.	***	***	***	***
Trend	Indexed	100	95	114	85
Productivity per day	MT/Days	***	***	***	***
Trend	No.	100	91	108	80
Wages	₹ Lacs	***	***	***	***
Trend	Indexed	100	136	125	78

88. Based on the above analysis, the Authority finds that employment in the domestic industry has steadily decreased throughout the injury period, leading to a corresponding decline in total wages paid. Moreover, the productivity of the domestic industry has suffered over the injury period due to reduced production levels.

f) **Growth**

89. The following table shows the growth parameters of the domestic industry.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Capacity	%	-	-	-	-
Production	%	-	***	***	***
Domestic Sales	%	-	***	***	***
Profit/(Loss) per unit	%	-	***	***	***
Cash profits per unit	%	-	***	***	***
Return on capital employed	%	-	***	***	***

90. Based on the above, the Authority notes that:

- i. The production and sales of the domestic industry have declined in 2020-21 but increased in 2021-22. Thereafter, both the parameters declined during the period of investigation.
- ii. The price parameters improved in 2020-21, however, the same declined during 2021-22 and the period of investigation.
- iii. During the year 2020-21, the domestic industry was in profit even the earned the cash

profit, however, during the year 2021-22 it incurred losses, which also increased significantly during POI.

- iv. The return on capital employed was also negative during POI which intensified as compared with previous year.

**g) Ability to raise capital investment**

91. The Authority notes that the ability of the domestic industry to raise capital investment has been adversely impacted. This is due to the fact that the domestic industry has incurred losses in the period of investigation and has recorded negative return on capital employed.

**h) Factors affecting domestic prices**

92. The Authority notes that the landed price of subject imports is below the selling price and cost of sales of the domestic industry. Due to this the domestic industry has been forced to sell at prices below its cost of sales which led to losses incurred during the year 2021-22 and POI. Thus, the subject imports have adversely impacted the domestic prices in India.

**i) Magnitude of Injury and Injury Margin**

93. The Authority has determined non-injurious price for the domestic industry on the basis of principles laid down in Rules read with Annexure III, as amended. The non-injurious price of the product under consideration has been determined by adopting the verified information relating to the cost of production for the period of investigation. The non-injurious price of the domestic industry has been worked out and it has been compared with the landed price from the subject country for calculating injury margin. For determining the non-injurious price, the best utilisation of the raw materials, the utilities and the production capacity of the domestic industry over the injury period have been considered. It is ensured that no extraordinary or non-recurring expenses were charged to the cost of production. A reasonable return (pre-tax 22%) on the average capital employed (i.e., average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules.
94. The landed price of the cooperative producers has been determined as per the data furnished by such producers. For all non-cooperative producers, the Authority has determined the landed price based on the facts available.
95. Based on the landed price and the non-injurious price determined as above, the injury margin

for the producers/exports is has been determined by the Authority and the same is provided in the table below.

SN	Name of Producer	Non-injurious price	Landed Price	Injury Margin	CIF Value	Injury Margin	Injury Margin
		(USD/MT)	(USD/MT)	(USD/MT)	(USD/MT)	(% of CIF Value)	(Range) %
<b>China PR</b>							
1	Zhuhai Long Success Chemical Industry Co., Ltd	***	***	***	***	***	0-10
2	Non-cooperative / residual exporters	***	***	***	***	***	20-30

#### H.3.4 Non-attribution analysis and causal link

96. As per the Rules, it is, inter alia, required to be examined any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. It has been examined below whether factors other than dumped imports could have contributed to injury to the domestic industry.

##### a) Volume and price of imports from third countries

97. The Authority notes that there are imports in substantial quantities from a number of countries including Korea RP, Taiwan, Netherlands and USA. The domestic industry has submitted that the price of imports from other countries are benchmarked to import price from China PR. The Authority on the basis of data submitted by the applicant has conducted examination of imports from all countries viz-a-viz imports from China PR.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Imports from China PR	MT	78,685	52,332	35,758	72,423
Year on Year Change	%	-	-33	-32	103

Imports from Korea RP	MT	28,823	34,691	34,547	14,610
Year on Year Change	%	-	20	0	-58
Imports from USA	MT	9,862	18,952	5,695	8,763
Year on Year Change	%	-	92	-70	54
Imports from Taiwan	MT	7,676	19,859	22,593	13,864
Year on Year Change	%	-	159	14	-39
Imports from Netherlands	MT	5,162	5,033	6,440	4,177
Year on Year Change	%	-	-3	28	-35
<b>Imports in relation to production</b>					
China PR	%	***	***	***	***
Korea RP	%	***	***	***	***
USA	%	***	***	***	***
Taiwan	%	***	***	***	***
Netherlands	%	***	***	***	***
<b>Imports in relation to demand</b>					
China PR	%	***	***	***	***
Korea RP	%	***	***	***	***
USA	%	***	***	***	***
Taiwan	%	***	***	***	***
Netherlands	%	***	***	***	***
<b>Imports in relation to total imports</b>					
China PR	%	57%	33%	31%	63%
Korea RP	%	21%	22%	30%	13%
USA	%	7%	12%	5%	8%
Taiwan	%	6%	12%	20%	12%
Netherlands	%	4%	3%	6%	4%

98. Based on the above, the Authority notes that:

- i. While the imports from China PR have increased by 103% during the period of investigation as compared to the previous year, the imports from other countries barring the USA have declined.
- ii. While the imports from China PR have increased in relation to production in India during the period of investigation as compared to the previous year, the imports from other countries barring USA have declined.
- iii. The imports from China PR were almost 9 times the imports from USA. Further, imports from USA were only \*\*\*% the demand in India.
- iv. Imports from China PR dominated the total imports into India. The imports from China

PR were more than half the total imports into India.

- v. The imports from China PR were approximately 5 times of the imports from Korea RP and even more than that as compared to other countries.

**b) Contraction in demand**

- 99. The Authority notes that there is no contraction in demand as the demand for the subject goods in India has steadily increased over the injury period. Thus, the domestic industry has not suffered any injury on this account.

**c) Pattern of Consumption**

- 100. The Authority notes that there is no change in the pattern of consumption of the subject goods which could have caused injury to the domestic industry.

**d) Trade restrictive practices and conditions of competition**

- 101. The Authority notes that there are no trade restrictive practices or condition of competition which could have caused injury to the domestic industry.

**e) Export Performance**

- 102. The Authority notes that the domestic industry has exported a small share of its production in the period of investigation. However, the injury information examined hereinabove relates only to the performance of the domestic industry in terms of the domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry.

**f) Development of Technology**

- 103. There has been no change in technology for production of the subject goods, due to which the domestic industry has suffered injury.

**g) Performance of other products of the company**

- 104. The Authority has considered the data relating to the performance of the subject goods only. Therefore, the performance of other products being produced and sold by the domestic industry cannot be a possible cause of injury.

## **I. INDIAN INDUSTRY'S INTEREST AND OTHER ISSUES**

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

105. The producer/exporter argues that providing protection to the Indian industry manufacturing the product under consideration would serve the interests of only the petitioner. The imposition of anti-dumping duty on Isopropyl Alcohol (IPA) imported from China PR poses a severe threat to public interest, particularly for downstream industries heavily reliant on IPA. The monopolistic structure, stifling competition and hindering supply chain diversification, could raise prices for consumers across various sectors, undermining economic growth and industrial competitiveness. The public interest strongly favors refraining from imposing anti-dumping duty, and the government is expected to prioritize fair and protective measures. Any form of protection would provide an undue advantage to the domestic industry at the expense of end-users.
106. Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL) has submitted the following:
- i. Deepak fertilizer & Deepak Nitrite have capacities of approximately \*\*\* Mt each, i.e. around \*\*\* Mt in total where as total Indian consumption is around \*\*\* MT per anum.
  - ii. IPA is used by all industries, API, paint, dyes etc. It is used like water. During the current year, based on recommendation of domestic manufacturers, country/region wise quantity restriction was imposed on imports.
  - iii. Due to this reason, the prices which were around Rs. 50-70 kg has gone above Rs. 100/- kg. The current price is Rs. 150/- kg & expect to go up further. Imposing anti-dumping duty will further escalate the price. The Authority should check the cost price, process, input solvents etc of the domestic industry before putting anti-dumping duty and analyze why price from China is low and why domestic industry cannot reach to that stage.
  - iv. Due to the abnormal price rise, industry's business /export has gone down, as we cannot compete with other countries & loose the business due to abnormal price of IPA.

## **I.2 Submissions made by the domestic industry**

107. The following submissions have been made by the domestic industry with regard to public interest:
- i. Imposition of anti-dumping duty will not have an adverse impact on the consumers of the product and public at large. Rather, it will ensure fair competition in India and assist in growth of the domestic industry.
  - ii. The domestic industry was forced to shut down operation due to dumping of subject imports into India.
  - iii. The domestic industry argues that during the Covid-19 crisis, Chinese suppliers exploited opportunities by reducing IPA supplies to India while focusing on their domestic market. This led to increased prices globally and in India. Now, with surplus capacities, they seek to re-enter the Indian market, emphasizing on the need to protect domestic manufacturing from unfair dumping practices.
  - iv. Since IPA is used in manufacturing of pharmaceutical products, it is essential to maintain domestic production of the subject goods in India.
  - v. In case of continued dumping, and shut down of domestic manufacturing in India, the users of the product will be completely dependent upon imports.
  - vi. There is no adverse impact on the downstream industry since IPA is not a raw material but only a solvent. Thus, the cost of the downstream industry on account of IPA is minimal.
  - vii. Since the return on capital employed is negative, the domestic industry might have to shutdown its operations in case the situation stays the same.
  - viii. While the applicant has expansion plans, the same are not feasible due to presence of dumped imports into India.
  - ix. In case of shut down of plant by the domestic industry, the demand-supply gap in the country is likely to increase.
  - x. Imposition of anti-dumping duty does not restrict imports into India. In any case, since there was no demand-supply gap in India even though quantitative restrictions were in force, imposition of anti-dumping duty will not lead to a demand-supply gap.
  - xi. There are alternative sources of imports available which are enough to cater to the demand-supply gap in India. Historically, the imports into India from other countries were higher and have reduced only due to dumping from China.
  - xii. Imposition of anti-dumping duty will not lead to monopoly in India as there are two producers of the subject goods in India and the product is being imported from various sources other than the subject country.

### I.3 Examination by the Authority

108. The Authority recognizes that the imposition of the anti-dumping duty would remove unfair advantage gained by the dumping practices, prevent the decline of the domestic industry, and help maintain the availability of wider choice to the consumers of the subject goods. 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. Imposition of anti-dumping duty, therefore, would not affect the availability of the product to the consumers. The Authority notes that the imposition of the anti-dumping duty would not restrict imports from the subject country in any way, and therefore, would not affect the availability of the product to the consumers.
109. Imposition of anti-dumping duty does not restrict imports into India but only ensures that the imports are at fair prices. As per the evidence on record, there will be no scarcity of subject goods in India since the demand-supply gap can be addressed through imports from sources other than the subject country, even in case there are no imports from the subject country.

Particulars	Volume (MT)
Capacity of the applicant	***
Capacity of the other domestic producer	***
Average demand in India*	***
Demand-Supply Gap	***
Imports from other sources**	***

\*Based on demand in 2019-20 to 2021-22

\*\*Highest volume of imports from each country during the injury period

110. It is further seen that there is more than one producer in India and ample of imports are made from countries other than the subject country. Thus, imposition of anti-dumping duty on imports from a single country will not lead to a situation of monopoly in India or the shortage of the product in the country.
111. Therefore, the Authority concludes that the imposition of anti-dumping duty will not have any adverse impact on public at large or the downstream industry.

**J. METHODOLOGY FOR DETERMINATION OF NON-INJURIOUS PRICE**

112. The non-injurious price of the product under consideration has been determined by adopting the verified information and data relating to the cost of production for the period of investigation (April 2022 to March 2023) in respect of the domestic industry. Detailed analysis/examination of the financial and cost records maintained by the companies, wherever applicable, was carried out for this purpose. The non-injurious price for the domestic industry has been determined in terms of the principles outlined in Annexure – III to the Rules as briefly described below:
- a. Raw Material Cost: The best utilization of raw materials by the domestic producer, over the period of investigation and the preceding three years period, at the rates prevailing in the period of investigation was considered.
  - b. Cost of Utilities: The best utilization of utilities by the domestic producer, over the period of investigation and the preceding three years period, at the rates prevailing in the period of investigation was considered.
  - c. Production: The best utilization of production capacity over the period of investigation and the preceding three years period was considered.
  - d. Salary & Wages: Propriety of the expenses grouped under this head and charged to the cost of production was examined. It is ensured that no extraordinary or non- recurring expenses are charged to the cost of production.
  - e. Depreciation: The reasonableness of the amount of depreciation charged to the cost of production was examined to ensure that no charge has been made for facilities not deployed on the production of the subject goods.
  - f. Identification And Allocation/Apportionment of Expenses: The reasonableness and justification of various expenses claimed for the period of investigation have been examined and scrutinized by comparing with the corresponding amounts in the immediately preceding year and admitted for computing the non-injurious price.
  - g. Reasonable Return on Capital Employed: A reasonable return (pre-tax) at 22% on average capital employed (that is Average Net Fixed Assets and Average Working Capital) for the product under consideration was allowed for recovery of interest, corporate tax and profit.
  - h. Interest: Interest is allowed as an item of cost of sales and after deducting the interest, the balance amount of return has been allowed as pre-tax profit to arrive at the non-injurious price.
  - i. Non-injurious price for the domestic industry: The NIP for the product under consideration is \*\*\* ₹/MT.

## **K. POST DISCLOSURE COMMENTS**

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

113. The petitioner's exclusion of Korea RP from the subject countries in this investigation is an attempt to mislead the Authority, raising serious concerns about the investigation's integrity and fairness. Deepak Fertilizer imported \$7.14 million worth of subject goods from Korea during the period of investigation, indicating a significant business relationship with the Korean producers. We believe the petitioner intentionally omitted Korea RP to allow Deepak Fertilizer to continue importing goods under more favorable conditions while potentially influencing the investigation's outcome. The Authority is urged to thoroughly review this issue in its final findings.
114. The producer/exporter argues that the Authority's month-by-month analysis is flawed as it did not consistently analyze injury and dumping margins across the investigation period. Import prices from Taiwan, Korea, USA, and the Netherlands were often lower than those from China during specific months. Therefore, attributing market price reductions solely to low-priced Chinese imports is inaccurate. Imports from other countries also influence price benchmarks, prompting further reductions in Chinese prices. The investigation should have included all countries whose import prices closely match those of China.
115. The producer/exporter asserts that in anti-dumping investigations, international trade laws stress on non-discrimination and fairness. Targeting one country without considering similar practices by others violates these norms. Anti-dumping measures aim to address unfair trade practices causing injury to domestic industries. A comprehensive assessment across all exporting countries is essential to justify any duties imposed, ensuring compliance with global trade agreements. Focusing only on China, while neglecting comparable practices from other countries, may be perceived as arbitrary and ineffective in addressing broader price undercutting and industry injury.

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

116. The applicant argues that the Authority's proposed conclusion—highlighting increased demand in 2020-21 and a decline in imports during that year—is flawed. They contend that 2019-20 and 2020-21 are unsuitable for injury analysis because 2019-20 saw import surges causing harm to the domestic industry, and 2020-21 was disrupted by the COVID-19 pandemic, which led to abnormal demand and a reduction in imports by Chinese producers. The applicant asserts that only the year 2021-22 should be used for evaluating changes in demand, imports, and injury to the domestic industry. They also emphasize that assessing

injury over a four-year period is crucial for a comprehensive analysis, and comparing only the base year to the investigation period would be unobjective. In light of the above, the applicant argues that the economic situation of the domestic industry should be assessed by considering events throughout the injury period, rather than relying solely on an end-point to end-point analysis.

117. The Authority has noted that while it is a standard practice to initiate investigations against all countries with individual import shares over 3% and conduct a cumulative assessment of injury, this was not done in the present case. Previous investigations, such as those into Decor Paper, Vinyl Tiles, Chlorinated Polyvinyl Chloride, Newsprint, Polytetrafluoroethylene, and PVC Paste Resin, have excluded countries with significant imports, suggesting that the practice of including all such countries is not consistently applied.
118. The applicant contends that the return on investment allowed to the domestic industry for determining the non-injurious price is inadequate at 2.41%. Despite depreciation of their plant and machinery, they argue the domestic industry deserves a reasonable profit. Additionally, the 5% profit margin granted by the Authority for calculating the constructed normal value results in significantly lower profits for the domestic industry compared to foreign producers engaged in dumping.
119. Typically, non-cooperating exporters face higher duties globally to discourage non-cooperation. However, in this case, if duties are set comparable to what would be determined based on their export price, it may incentivize future non-cooperation. Therefore, the Authority is urged to impose higher duties on non-cooperating exporters to maintain the incentive for cooperation.

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

120. The Authority has examined the post disclosure submissions made by the interested parties and notes that majority of the comments/submissions are reiterations which have already been suitably examined and adequately addressed in the relevant paras of the final findings. The same are not being repeated in the post-disclosure examination by the Authority for the sake of brevity. The issues raised for the first time in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
121. The assertion of the interested party that the applicant's exclusion of Korea RP from the investigation constitutes an attempt to mislead the Authority is not supported by the data from DG Systems. Upon review, the Authority verified that Deepak Fertilizers imported \*\*\*

MT of subject goods from Korea, amounting to \$\*\*\* million. These imports represent \*\*\*% of the total imports and \*\*\*% of the total demand during the period of investigation. This data indicates that the volume and value of imports from Korea RP are relatively minor in the context of the overall market, undermining the claim that the exclusion was intended to influence the investigation's outcome.

122. The interested party argued that the Authority's month-by-month analysis is flawed due to inconsistent examination of injury and dumping margins with respect to this the Authority notes that it has conducted a detailed monthly analysis and calculated a weighted average price difference between Chinese imports and those from Taiwan, Korea, the USA, and Netherlands. This analysis revealed that Chinese imports were lower in price compared to imports from these countries, exerting significant downward pressure on overall market prices.
123. Furthermore, the significant increase in Chinese imports by approximately 37,000 MT during the period of investigation, coupled with a decline in imports from other major suppliers by 31,000 MT, demonstrates the substantial impact of Chinese pricing on the market. The Authority's analysis indicate that the low prices of Chinese imports not only undercut competitors but also led to a decrease in their market share and volumes. Thus, the month-by-month analysis effectively highlights the role of Chinese imports in driving market price reductions and causing material injury to the domestic industry, reinforcing the appropriateness of the Authority's analysis.
124. The applicant argues that the Authority's use of data from 2019-20 and 2020-21 for demand analysis is flawed because 2019-20 had high import levels and 2020-21 was disrupted by COVID-19. However, it's important to look at demand over several years to understand the full picture. Including data from these years helps to see how demand and imports have changed over time and their overall impact on the domestic industry. Relying only on the year 2021-22 might not give a complete view. By considering the full injury period, the Authority provides a clearer and more accurate assessment of how changes in demand and imports have affected the industry.
125. In response to the claim made by the applicant that it is not a standard practice of the Authority to include all the countries having significant imports, the Authority notes that each anti-dumping investigation is carried out with careful consideration of its specific context to address the unique aspects of each case. In the present investigation, despite imports from other countries exceeding 3%, the Authority has observed that Chinese exporters and producers exert substantial control over the market, leading to a decline in imports from other countries. Consequently, it is concluded that focusing solely on China is sufficient to address

the injury to the domestic industry. Therefore, the Authority has not initiated the investigation against all other countries with significant imports.

126. With respect to the concerns regarding calculation of return on investment the Authority notes that ROI has been calculated in accordance with the principles outlined in Annexure III of the Anti-Dumping Rules, 1995, and is based on the data submitted by the domestic industry.
127. The Authority notes that the dumping and injury margins calculated for residual exporters in the current anti-dumping investigation is derived from the DG Systems data and the margins calculated for the participating exporter are below the margins calculated for non-participating exporters. Further, these higher margins reflect a necessary and proportional response to the non-cooperation by the non-participating exporters.

#### **L. CONCLUSIONS**

128. Based on the submissions made, substantiated information provided by the interested parties and the facts available before the Authority as recorded and examined in the aforementioned paragraphs and on the basis of determination of dumping and consequent injury to the domestic industry, the Authority concludes the following:

i. **Product under consideration and like article:** The article manufactured by the domestic industry and the subject goods exported from the subject countries are 'like article' to each other in terms of Rule 2 (d) of the AD Rules, 1995.

ii. **Standing of the domestic industry:** The applicant accounts for 100 % of the eligible domestic production. The applicant satisfies the requirements stipulated under Rule 2 (b) of the AD Rules, 1995 and application satisfies the standing requirements under Rule 5(3) of the AD Rules, 1995.

iii. The application contained all information relevant for the purpose of initiation of the anti – dumping investigation and necessary evidence in terms of Rule 5(2) of the AD Rules, 1995 to justify the initiation of the present investigation for determination of dumping and material injury to the domestic industry in terms of Rule 5 (3) of the AD Rules, 1995.

iv. **Dumping:** One producer from China PR namely Zhuhai Long Success Chemical Industry Co., Ltd. participated in the investigation. Based on the information provided by such exporter and the constructed normal value, the dumping margin for exports of Zhuhai Long

Success Chemical Industry Co., Ltd was determined to be positive.

v. **Volume effect:** The volume of imports and the dumping margin of the subject good from the subject country were found to be above *de minimis* thresholds as stipulated under para (iii) of Annexure – II to the AD Rules, 1995.

vi. With respect to the volume effect of the dumped imports on the state of the domestic industry, it was found that such imports have increased in absolute as well as relative terms to the production and consumption of the PUC in India. It was further found that the growth in demand was almost entirely subsumed by such dumped imports.

vii. **Price effect:** As regards the price effect of such dumped imports, it was found that price undercutting from the subject country was positive. It was further found that such dumped imports were adversely impacting the prices of the domestic industry.

viii. **Volumetric and financial parameters of the domestic industry:** As regards the effect of such dumped imports on the economic parameters of the domestic industry, the following conclusions were reached:

a. **Production, capacity, capacity utilisation, sales, and market share:** The applicant's capacity has remained constant. However, due to the presence of dumped imports it was not able to fully utilise its capacities. The applicant's production as well as sales declined in the POI as compared to the injury period. There was considerable growth in demand which was largely met by dumped imports.

b. **Cost of sales, selling price, profitability, and return on capital employed:** The applicant's per unit cost of sales has increased over the injury period. The applicant's selling price have been below the cost of sales except for the year 2020-21. The applicant's cash profits, profit before interest and tax, as well as return on capital employed have significantly declined as compared to the previous year.

c. **Inventories:** The applicant's average inventory increased during the POI.

d. **No. of employees, productivity, and wages:** The number of employees has declined over the injury period. The wages to be paid to them also declined in the POI. However, the productivity of the applicant has been affected due to decline in production as a consequence of dumped imports.

e. **Growth:** The applicant's growth in terms of production, domestic sales, profits and return on capital employed were found to be adversely impacted by the dumped imports.

**f. Ability to raise capital investment:** It was found that despite an increase in demand of the subject goods, the applicant's performance had deteriorated which has impacted its ability to raise capital investments.

**ix. Causal link:** It was found that domestic industry has suffered material injury due to the dumped imports and no other known factors were found to be the cause of the injury. There has been an increase in the volume of the dumped imports during the POI due to which the inventories of the domestic industry have piled up. The presence of dumped imports in the Indian market forced the applicant to sell its like article at prices below its cost of sales, thereby incurred losses and adversely affected the profitability parameters of the domestic industry.

**x. Injury Margin:** Upon comparison of the non – injurious price determined as per Annexure – III to the AD Rules, 1995 and the landed value of subject imports from the subject countries as required under Rule 17 (3) (b) to the AD Rules, the injury margin for producer from China PR, namely Zhuhai Long Success Chemical Industry Co., Ltd, is found to be positive.

**xi. Indian industry issues:** None of the interested parties filed any substantive quantitative data through which the impact of anti – dumping duties could be assessed on the end user. It is noted that users of the PUC would have options if a viable domestic industry exists.

## **M. RECOMMENDATIONS**

129. The Authority notes that the investigation was initiated and notified to all the interested parties including Government of China PR and adequate opportunity was given to them to provide information on the aspect of dumping, injury, causal link and impact of measures, if recommended. Having initiated and conducted the investigation in terms of provisions of investigation as laid down under the Anti-dumping Duty Rules, the Authority has reached a conclusion that the duty is required to be imposed on subject goods.
130. Further, having regard to the lesser duty rule as enunciated in Rule 17 (1)(b) of the AD Rules, 1995, the Authority recommends imposition of definitive antidumping duty equal to the lesser of margin of dumping or margin of injury, so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of such revised definitive anti-dumping duties on the import of the subject goods, originating in or exported from China PR as indicated in Col 7 of the duty table below, for a period of five (5) years from the date of notification to be issued in this regard by the Central Government.

**Duty Table**

SN	HS Code	Description of goods	Country of origin	Country of Export	Producer	Duty (\$/MT)
1	2	3	4	5	6	7
1.	29051220 <sub>#</sub>	Isopropyl Alcohol	China PR	China PR	Zhuhai Long Success Chemical Industry Co., Ltd.	82
2.	-do-	Isopropyl Alcohol	China PR	Any country other than China PR	Any Producer	217
3.	-do-	Isopropyl Alcohol	Any country other than China PR	China PR	Any Producer	217

*# The customs classification is indicative only and not binding on the scope of the product under consideration.*

131. An appeal against the order of the Designated Authority arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975.

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