

**MINISTRY OF COMMERCE  
DIRECTORATE GENERAL OF ANTI-DUMPING &  
ALLIED DUTIES  
UDYOG BHAVAN**

**NOTIFICATION**

New-Delhi, the 22nd January 2002

**FINAL FINDINGS**

**Subject:** Anti-Dumping investigations concerning import of Paracetamol from China and Taiwan.

**60/1/2000-DGAD** - Having regard to the Customs Tariff Act, 1975, as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof::

**A. PROCEDURE**

The procedure described below has been followed subsequent to the preliminary findings:

- a. The Designated Authority (hereinafter also referred to as the Authority) notified Preliminary Findings vide notification No.60/1/2000-DGAD dated 16th April, 2001 with regard to anti-dumping investigations concerning imports of Paracetamol from China and Taiwan.and requested the interested parties to make their views known in writing within forty days from the date of its publication;
- b. The Authority forwarded a copy of the preliminary findings to the known interested parties, who were requested to furnish their views , if any, on the said findings within forty days from the date of the letter;
- c. The Authority provided an opportunity to all interested parties to present their views orally on 11/12/2001. All parties presenting views orally were requested to file written submissions of the views expressed orally. The parties were advised to collect copies of the views expressed by the opposing parties and offer rejoinders, if any. Only the petitioners submitted written submissions.

- d. The Authority made available the public file to all interested parties containing non-confidential version of all evidence submitted and arguments made by various interested parties;
- e. The arguments raised by the petitioners and other interested parties have been appropriately dealt with in the preliminary findings and/or these findings;
- f. In accordance with Rule 16 supra, the essential facts/basis considered for these findings were disclosed to known interested parties and comments received on the same, (submitted by the domestic industry alone) have been duly considered in these findings;
- g. \*\*\* in this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.

## **B. PRODUCT UNDER CONSIDERATION**

2. Paracetamol is an odorless white crystalline powder. Its chemical formula is  $C_8H_9NO_2$ . Paracetamol is a bulk pharmaceutical active ingredient, displaying analgesic and antipyretic properties. It is used in a number of Rx and OTC drug formulations in the form of powders, granules, injectibles and tablets. Paracetamol is an organic chemical and is classified under custom sub-heading 2922.2914 of the Customs Tariff Act, 1975.

The Authority confirms the preliminary findings on product under consideration.

## **C. LIKE ARTICLES**

3. In order to establish that Paracetamol produced by the domestic industry is a Like Article to that exported from China and Taiwan, characteristics such as technical specifications, manufacturing process, functions and uses and tariff classification have been considered by the Authority.

The Authority also finds that there is no argument disputing that Paracetamol produced by the domestic industry has characteristics closely resembling the imported material and is substitutable by Paracetamol imported from the subject country both commercially and technically. Paracetamol produced by the domestic industry has been treated as Like Article to the product exported from China and Taiwan within the meaning of Rule 2(d).

In view of the above, the Authority confirms the preliminary findings on Like Articles.

## **D. DOMESTIC INDUSTRY:-**

4. The petition has been filed by M/s Triton Laboratories Ltd., Hyderabad, M/s Vamsi Labs Ltd., Solapur, M/s Srinivasa Agro Industries & Drugs Ltd., Vijaywada and M/s Sri Krishna Pharmaceuticals Ltd., Hyderabad alleging dumping of Paracetamol originating in or exported from China and Taiwan.

The production of Paracetamol by the petitioner has been as under:-

	1997-98	1998-99	1999-2000	POI (1st April, 1999 to 30th September, 2000)
Petitioners	55,79,642	61,50,329	66,89,579	100,39,757
Other producers	26,25,560	34,20,165	42,79,073	58,72,775
Total Indian Production	82,05,202	95,70,494	109,68,652	159,12,532

The petitioners account for 63.09% of the total production in the POI. The Authority notes therefore that the petitioner constitutes "domestic industry" and has the required standing to file the present petition under the Rules.

## **E. Views expressed by Interested Parties:-**

### **1. Views expressed by importers:-**

None of the importers/users of the subject goods responded to the questionnaire forwarded by the Authority.

### **2. Exporters Views**

#### **(A) China**

The exporters from China did not respond to the questionnaire forwarded by the Authority.

The exporters questionnaire and a copy of the non-confidential petition were forwarded on request to the China Chamber of Commerce of Medicines & Health Products Importers & Exporters, 8F, 12 Panjiayuan Nanli, Beijing-100021. However no response was received by the Authority.

#### **(B) Taiwan**

1. **Joint Union Enterprise Co., Ltd. Taipei**, in a letter to the Authority stated that Joint Union did not export Paracetamol to India during 1st April 1999 to 30th September 2000. They have requested for deletion of the company's name.

#### **2. Long Hwang Chemical Co. Ltd., Taiwan**

This exporter has stated that Long Hwang did export this item to India in 1999-2000. They have requested for deletion of the company's name from the anti-dumping investigations.

### **(3) Views expressed by Domestic Industry**

#### **(a) Procedure**

The Designated Authority has already followed an elaborate procedure in the present investigations. Notices were sent to the known exporters and known importers/users of Paracetamol in India. Notice was also sent to the Embassy of China in India and The Taipei Economic and Cultural Center in India. None of the exporter from China and Taiwan responded to the Authority which also establish our claim that producers/exporters from China and Taiwan are dumping Paracetamol in Indian market. None of the importers/users responded to the Authority.

#### **(b) Problem being faced by SSI Industry in the country**

The present petition involves a product reserved exclusively for production by Small Scale Industries in the country. A large number of companies were forced to terminate production due to dumping by exporters from the subject countries. More producers would close their operations should the Designated Authority not confirm preliminary findings and anti-dumping duties.

#### **(c) Product under consideration**

The product under consideration in the present investigation is Paracetamol originating in or exported from China and Taiwan. It is an odorless white crystalline powder. Paracetamol is a bulk pharmaceutical active ingredient, displaying analgesic and antipyretic properties. It is used in a number of Rx and OTC drug formulations in the form of powders, granules, injectables and tablets.

Paracetamol is classified under customs sub heading no. 2922.2914 of chapter 29 of the Customs Tariff Act. Though the classification of the product is dedicated, it is found that imports are reported under Chapter 30 also. It is requested that the final duties may kindly be recommended on imports of Paracetamol, if reported under Chapter 30 also.

#### **(d) Standing of the Domestic Industry**

The petition has been jointly filed by M/s Triton Laboratories Limited, Vamsi Labs Limited, Sri Krishna Pharmaceuticals Ltd. and Srinivasa Agro Industries & Drugs

Limited. The petitioner companies account for a major proportion of Indian production and, thus, satisfy the standing to file the petition within the meaning of the Rules.

(e) Like Article

Paracetamol produced by the domestic industry and imported from China and Taiwan are like article in terms of characteristics such as physical characteristics, chemical composition, product specifications, manufacturing process and technology, plant & equipment, functions & uses, marketing & pricing, consumer perception and tariff classification of the goods. The two are technically and commercially substitutable. The Indian consumers have consumed Paracetamol produced by the domestic industry and Paracetamol imported from China and Taiwan interchangeably. Paracetamol produced by the domestic industry is a like article to Paracetamol imported from China and Taiwan within the meaning of the Rules. Moreover, no arguments have been raised by any opposing interested parties in this regard. We, therefore, request the Authority to confirm the preliminary findings.

(f) Dumping

The Designated Authority sent questionnaire to known exporters/producers in China and Taiwan as also to the Embassy of China in India and the Taipei Economic and Cultural Center. None of the exporters/producers from subject countries responded to the Authority.

We have earlier claimed normal value based on the constructed cost of production in subject countries. Since the exporters from Subject Countries have preferred non-cooperation, it is submitted that normal value may kindly be assessed on the basis of best information available. Kind attention of the Designated Authority is also requested to para 7 and 8 of Annexure 1 to Indian Anti Dumping Rules, which clearly provides that the normal value in a non market economy has to be determined on the basis of constructed cost of production of the said product.

In the preliminary finding, the Designated Authority has determined normal value on the basis of constructed cost of production in China and Taiwan. We request the Designated Authority to confirm the preliminary finding in this regard.

With regard to export price, we have earlier provided information based on the import statistics released by the DGCI&S and Secondary Source. In the meantime, the DGCI&S has released information for the complete investigation period.

(g) Injury and Causal Link :

The Designated Authority has already acknowledged the injury caused to the domestic industry from the dumped imports from China and Taiwan. We have already provided detailed information to the Designated Authority (which is not being repeated herein for sake of brevity) clearly establishing that the domestic industry has suffered material injury from the dumped imports.

The petitioners submit that the following parameters summarize injury to the domestic industry:-

- Imports from China and Taiwan have increased very significantly.
- Market share of imports from China and Taiwan has increased significantly.
- Export Price in terms of US \$ and Indian Rupee from China and Taiwan.
- Dumping margin is not only more than de-minimis but also significantly high, causing material injury to the domestic industry.
- Though production, capacity utilisation and sales of the domestic industry have increased, the sales realisation has declined significantly resulting in severe price suppression.
- Domestic industry was forced to reduce its selling price below its cost of production resulting in financial losses.
- The landed value of imported material is significantly below the selling price causing severe price undercutting and below the cost of production and fair selling price of the domestic industry causing severe price suppression.
- A very large number of producers of Paracetamol have suspended production due to dumped imports.

(h) Non Injurious Price:

The present product is a case wherein the producers are in the small scale sector whereas the consumers are in the organised sector. The prices are dictated by the consumers. While we have no other issue with regard to the NIP determined in the preliminary findings in this case, it is submitted that the NIP being determined at the ex factory level does not take into account the full selling expenses. Payment terms are also in the nature of selling expenses. The cost of production of the domestic industry should also include full SGA expenses, including the expenses incurred on account of longer credit period offered by the suppliers to compete in the market.

(i) Variable duty in US \$:

Though the Designated Authority has already recommended variable anti-dumping duty in terms of US \$, it is submitted that the final duties may also be recommended in terms of variable duty expressed in US \$ only, so that erosion in the quantum of protection does not take place on account of changes in the exchange rates.

## **F. DUMPING:-**

5. The Authority sent questionnaires to the known exporters from the subject countries in terms of section 9 A (1). However, the exporters did not respond with the information called for. Therefore there are no claims made by the exporters with regard to Normal Value and Export Price. The Authority has therefore been constrained to rely upon constructed price and best available information with regard to Normal Value and Export Price respectively.

### **(A) NORMAL VALUE**

The Authority observes that the exporters from China and Taiwan have not responded to the questionnaire in the prescribed format and have not furnished information relating to normal value, export price, and dumping margin. The Authority therefore considers the exporters to be non-cooperative and has proceeded on best available information.

The petitioners have requested that the normal value in China and Taiwan be accepted on the basis of constructed cost of production of Paracetamol . In the circumstances the Authority has been constrained to determine the constructed cost.

The normal value in China and Taiwan is therefore considered to be USD \*\*\*/kg or Rs \*\*\*/kg at an average exchange rate during POI of 1USD=Rs 43.70.

### **(B) EXPORT PRICE**

The cif price as per the information available with the Authority is determined at Rs \*\*\*/kg for China and Rs \*\*\*/kg for Taiwan. The ex-factory export price has been determined after taking USD \*\*\*/kg as ocean freight (based on petitioner's information), \*\*\*% as marine insurance charges, commission @\*\*\*% for the agent in the exporting countries, \*\*\*% for inland transportation and \*\*\*% for port handling and port charges as per the Indian experience. However, commission @\*\*\*% for the Indian indenting agent as claimed by the petitioner is not allowed by the Authority for want of documentary evidence. After adjustments on these accounts the ex- factory fob export price is estimated to be Rs \*\*\*/kg or USD \*\*\*/kg for China, and Rs \*\*\*/kg or USD \*\*\*/kg for Taiwan at an average exchange rate.of Rs 43.70=1USD.

### **(c) Dumping Margin:-**

Based on the normal values and export prices as indicated above, the Authority assessed the dumping margins in case of all exporters from China and Taiwan as given in the table below:-

Country	Producer/Exporter	Dumping Margin %
(A) China	All producers/exporters	47.30%
(B) Taiwan	All producers/exporters	50.36%

## G. INJURY:-

For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry as production, capacity utilisation, quantum of sales, stock, profitability, net sales realisation, the magnitude and margin of dumping etc. in accordance with Annexure II (iv) of the rules supra, the details of which as brought out in the Preliminary Findings are reproduced below:-

### (a) Quantum of Imports

Quantity (kg.)

Countries	1997-98 (as per DGCIS)	1998-99 (as per DGCIS)	1999-2000 (as per DGCIS)	Apr-Sep'00 (as per DGCIS)	Apr'99-Sep'2000 (18 months)
Total imports	887,958	11,61,630	11,68,071	6,56,230(annl.13,12,460)	18,24,301
China	631,943	9,11,390	7,92,265	5,80,130 (annl. 11,60,260)	13,72,395
Taiwan	24,559	---	84,300	---	84,300

The increase in the total imports of Paracetamol was 30.8% in 1998-99 over that of 1997-98. Imports increased marginally in 1999-2000 over 1998-99 and significantly by 12.36% in Apr-Sep'00 (annualised) over 1999-2000.

The quantum of imports from China went up by 44.22% in 1998-99 over 1997-98. Imports in 98-99 were largely from China. Imports increased significantly by 46.44% in Apr-Sep'00 (annualised) over 1999-2000. The share of China in total imports was 71%, 78.4%, 67.8%, and 75.23% in 97-98, 98-99, 1999-2000 and the POI respectively.

The quantum of imports from Taiwan went up by 243% in 1999-2000 over 1997-98. The share of Taiwan in total imports was 2.7%, 7.2% and 4.6% in 97-98, 1999-2000 and the POI respectively.

### (b) Production and Capacity Utilisation

The production capacity, actual production and capacity utilisation of the petitioners was as follows: -

Petitioners	1997-98	1998-99	1999-2000	POI (18 months)
Installed Capacity (MT)	92,00,000	104,00,000	104,00,000	156,00,000

Production (MT)	55,79,642	61,50,329	66,89,579	100,39,757 (annl. 66,93,171)
Capacity Utilisation%	60.65	59.14	64.32	64.35

### (c) Sales and Market Share

	1997-98	1998-99	1999-2000	POI
Sales (kg) of Petitioners	55,68,952	62,29,140	66,49,438	98,53,747
Sales (other Producers)	25,15,260	33,63,630	47,29,896	62,20,846
Demand	89,72,170	107,54,400	125,47,405	178,98,894
Share of imports%	9.8	10.8	9.3	10.19
Share of dumped imports %	7.3	8.4	6.9	8.13
Share of Petitioner %	62.06	57.9	52.9	55.05
Share of Production volume%	62.18	57.18	53.31	56.09

It is seen that total and dumped imports have increased in absolute terms. The market share of imports from the subject countries have also increased in terms of production and consumption in India. The share of the domestic industry has declined in demand as also compared to their production volumes. The Authority notes that dumped imports from the subject countries have increased by 47%, while sales of the domestic industry have increased only by 17.96% which shows that domestic industry has not been able to increase their sales in the face of significant increase in dumped import volumes.

### (d) Price undercutting and price depression

Rs/kg

Year	Sales Realisation	Landed Price of Imports		
		China	Taiwan	Others
1997-98	***	158.7	154.4	161.46
1998-99	***	170.3	---	175.8
1999-2000	***	143.62	138.7	163
POI	***	141.68	138.8	165.23

It is evident from the above table that the exporters have been consistently reducing their prices that reduced significantly in 1999-2000 and in the POI. The landed prices have also varied considerably with the lowest ranging between Rs 98.63/kg and Rs 130.8/kg during January-February and April-May 2000. The domestic industry has been forced to reduce its selling prices consistently and respond to the lowest import prices in the market. The petitioners have claimed that the exporters are offering the material at much higher credit which has forced the domestic industry to reduce its prices further in spite of which it has continued to lose market share.

### (e) Profitability:-

The domestic industry has been forced to reduce its selling prices below its cost of production, resulting in substantial financial losses. The profitability of the domestic industry has declined significantly as evident from the per unit profit/loss made by the industry from sales in the domestic markets. Some of the companies have been forced to a situation of losses from a situation of profits.

Petitioners	1997-98	1998-99	1999-2000	(POI)
<b>Triton</b>				
COP	---	***	***	***
Selling Price	***	***	***	***
P/L	---	0.84	5.41	(14.22)
<b>Srinivasa Agro</b>				
COP	---	***	***	***
Selling Price	***	***	***	***
P/L	---	(12.79)	(23.84)	(22.17)
<b>Vamsi Labs</b>				
COP	---	***	***	***
Selling Price	***	***	***	***
P/L	---	(5.27)	2.38	1.82
<b>Sri Krishna</b>				
COP	---	***	***	***
Selling Price	***	***	***	***
P/L	---	15.67	3.55	2.13

## H. CONCLUSION ON INJURY

6. In view of the foregoing the Authority confirms the conclusions on injury in Para K.11 of the Provisional Findings and reiterates that:-

- a. the quantum of imports from the subject countries have increased in absolute terms and in relation to production and consumption in India;
- b. the market share of the petitioner has gone down while that of imports has increased;
- c. the petitioners have been forced to sell at prices below their non-injurious price resulting in losses;
- d. imports have undercut the prices of the domestic industry.

The Authority therefore concludes that the domestic industry has suffered material injury.

### 7. Causal Link

The Authority holds that the material injury to the domestic industry has been caused by imports from the subject countries that are major exporters of Paracetamol to India. The increase in the market share of imports from China and Taiwan resulted in the decline in the market share of the petitioner. Dumped imports from the subject countries increased by 47%, while sales of the domestic industry increased only by 17.96% which shows that domestic industry has not been able to increase their sales in the face of significant increase in dumped import volumes. Hence the dumped imports have had volume effect on the domestic industry. In examining the price effect, the Authority notes that import prices from the subject countries have undercut the prices of the domestic product forcing the domestic industry to sell below its non-injurious price which resultantly, the domestic industry was unable to recover. The material injury to the domestic industry was therefore caused by the dumped imports from the subject countries.

#### **8. Anti-Dumping duty imposed:-**

The Authority has carefully evaluated the injury caused to the domestic industry on account of dumping of Paracetamol and has recommended the amount of anti-dumping duty equivalent to the dumping margin or less, which if levied, would remove injury to the domestic industry. For this purpose, the Authority has compared the non-injurious selling price of the domestic industry with the landed value of imports from the subject countries.

#### **9. FINAL FINDINGS:-**

The Authority after considering the foregoing, concludes that:

- a. Paracetamol originating in or exported from China and Taiwan has been exported to India below normal value, resulting in dumping;
- b. the domestic industry has suffered injury;
- c. injury has been caused by imports from the subject countries.

10. The Authority recommends imposition of definitive Anti-dumping duty on all imports of Paracetamol originating in or exported from China and Taiwan falling under customs sub-heading no. 2922.2914 of the Customs Tariff Act, pending final determination. The anti-dumping duty shall be the difference between the amount mentioned in Col.3 and the landed value of imports.

Country	Name of the producer/exporter	Amount (USD/kg)
CHINA	All producers/exporters	3.33
TAIWAN	All producers/exporters	3.33

11. Landed value of imports for the purpose shall be the assessable value as determined by Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

12. Subject to the above, the Authority confirms the preliminary findings dated 16th April, 2001.

13. An appeal against this order shall lie before the Customs, Excise and Gold (Control) Appellate Tribunal in accordance with the Act, supra.

**L.V.SAPTHARISHI**  
DESIGNATED AUTHORITY