

**Government of India**  
**Ministry of Commerce**  
**Directorate General of Anti-Dumping and Allied Duties**  
**Udyog Bhawan**

New Delhi, 7th October 2004

**Final Finding**

**Subject:** Sunset Review of Anti-Dumping duties imposed on imports of Polytetrafluoroethylene (PTFE) originating in or exported from Russia: Final finding

**No. 15/6/2003-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:**

1. The procedure described below has been followed: -

- i. The Designated Authority initiated the sunset review investigation of anti-dumping duty imposed on imports of Polytetrafluoroethylene (PTFE) (hereinafter also referred to as PTFE or subject goods) originating in or exported from Russia (hereinafter also referred to as subject country) following a request to this effect by the Domestic Industry M/s. Hindustan Fluorocarbon Limited, Hyderabad that the expiry of the anti dumping duty would likely to lead to continuation or recurrence of dumping and injury. This sunset review was initiated vide notification no. 15/6/2003-DGAD dated 8th October 2003. The authority recalls that the final findings of the original investigation were notified vide notification No.24/1/98-DGAD dated 9th June 1999.
- ii. The Designated Authority sent a copy of initiation notification to the embassy of subject country, the known exporters, importers and the domestic industry as per the list available in the findings of the original anti-dumping investigation and requested them to make their views known in writing within 40 days of the initiation of this review investigation. A copy of the application filed by the domestic industry along with the relevant questionnaires were also sent to all interested parties in terms of anti dumping rules requesting them to respond in the form and manner as per the relevant questionnaires. None of the exporters responded to the initiation notification as well as to the application filed by the

domestic industry requesting continuation of anti dumping duty. None of the importers have also filed the response to the exporters' questionnaire in the form and manner as prescribed therein. However, some of the importers have submitted some arguments, which have been analyzed in detail by the designated authority to the extent they have been found relevant to the investigation.

- iii. The investigation of dumping and injury covered the period from 1st April 2002 to 30th June 2003 also called the Period of Investigation or POI. The examination of trends in the context of injury analysis covered the period from 1st April 1999 to the end of the period of investigation (also called the period under consideration). The import data has been examined from the transaction wise data made available by the DGCI&&S and the import quantity and value of imports from subject countries have been determined through the transaction wise DGCI&S data.
- iv. \*\*\*\* in this notification represents information furnished by the interested parties on confidential basis and so considered by the authority under the rules.
- v. The authority kept available the non-confidential version of the evidence presented by various interested parties in the form of a public file maintained by the authority and kept open for inspection by the interested parties.
- vi. The authority sought and verified all the information it deemed necessary for the purpose of final finding with regard to dumping, injury and causal link. The Authority conducted on-the-spot investigation of the domestic industry to the extent considered necessary. The cost of production of domestic industry was also analyzed to work out the best cost of production and the cost to make and sell the subject goods in India on the basis of GAAP based on the information furnished by the applicant so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- vii. In accordance with Rule 6(6), the Authority also provided opportunity to all interested parties to present their views orally in a public hearing held on 27th February 2004. The parties, which presented their views in the public hearing, were requested to file written submissions of the views expressed. In accordance with Rule 16 of the anti-dumping Rules, the essential facts/basis considered for these findings were disclosed to the known interested parties on 10th September 2004 and comments received on the same are duly considered in the final findings. All the interested parties were requested to submit the response to the disclosure by 23rd September 2004. It is noted that none of the interested parties except the domestic industry has filed the response to the disclosure statement.

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

2. The product considered in this investigation is Polytetrafluoroethylene (PTFE)). The basic raw material for manufacture of this product is Anhydrous Hydrochloric Acid and chloroform. It is produced in the moulding grade, fine powder grade, aqueous dispersions and compound grades of filled grades.

3. The subject goods is primarily used in the electrical, electronic, mechanical and chemical industries due to its unique characteristics which are chemical inertness, low coefficient of friction, non toxic, non inflammable, resistance to radiation and outstanding electrical properties over a wide frequency range.

4. PTFE is classified under customs Sub heading 390461 of the Customs Tariff Act 1975. However as stated in the initiation notification, the customs classification is indicative in nature and is in no way binding on the scope of the investigation. There are no arguments by any of the interested parties on the product under consideration.

5. It has been argued by various interested parties consisting of importers that there are many grades of the subject goods which are not manufactured by the domestic industry and these grades are used mainly for high end electronics such as in nuclear and space establishments. It has also been argued that grades used for making the wires and cables have not been manufactured in a consistent quality by the domestic industry and therefore, the same is required to be imported. The authority has examined the transaction-wise information of imports from subject country and after a detailed examination based on the submissions by interested parties, it notes that the subject goods exported by Russian producers and the products supplied by the domestic industry is comparable to each other in terms of various parameters like physical characteristics, chemical properties, manufacturing process, technology, functions and uses, pricing, distribution and marketing and tariff classification of the goods. Besides, the prices at which the goods from Russia are being exported to India are broadly in the same price range. Further it has not been disputed by any of the interested parties that certain grades other than those manufactured by domestic industry are coming in from Russia and which cannot be substituted with the subject goods manufactured by the domestic industry. An analysis of the imports made by other countries suggests that these different grades might have been originating or exported from countries other than subject countries, as the prices from these countries appeared to be much higher than the subject goods exported from Russia. With regard to the end use of the subject goods, the authority notes that the subject goods manufactured by domestic industry have been consistently supplied to the manufacturers of high end electronics. There is no known difference in PTFE from Russia and PTFE produced by the domestic industry. The two are technically and commercially substitutable and the consumers are using the two interchangeably. On the basis of the above examination, the authority concludes that the PTFE produced by the applicant is a like article to the goods imported from Russia in accordance with

anti dumping rules. It is further noted that this issue has been investigated in detail in the previous investigations and settled.

## **C. Domestic Industry**

6. The petitioner is the sole producer of the PTFE in India and hence has a standing to file the petition in terms of Rule 5(3) a of the Anti-dumping rules read with Rule 2(b).

## **D. Dumping**

7. Under Section 9A(1) I of the Customs Tariff Act 1975, Normal value in relation to an article means:

1. The comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or
2. When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:-
  - a. Comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or
  - b. The cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6)";

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

8. The Authority sent questionnaires to all the known exporters for the purpose of determination of normal value in accordance with Section 9A(1)(c). None of the exporters have responded to the questionnaire as per letter to the exporters and

exporters' questionnaire. In fact there are no arguments from any of the exporters in this investigation.

## **Russia**

### (a) Co-operation

9. None of the exporters from the subject country has responded to the questionnaire in the form and manner required as per letter to the exporters and exporters' questionnaire. The Authority recalls that it had sent letters to all the known exporters including their embassy at the time of initiation and a copy of the non-confidential application was also forwarded to all the known exporters from the Russian federation. Further, all the exporters including their embassy were invited during the public hearing which was chaired by the Authority on 27th February 2004. The public hearing was attended by the officials of Russian Embassy in Delhi though no written submission or rejoinder or comments from any of the exporters or embassy were made to the Authority. In fact there are no arguments from any of the exporters in this investigation. Amongst the importers, M/s Dupont India had not submitted any non-confidential response to the Authority and it is seen that none of the other exporters had submitted response in the form and manner as prescribed in the importers questionnaire. However all arguments pertaining to the various issues raised by various interested parties have been dealt to the extent these have been found as relevant by the Authority. WTO agreement on Anti Dumping states as in this regard. "As soon as possible after the initiation of the investigation, the investigating authorities should specify in detail the information required from any interested party, and the manner in which that information should be structured by the interested party in its response. The authorities should also ensure that the party is aware that if information is not supplied within a reasonable time, the authorities will be free to make determinations on the basis of the facts available, including those contained in the application for the initiation of the investigation by the domestic industry." As no information has been submitted by any of the exporters from Russia, the Authority treats all the exporters in this investigation as uncooperative.

### (b) Normal Value & Export Price:

10. In view of non-cooperation from any exporters from the subject country, the Designated Authority has no option but to proceed on the basis of best information available. It is also noted that the claim made by the petitioner with regard to determination of normal value has also not been disputed by the exporter or other interested parties. Under the circumstances, normal value under the rules is constructed on the basis of facts available as per rule 6(8) of the Anti-dumping Rules. Therefore, the information available on the costs of the production along with a SGA

with a reasonable margin for the profit has been taken as the basis of the determination of normal value for the exporters in the subject country. Export price at ex factory level has been determined with the available data from DGCIS and with adjustments as per the facts available.

(c) Comparison:

11. For the purpose of a fair comparison between the normal value and export price at an ex factory level, due allowance, has been allowed in respect of transport, insurance, handling and other costs.

(d) Dumping Margin:

12. In accordance with Rule 6(IV) of annexure I to the anti dumping rules, the dumping margin has been determined on the basis of constructed normal value with the weighted average export price at an ex factory level. The comparison showed the existence of dumping of the subject goods by the exporter during the POI. The weighted average dumping margin, expressed, as a percentage to the export price has been determined and is 105%.

Country	NV Ex	EP Ex	DM	DM %
	US \$	US \$	US \$	%
Russia	****	****	****	105%

## E. Injury

### Domestic consumption/demand

13. For the calculation of the Domestic consumption/demand of the product under consideration, the authority added the sales volume of the domestic industry to the total imports into India. On this basis, the domestic demand or consumption of the subject goods in the domestic market increased as shown in the table below.

	1999-00	2000-01	2001-02	POI Annualized
Imports – Russia MT	98	109	157	158
Indexed	100.00	111	160	161
Imports – Other Countries MT	368	383	576	742
Indexed	100.00	104.07	156.52	201.63
Sales of Domestic industry MT	280	372	381	290
Indexed	100.00	132.85	136.07	103.57
Demand MT	746	864	1114	1191
Indexed	100.00	115.81	149.32	159.65

It is noted that the demand of the product under consideration shows positive trend. The absolute quantum of imports from subject country increased during the period under consideration.

14. The Authority has also examined impact of changes in demand on price of the domestic industry. It is found that while demand increased, imports from subject countries as also other countries also shows significant positive trend in the volume. In fact import from other countries has also increased significantly in the demand. Regarding imports from other countries, China is the major exporter-exporting product under consideration during the period under consideration. The Authority recalls that the domestic industry had filed an application against imports from China, and for which investigation is under progress by the Designated Authority.

### **Imports originating in the subject country and other countries**

#### Volume of imports

15. The volume of dumped imports of the product under consideration from Russia as also from other countries is given in the table below.

	1999-00	2000-01	2001-02	POI Annualized
Imports – Russia (MT)	98	109	157	158
Indexed	100.00	111.46	160.35	161.54
Imports – Other Countries (MT)	368	383	576	742
Indexed	100.00	104.07	156.52	201.63
Total Imports (MT)	466	492	733	900
Indexed	100.00	105.57	157.51	193.34

It is evident from the above that imports from subject country have increased by 62% over the period under consideration. The authority further notes that the domestic consumption increased by 59 % during the period under consideration. It is therefore concluded that there has been steady and significant increase in demand and also the volume of dumped imports has significantly increased over the period under consideration and increase in imports has been more than increase in demand, resulting into decline in share of domestic industry.

#### **Share of subject country in total imports:**

16. Over the period under consideration, the share of the dumped imports from the subject countries remain at significant level. As present investigation is a review investigation, therefore, anti dumping duty continues to be in force. However, even after the imposition of anti dumping duty, imports remain at a significant level. It is

therefore, noted by the Designated Authority that market share of dumped imports from Russia remains at significant level.

	1999-00	2000-01	2001-02	POI Annualized
<b>Market Share in Imports</b>				
Russia (MT)	98	109	157	158
Share	21.00	22.18	21.42	17.56
Other Countries (MT)	368	383	576	742
Share of other countries	78.91	77.85	78.58	82.44
Share of Russia as a proportion to domestic production	32.32	30.07	45.80	42.54
Share of Russia as a proportion to consumption	13.12	12.63	14.09	17.56

The Designated Authority has examined share of Russia in total imports of subject goods in India. It may be seen that Russian share in total imports have declined, which could be due to imposition of duty against Russia and commencement of imports from newer sources.

### **Market share of dumped imports in total demand**

17. The Authority has also examined share of dumped imports from subject countries in demand of subject goods in India. The Authority finds that share of subject country, which was 13.12% in 1999-2000 marginally increased to 13.29% during the POI. The demand, however, increased to 17.56%.

Market share in Demand %	1999-00	2000-01	2001-02	POI
Domestic industry	37.51	43.06	34.17	24.37
Imports – Russia	13.12	12.63	14.09	13.29
Imports – Other Countries	49.37	44.31	51.74	62.44
<b>Changes in market share – over period under consideration</b>				
Dumped imports		-0.49	0.97	4.44
Other imports		-5.06	2.37	8.7
Domestic industry		5.55	-3.34	-13.14

It is evident from the above that domestic industry has lost significant market share, which is captured by subject countries as also other countries. As mentioned earlier, in other countries, China is a major exporter of the subject goods, against which investigation is under progress.

### **Market share of dumped imports in production in India**

18. It is found that dumped imports from subject country have increased in relation to production of the domestic industry.

	1999-00	2000-01	2001-02	POI Annualized
Imports from Russia in relation to production	32.32	30.07	45.80	42.54
Year by year change		-2.25	13.48	10.22

On the basis of above examination, it is concluded that there has been a significant rise in the market share of dumped imports from Russia during the period under consideration as compared to previous years.

### Evolution of import price

19. During the period under consideration, the average CIF prices of the imports originated in Russia decreased significantly by 13.00%..

Rs. Per Kg	1999-00	2000-01	2001-02	POI Annualized
CIF import price – Russia Rs/Kg	333.22	395.16	389.57	289.87
Year by year change		18.59	-1.41	-25.59

The Authority notes that prices of the subject goods fluctuate in view of the fact that the input prices also keep fluctuating. It is evident from the above that import price of PTFE from Russia, which was increasing over period under consideration till 2001-02 declined significantly during the period of investigation.

### Price Undercutting,

20. A comparison for selling price of domestic industry and landed price of imported material was made between the Russia and the domestic industries selling price in the domestic market, net of all rebates and taxes to unrelated customers, at the same level of trade. The prices of the domestic industry were determined at the ex factory level. The CIF prices of Russia were added for post importation applicable duties (basic customs duty).

Rs. Per Kg	1999-00	2000-01	2001-02	POI Annualized
CIF export price – Russia Rs/Kg	333.22	395.16	389.57	289.87
Landed Value – Russia	437.52	538.81	530.47	395.25
Net Sales Realization of Domestic industry	****	****	****	****
Price Undercutting	****	****	****	****
Price Undercutting %				15-20%

This comparison showed that during the period of investigation, the subject goods originating in the subject country were sold in the domestic market at prices which undercut the domestic industry's prices when expressed as a percentage of the domestic selling prices of the domestic industry.

## **Price Underselling**

21. The Authority has also examined the claim of the applicant that the domestic industry is suffering on account of the losses from the sale of PTFE. The Authority notes that price underselling is an important indicator to make an assessment of the injury. The Authority has worked out the Non-injurious price for the product under consideration and compared the same with the landed value to arrive at the extent of price underselling. The analysis shows a significant level of incidence of price underselling of 30-40% on account of dumped imports from Russia.

## **Situation of the Domestic Industry**

### Preliminary remarks

22. For the examination of the impact of the imports on the domestic industry in India, the Authority considered such indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. in accordance with Annexure II (iv) of the Rules supra

## **Sales**

23. Sales volumes of domestic industry were as follows:-

<b>Year</b>	<b>1999-00</b>	<b>2000-01</b>	<b>2001-02</b>	<b>POI Annualized</b>
Sales (MT)	280	372	380	290
Trend	100.00	132.86	135.71	103.57
Demand (MT)	746	864	1114	1191
Market share of domestic industry	37.51	43.06	34.17	24.37

It is seen that the sales volumes of the domestic industry increased between 1999-00 and 2001-02. However, sales volume have shown declining trend thereafter in the investigation period. The sales volumes have shown declining trend even when the demand has shown an increase. As a result, the market share of the domestic industry has shown a decline even when the demand has grown.

## **Likely Impact if the duty is withdrawn**

24. Considering the level of price undercutting and price sensitivity of the product, there could be further decline in sales of the domestic industry.

## **Profits:**

25. Profit/loss of the domestic industry per unit of production and for the quantities sold has been as under:

Year	1999-00	2000-01	2001-02	POI Annualized
Profit/loss before interest (Rs./Kg)	****	****	****	****
Index	-100	-34	-31	-66
Interest (Rs./kg)	****	****	****	****
	100	101	106	111
Net Profit/loss (Rs./kg) after interest – on sales	-100	-51	-50	-77
Total Profit/Loss before interest	****	****	****	****
Index	-100	-46	-43	-69.2

It is evident from the above that profits of the domestic industry have significantly been eroded. The domestic industry continues to make losses even after imposition of duty.

### **Production, capacity and capacity utilization**

26. Production, capacity and capacity utilization of the domestic industry have been as under.

Year	1999-00	2000-01	2001-02	POI Annualized
Capacity MT	500	500	500	500
Production MT	303.00	362.98	342.92	371.92
Indexed	100.00	119.80	113.17	122.75
Capacity Utilization %	60.60	72.60	68.58	74.38
Year by year Change in Production MT		59.98	-20.06	29

It is seen from the above that production of the domestic industry has increased. However, it is noted that increase in production has not helped the domestic industry as domestic industry continues to make losses due to availability of dumped material in the domestic market. It is further noted that domestic industry has alleged in their application for mid term review that ADD imposed earlier in their original investigation is inadequate to tide over the injuries being suffered by the them due to dumped imports from subject country.

### **Market Share**

27. Share of the domestic industry and imports in demand in India has been as under:

Year	1999-00	2000-01	2001-02	POI Annualized
Domestic industry	37	43	34	24
Russia	13	13	14	18

Other Sources	49	44	52	58
<b>Year by Year Change</b>				
Domestic industry		6	-9	-10
Russia		0	1	4
Other Sources		-5	8	6

It is seen that the share of the domestic industry in demand increased significantly between 1999-2000 and 2000-01. However, thereafter, the domestic industry has been losing market share. It is also seen that the share of the dumped imports from the subject country has increased in period under consideration in the total demand. It is also noted that import share from other than subject countries has also significantly increased. The Authority recalls that significant imports made from other countries pertain to imports from China for which a separate investigation is currently underway by the Authority.

### **Employment and Wages**

28. There is no changes in employment level of the domestic industry as employees of the domestic industry remains more or less same as the company is having policy to retain its employees in tough situation with a expectations of better tomorrow. In wages, wages of the domestic industry shows positive trend due to prevailing rules and laws of the country.

### **Productivity:**

29. Productivity of the domestic industry has been as under:

Year	1999-00	2000-01	2001-02	POI Annualized
Productivity per Employee	****	****	****	****
Index	100	119	113	123
Year by Year Change		0.27	-0.09	0.15

It is evident from the above that productivity of the domestic industry, which has increased between 1999-00 to 2000-01, declined after 2000-01 significantly. However, from the base year to the POI, the employee productivity shows a general increase. It is also noted that per employee productivity of the domestic industry shows positive trend due to increase in production and more or less same level of employees.

### **Factors affecting domestic prices**

30. The imports from subject countries are resulting in significant price undercutting and price underselling in the Indian market. The landed price of imports is

significantly below the non injurious price of the domestic industry. Selling prices of the domestic industry have declined as may be seen from the table below.

Rs. Per Kg	1999-00	2000-01	2001-02	POI Annualized
Net Sales Realization	****	****	****	****
Indexed	100.00	95.78	100.76	92.40
Price undercutting-Russia	****	****	****	****
Cost of production	****	****	****	****
Index	100	79	82	87
Landed Price - Russia	****	****	****	****
Index	100	123	121	90

It is evident from the above that landed price from Russia is significantly below than net sales realization of the domestic industry as also cost of production. Dumped imports have significantly undercut the prices of the domestic industry in the Indian market.

### Return on investments

31. Return on investments (profit before interest) shows the same trend as that of profits as is evident from the table below.

Rs. Per Kg	1999-00	2000-01	2001-02	POI Annualized
<b>Return on Capital Employed Considering NFA on</b>				
Profit before interest	_* ***	_****	_****	_****
Index	-100	-26	-22	-51
Profit after interest	_* ***	_****	_****	_****
Index	-100	-35	-31	-34

### Effects on cash flow

32. The petitioner is a multi product company involved in production of other product also. Cash flow of the domestic industry is reflective of operations relating to company as a whole, which include CFM operations, in which company is doing well. However, the Authority has examined performance of the domestic industry in terms of cash profits in relation to the product under consideration alone. Cash profit of the domestic industry in relation to the product under consideration is shown as under:-

	1999-00	2000-01	2001-02	POI Annualized
Cash profit	_****	****	****	****
Index	-100	-63.04	-65.4	-167

It is evident from the above that cash profit situation of the domestic industry declined significantly during the period under consideration.

### **Inventories:**

33. Inventories with the domestic industry have been as under:

	1999-00	2000-01	2001-02	POI Annualized
Opening Stock	108	83.65	74.56	36.68
Closing Stock	83.65	74.56	36.68	138.77

It is seen from the above that inventories of the domestic industry reduced till 2001-02. However, inventories increased thereafter in the period of investigation, which is the highest in the whole period under consideration. This increase in inventories is in spite of production curtailed by the domestic industry.

### **Ability to raise capital investments:**

34. It is noted that company is making losses for the product therefore company does not have any plan at present to expand its capacity or to raise any capital for any further expansion.

### **Growth**

35. Domestic industry has faced negative growth so far as operations of product under consideration is concerned as production, sales have declined and profits of the domestic industry have been eroded and now converted into losses. Following table shows that domestic industry has negative growth in many parameters.

	1999-00	2000-01	2001-02	POI Annualized
Sales	280	372	380	290
Year by Year trend		92	8	-90
PBIT Rs. Lacs	****	****	****	****
Index	-100	-46	-43	-69
PBT Rs. Lacs	****	****	****	****
Index	-100	-68	-68	-80
Market share in Demand	37.51	43.06	34.17	24.37
Year by Year trend		5.55	-8.89	-9.8
Cash Profit	****	****	****	****
	-100	-63	-65	-167
Inventories	****	****	****	****
Year by Year trend		-9.09	-37.88	102.09

It is seen from the above that domestic industry faced negative growth in respect of a number of parameters.

### **Conclusions on Injury**

36. The authority notes that a significant decline in sales volumes (about 24% from the preceding year though a marginal increase from the base year), continuous financial losses over the period under consideration, decline in market share in demand (significant decline after showing increase in 2000-01), positive price undercutting in POI, negative return on capital employed, increase in stocks after significant decline show significant deterioration in the performance of the domestic industry over the injury period. Performance of the domestic industry, when compared between 1999-2000 and POI improved in terms of market share. However, this can not be considered satisfactory, given that the domestic industry had been suffering losses and facing injury in preceding period due to dumping of subject goods from Russia. On the basis of foregoing, the authority concludes that the domestic industry has suffered continued material injury from the dumped imports from the subject country.

### **Causal link**

37. Increase in volume of imports (by more than 60%) between 1999-00 and POI has led to an increase in share of imports in demand/consumption. Imports from subject country have increased in the total imports as well as in total demand. It has also increased as a proportion to the sales made by domestic industry during the period under consideration. As a direct consequence, share of domestic industry declined between 2000-01 and POI after recording an increase between 1999-00 and 2000-01.

38. Market share of the imports increased after declining significantly. As a direct consequence, the market share of the domestic industry first increased and thereafter declined significantly.

39. Imports from the subject country were undercutting the prices of the domestic industry. As a direct consequence, the domestic industry was prevented from selling the product at a price which would have enabled it to recover its cost of production and earn a reasonable profit. This led to deterioration in the performance of the domestic industry in terms of profits, cash profits and return on investment.

40. Even though the employment level of the domestic industry declined, the Authority notes that the decline in the employment level is an indicator of overall situation of the applicant company and is not linked to dumping of the product concerned.

41. It has been argued by other interested parties that injury to the domestic industry could be due to the reasons other than dumped imports from subject country. Reasons such as high interest burden and high cost of production have been cited as reasons for the injury to the domestic industry. The Authority has verified the data pertaining to the cost structure of the domestic industry and has also analyzed the effect of the interest component on the state of the domestic industry. The Authority notes that the Domestic Industry was referred to BIFR in April, 1994. BIFR in its Order No.507/94 dated 19.12.1996 approved the merger of Hindustan Fluorocarbons Ltd (HFL) with Hindustan Organic Chemicals Ltd (HOCL). As reported in its Annual Report for the year 2002-2003, it is mentioned that the company is still in the BIFR net. HOCL (the holding company) has submitted alternative viable proposal for revival of HFL (subsidiary of HOCL and the company under consideration) and submitted the same to IDBI and BIFR in respect of rehabilitation packet. The final decision is awaited.

42. The Authority has analysed the components of cost of production for the financial year 1999-2000 with 2002-2003. The cost of production went up by 11.35% during this period. The company's total sales turnover went down by 11.7%. The company suffered approximately 6.12% reduction in its selling price per kg for PTFE. The company could realise 26.9% higher selling price and earned profit in case of its another product CFM 22. Despite increased production and capacity utilisation of both products, its inability to realise its cost of production for PTFE coupled with 28.71% reduction in the landed cost of the product under consideration from Russia contributed to the overall loss of the company. Though there has been net losses, the company has posted gross profit from 1999-2000 onwards. As claimed vide its Annual Report for 2002-2003, improvement in working capital management and austerity drive on all expenses has helped the company to withstand the competitive environment.

43. The Authority notes that there is no contraction in the overall demand during the period under consideration. On the contrary, the demand has increased by 59% during the injury period. It is also concluded from the data/information made available to the domestic industry by various interested parties that there has not been any apparent change in the pattern of consumption of the subject goods.

44. With regard to the volume and prices of imports not sold at the dumped prices, it is noted that apart from the subject country, a considerable proportion of the imports from other countries is accounted for by China PR. The authority recalls that it has initiated an anti-dumping investigation of the subject goods from China PR on the basis of a claim filed by the same domestic industry and the investigation is currently under progress. In view of the foregoing, it is noted that imports from non-subject countries other than China PR are considered not to have an impact on the performance of the domestic industry.

45. With regard to trade restrictive practices of and competition between foreign and domestic producers, it is further noted that there is a single market of the subject goods where dumped imports from subject country competes directly with the subject goods produced by the domestic industry. On the basis of examination of transaction-wise imports from subject country and from the sales records of the domestic industry, it appears that the price determines the choice of supplier as dumped subject goods are like product to the indigenous producer. It is further noted that imported subject goods and domestically produced goods are like articles and are used for similar application/end uses. Further, there has not been any arguments from any of the interested parties with regard to the fact that possible developments in technology could have been possible a cause of material injury being caused to the domestic industry.

46. As the domestic industry is not having exports of the product, possible deterioration in the export performance may not be a possible cause for injury to the domestic industry. As regards improvement in productivity, the authority notes that during the period under consideration, the productivity measures as output per employee per year increased significantly. Thus, deterioration in the productivity has not been a cause for injury to the domestic industry.

### **Conclusions on Causal Link**

47. Given the above analysis which has properly distinguished and separated the effects of all known factors on the situation of the domestic industry from the injurious effects of the dumped imports, it is concluded that these other factors as such did not reverse the fact that the material injury found may be attributed to the dumped imports. It is, therefore, concluded that the dumped imports originating in the subject country has caused material injury to the domestic industry within the meaning of Rule 11 of Anti Dumping rules and article 3.5 of the Agreement of Anti Dumping.

### **Likelihood of continuation of dumping and recurrence of injury if the duty is withdrawn**

48. Data of exports of PTFE from Russia to other countries in the world made available to the Authority shows that exports of PTFE from Russia to countries other than India are also at dumped prices, considering the estimates of normal value and the price at which the goods have been exported to a number of countries. It is noted that the exporting producers are selling the material at low prices in other markets. This clearly suggests that the Indian market would be very attractive to imports from Russia should the anti dumping duties not be continued.

### **Vulnerability of the domestic industry**

49. It is further noted that the domestic industry has suffered continued material injury from the dumped imports from subject countries. There is a greater possibility that revocation of duty will result in higher extent of injury to the domestic industry. Imports from China at lower price have shown very significant increase. This shows that the Indian Market is vulnerable to imports, should the prices offered by the exporters be lower. In view of this fact, the Authority notes that the domestic industry is vulnerable to injury, should the present anti dumping duty be revoked.

### **Significant price undercutting by imports with current measures**

50. Imports from subject countries were undercutting the prices of domestic industry in the Indian market even after duty in force. It is noted that should the present anti dumping duty be revoked, the price undercutting by imports might increase further.

### **Ample production capacity of exporters**

51. The producers in Russia are understood to be holding significant production capacity. Even though no Russian producers have responded to the Authority and have not cooperated in the present investigations, the information made available by the interested parties shows that the Russian producers are holding significant capacities. The global exports of the product from Russia have been as under:-

Source: World Trade Atlas

	All countries		India	
	Volume MT	Price\$/kg	Volume MT	Price\$/Kg
2001	10310	6.79	188	6.33
2002	7625	6.34	144	6.13
2003	6235	5.19	130	5.35

51. As against Indian demand of about 1200 MT, it is seen that not only the Russian export price to other countries appear higher, but also the Russian producers are apparently having huge capacity to meet several times of Indian demand. It is therefore noted that revocation of anti dumping duty would therefore lead to substantial importation of the material.

### **Significant market share of imports:**

52. The market share of imports from Russia in demand of subject goods in India is quite significant even with the current measures in force. The Authority noted that should the current measures be allowed to lapse, market share of the imports from Russia would increase further.

## **Non participation by exporters**

53. The Authority notes that none of the exporters from Russia have responded to the Authority. The Authority has been constrained to rely upon other information made available in view of non-cooperation and non-participation by the exporters from Russia.

## **Market conditions and circumstances of exporters:**

54. There is a likelihood that import volumes would increase significantly given that the Russian exporting producers (a) are exporting at lower prices in some of the world markets and therefore would naturally like to sell higher volumes in the Indian market, should the measures be repealed; (b) have the potential to raise their production and export volume in view of their large unused production capacity; (c) domestic consumption in Russia is likely to stay at relatively low levels in the near future; (d) the exporters have not established that their market conditions and circumstances are such that the injury to the domestic industry would be unlikely should the present measures be allowed to lapse.

## **Current dumping margin**

55. The dumping margin in the present review has been found to be very significant. In fact, the margin of dumping has significantly increased. If anti-dumping duties are removed it is likely that the dumping will continue at much higher volumes of imports. Further given that the Russian exports to a number of other countries are in fact at much lower prices, expiry of the measures would worsen the situation of the domestic industry, eventually putting at risk the viability of domestic production of subject goods.

## **Conclusions**

56. After considering the foregoing the Authority concludes that -

- i. The subject goods have been exported below their Normal Value from subject country during the period under investigation.
- ii. The domestic industry continues to suffer material injury on account of dumped imports from subject country.
- iii. Injury has been caused to the domestic industry by the dumped imports from subject country and
- iv. Anti dumping duties are required to be imposed in respect of imports from subject country, as withdrawal thereof would lead to continuation of dumping and injury.

57. The Authority considers it appropriate to recommend the continuation of anti-dumping duty on imports of PTFE originating in or exported from Russia. The amount of anti-dumping duty shall be equal to the margin of dumping or margin of injury, whichever is less and which if levied would remove the injury to the domestic industry. The Authority has determined that injury margin is the lesser of the two margins. For the purpose of determining injury margin, the landed price of imports has been compared with the non-injurious selling price of the domestic industry determined for the period of investigation. As the prices of the input fluctuate significantly in the international market, it has been decided to fix the anti dumping duty on a reference price basis. The anti dumping duty shall be the difference between the amounts mentioned in column 9 below and the landed value of imports in US\$/Kg.

S.No	Sub-Heading	Description of Goods	Specification	Country of Origin	Country of Export	Producer	Exporter	Amount	Unit of Measurement	Currency
1	2	3	4	5	6	7	8	9	10	11
1.	390461	Polytetrafluoroethylene (PTFE)	All grades	Russia	Any Country	Any Producer	Any Exporter	12.66	Kg	US\$
2	390461	Polytetrafluoroethylene (PTFE)	All grades	Any Country	Russia	Any Producer	Any Exporter	12.66	Kg	US\$

58. Landed value of imports for the purpose shall be the assessable value as determined by the 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.

59. An appeal against this order shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Act, supra.

**Abhijit Sengupta**  
Designated Authority