

**Government of India**  
**MINISTRY OF COMMERCE & INDUSTRY**  
**DEPARTMENT OF COMMERCE**  
**(DIRECTORATE GENERAL OF ANTI-DUMPING & ALLIED DUTIES)**  
**NOTIFICATION**

**NEW DELHI, the 20<sup>th</sup> July 2007**

**Final Findings**

**Sub: Anti-Dumping Investigation involving import of Peroxosulphates (also known as Persulphates) from China PR and Japan.**

**F.No. 14/1/2006-DGAD:-** Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, (hereinafter referred to as the Rules) thereof:

1. WHEREAS M/s Gujarat Persalts Pvt. Ltd. Ahmedabad, M/s Calibre Chemicals Pvt. Ltd. Mumbai, and M/s Yoyo Chemicals Ahmedabad, (herein after referred to as the applicants) have jointly filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Act, and the Rules, alleging dumping of Peroxosulphates also known as Persulphates (herein after also referred to as subject goods), originating in or exported from the China PR, and Japan (herein after also referred to as subject countries) and requested for initiation of an investigations for levy of anti dumping duties on the subject goods.

2. AND WHEREAS, the Authority on the basis of sufficient evidence submitted by the applicants on behalf of the domestic industry, issued a public notice dated 28th July 2006 published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods, originating in or exported from the subject countries, in accordance with the sub-Rule 5(5) of the Rules, to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which, if levied would be adequate to remove the injury to the domestic industry.

**A. Procedure**

3. Procedure described below has been followed with regard to the investigation after notification of the preliminary findings by the Authority.

The Designated Authority sent copies of preliminary finding dated 23rd February 2007 to the embassies of the subject countries in India, known exporters from the subject countries, known importers and other interested parties, and the domestic industry, as per the information available with it. Parties to this investigation were requested to make their views known in writing within 40 days of the notification of the preliminary findings.

The comments of the interested parties in response to the preliminary findings have been taken on record and the Authority has examined the issues raised therein in this disclosure statement.

The Authority made available non-confidential version of the evidence presented by interested parties in the form of a public file kept open for inspection by the interested parties.

Optimum cost of production and cost to make and sell the subject goods in India was worked out based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP) so as to ascertain whether Anti-Dumping duty lower than the dumping margin would be sufficient to remove injury to Domestic Industry.

The Authority held a public hearing on 09.04.2007 to provide an opportunity to all interested parties to present their view. Oral submissions made by the parties during the public hearing reproduced in writing have been taken on record for the purpose of this investigation.

Confidentiality claims of various interested parties in respect of the data submitted by them have been examined. The information, which is by nature confidential or which has been provided on a confidential basis by the interested parties, along with non-confidential

summary thereof, has been treated confidential \*\*\* in this finding represents information furnished by the domestic industry on confidential basis and so considered by the Authority under the Rules.

The essential facts of the case were disclosed to all interested parties in the form and confidential and general disclosures on 5th July 2007. Comments of the interested parties on the disclosure statement, to the extent they are relevant and supported by evidence, have been considered by the Authority

Investigation was carried out for the period starting from 1.1.2005 to 31.12.2005 (POI).

For the sake brevity the comments of interested parties and issues raised prior to the preliminary findings and addressed therein have not been repeated in this finding.

### **C. Product under Consideration and Like Article**

4. The product under consideration in this investigation is Peroxosulphates (also known as Persulphates). Three types of Persulphates have been included in the present investigation, which are:

I) Ammonium Persulphate (APS), (NH<sub>4</sub>)<sub>2</sub>S<sub>2</sub>O<sub>8</sub>)

II) Potassium Persulphate (PPS) (K<sub>2</sub>S<sub>2</sub>O<sub>8</sub>); and

III) Sodium Persulphate (SPS) (Na<sub>2</sub>S<sub>2</sub>O<sub>8</sub>).

5. These Persulphates are a group of closely related compounds produced as Alkali Metal salts. These are the most sensitive and efficient oxidizing agents and releases active oxygen very efficiently and easily. All the three persulphates are manufactured electrochemically and have the same or substitutable end-uses as an initiator and oxidizing agent in the textile and chemical industries. All Persulphates are classified in Chapter 28 of the Customs Tariff Act, 1975 under subheading 2833 40 and under subheading 28334000 under the Indian Trade Classification (Based on Harmonized Commodity Description and Coding system). However, the above classification is indicative only and is no way binding on the scope of this investigation.

6. Based on the arguments of the domestic industry that the above types of persulphates should be included within the scope of the product under consideration as the manufacturing process, functions and uses of the persulphates are same and the products have considerable technical and commercial substitutability, the Authority, in its preliminary findings held that the three types of persulphates are required to be treated as alike and one product for the purpose of defining the 'product under consideration' in this case. No argument has been received from any interested party on the scope of product under consideration or like article. Therefore, the Authority confirms its preliminary findings in respect of the product under consideration and like article.

### **D. Domestic Industry and Standing**

7. The application has been filed by M/s Gujarat Persalts Pvt. Ltd. Ahmedabad, M/s Calibre Chemicals Pvt. Ltd. Mumbai and M/s Yoyo Chemicals Ahmedabad, and the applicants collectively account for more than 50% of the domestic production of the subject goods in India. The domestic industry has pointed out certain errors in respect of the information on import of the subject goods by the applicants and the Authority notes that M/s Yoyo Chemicals has imported 20MT of Sodium Sulphate during the POI. Gujarat Persalts Pvt. Ltd has imported 21 MT of Ammonium Persulphates and 21 MT of Sodium Persulphates during the POI. The imports of the applicant domestic industry constitutes about 10% of their own production and part of this imports has been used for further production, while a part of it has been sold in the domestic market. The applicants have argued that these imports were made when the industry was faced with cheap Chinese to investigate the reasons for so low priced imports. It has been further argued that even if these two producer are not considered as a part of the domestic industry, M/s Calibre Chemicals, having a production of about 1400 MT of the subject goods during POI, commands more than 50% of total production of the subject goods in India and therefore, commands the standing to file the application and would constitute domestic industry under the Rules.

8. The Authority notes that Rule 2(b) does not prohibit inclusion of the domestic producers, who had imported the subject goods, to be considered as a part of the domestic industry. In the instant case, two of the applicant domestic producers have imported subject goods, but the quantity imported is less than 10% of their total production of the subject goods during the period of investigation. Further, these imports were apparently made as a matter of self-defense against cheap imports, to ascertain possible reasons for exports at such low prices. In view of the fact that injury evaluation of the domestic industry should take into account as much data of the domestic producers as possible, the Authority is of the view that these two producers should be considered as a part of the domestic industry for injury determination. None of the interested parties have disputed either the claim of the domestic industry or provisional determination of the Authority in this

regard. Therefore, the Authority holds that the applicants constitute the domestic industry and command the standing for filing the application for the purpose of this investigation, within the meaning of the Rules.

#### **E. De Minimis Import Volumes**

9. As per the import data received by the Authority from the Directorate General of Commercial Intelligence and Statistics (DGCIS) and other secondary sources, the imports of the subject goods from the subject countries are above the de minimis level.

#### **F. Other submissions and issues raised**

10. The Authority notes that none of the producers of the subject goods in the subject country and consumers, or importers in India has responded to the Designated Authority, nor has any party provided any information relevant to the present investigations. The domestic industry, in its comments on the preliminary finding of the Authority, has commented upon the methodology of determination of injury margin and comparison methodology thereof. These comments have been noted by the Authority and addressed in the relevant sections in this finding.

#### **G. Determination of Dumping Margin**

11. The Authority notes that Rule 6.8 of the antidumping Rules provide that in a case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it.

12. Article 6.8 of the Agreement, read with paragraph 1 of Annex II, provides that 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.

13. The Authority notes that the exporters and the governments of the subject countries have been adequately notified about the requirement of submission of information in the form and manner prescribed and adequate opportunity was also granted to the parties to make their submissions in this regard. Therefore, in the absence of cooperation from the subject country, the Authority has determined the dumping margins in respect of the subject country on the basis of facts available.

#### **a) China PR**

##### **Normal Value**

14. The Authority notes that none of the exporters/producers from China PR has provided any response or information on the normal value as per the prescribed questionnaire, or rebutted the non-market economy presumption against Chinese exporters. In the preliminary finding, the Authority had determined the normal value in China on the basis of Para-7 to Annexure-I to the Rules. After the preliminary findings also, none of the Chinese producers have responded to the Authority.

15. Petitioners had identified USA as an appropriate surrogate country and provided the consent of M/s FMC Chemical Corporation, USA, one of the producers of the product under consideration in USA, to act as the surrogate for determination of the normal value of the subject goods in terms of para 7 of Annexure I of the Rules. It was brought to the notice of the Authority that there are very few producers of the subject goods in the world and M/s FMC Corporation USA is one of the leading producers of the subject goods who has agreed to cooperate in this investigation. Accordingly, the Authority made a request to M/s FMC Chemical Corporation, USA, to provide relevant information before notifying the surrogate country for the above purpose, in terms of the above Rules. M/s FMC Corporation has provided its cost and domestic selling information for determination of the normal value in terms of first proviso of para 7 of the Annexure 1 of the Rules. Accordingly, Authority notified the interested parties about the selection of the surrogate country in terms of the above Rules. However, no response has been received from any interested party on this issue.

16. The surrogate producer in the USA has provided relevant information. Certain discrepancies in the information submitted by the surrogate producers have been noticed. The Authority found a significant difference in the cost and prices of the surrogate producer and the constructed normal value claimed by the domestic industry in all three-product types. The discrepancies were pointed out to FMC after the preliminary findings and the surrogate producer has submitted

further information and clarification. However, the information continued to show significantly higher prices for certain product types and indicates significant difference in cost and price structure compared to the country under investigation. The Authority finds that adoption of information submitted by FMC Corporation, for the purpose of normal value determination, would be more adverse to the Chinese producers. The domestic industry in its post preliminary finding submissions has argued that only because the domestic industry is a more efficient producer with considerably lower cost of production, the Authority should not reject the surrogate producer's data and construct the normal value on the basis of domestic industry's cost of production. The Authority notes that the data of the surrogate producer could not be fully relied upon because of the reasons stated above and therefore, it would not be appropriate to accept the same for determination of normal value in China irrespective of the fact whether it gives a higher or lower normal value.

17. In its petition, the domestic industry had claimed normal value in China based on cost of production of the subject goods in India with a reasonable addition for profit margin. The Authority concludes that determination of normal value on the basis of cost of production in India duly adjusted taking into account international price of raw materials and adjusted consumption Norms, with a reasonable profit margin of \*\*\*\*% is the most appropriate basis for determination of normal value in China PR. Accordingly, the ex-works normal value of the product under consideration for all exporters from China has been determined as follows:

Product Type	Constructed Normal Value US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

**Export Price**

18. The Authority had noted in the preliminary findings that none of the exporters from China has provided any information with regard to the price at which the subject goods have been exported to India. The provisional determination made by the Authority was also made known to all interested parties. However, none of the Chinese producers have responded to the Designated Authority even after the preliminary findings. Under the circumstances, it is not possible to determine export price separately for each exporter.

19. DGCI&S was requested to provide detailed information with regard to imports of the subject goods in India, which has been received and analysed. Accordingly, export price has been determined on the basis of weighted average export price of all imports as per information provided by DGCI&S. Separate export prices have been determined for three type of persulphates involved. The net ex-factory export prices have been determined after allowing for adjustments towards inland transportation, ocean freight and insurance from the CIF value reported by DGCI&S, on facts available basis, in the absence of complete information from any cooperative exporter from that country. Accordingly, net-export prices at the ex-factory level have been determined as follows:

Product Type	Net Export Price US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

**Dumping Margin**

20. The ex-works normal values of individual types have been compared with the respective ex-works export prices for determination of the dumping margins at product type levels and thereafter weighted average dumping margins for the product under consideration have been determined as follows:

Product Type	Import Volume in Kg	Normal Value US\$/Kg	Export Price US\$/Kg	Dumping margin US\$/Kg	Weighted Average DM US\$/Kg	DM %

Ammonium Persulphate	160000	*****	*****	*****
Potassium Persulphate	29500	*****	*****	*****
Sodium Persulphate	140000	*****	*****	*****
Total	329500		*****	131%

**b) Japan**

**Normal Value**

21. The Authority notes that none of the exporters/producers from Japan has provided any response or information on normal value as per the prescribed questionnaire. In the preliminary findings, the Authority had estimated the normal value based on facts available on the basis of estimates of cost of production, including selling, general & administrative expenses and reasonable profit. Preliminary findings were notified to all interested parties. However, there was no response from the Japanese producers after the preliminary findings also. Under the circumstances, the ex-works normal value of the subject goods for all exporters from Japan have been determined on the basis of estimates of cost of production in Japan, taking into account international price of raw material as per best available information, and adjusted consumption norms and manufacturing expenses and selling, general & administrative expenses as per facts available. A reasonable profit margin of \*\*\*\*% has been added to this cost to arrive at the normal value for Japan as follows:

Product Type	Constructed Normal Value US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	*****
Sodium Persulphate	*****

**Export Price**

22. In the absence of any cooperation from Japan, the Authority, in its preliminary findings, determined export price on the basis of weighted average import price of all transactions in respect of imports from Japan as reported by DGCIS. The export price so assessed, being the CIF export price, adjustments towards inland transportation, ocean freight and insurance were applied on the basis of facts available to arrive at ex-works export price. No comments have been received from any interested party on the above determination. Therefore, the Authority confirms its export price determination at ex-factory level as follows:

Product Type	Net Export Price US\$/Kg
Ammonium Persulphate	*****
Potassium Persulphate.	-
Sodium Persulphate	*****

**Dumping Margin**

23. The ex-works normal value has been compared with the normal value so determined at the same level of trade to determine the dumping margin, which works out as follows.

Product Type	Import Volume in Kg	Normal Value	Export Price	Dumping margin US\$/Kg	Weighted Average DM	DM
		US\$/Kg	US\$/Kg		US\$/Kg	%
Ammonium Persulphate	*****	*****	*****	*****		
Potassium Persulphate	-	*****	*****	*****		
Sodium Persulphate	*****	*****	*****	*****		
<b>Total</b>		*****	*****	*****	*****	<b>141%</b>

#### Dumping Margin Summary

Product Type	Dumping margin amount (US\$/Kg)	Dumping margin %
China	*****	131%
Japan	*****	141%

24. The dumping margins so determined in respect of the subject countries are significant and above de minimis levels.

#### H. INJURY DETERMINATION

25. The Authority notes that no argument has been made by any interested party on the injury claims of the domestic industry or preliminary findings notified by the Designated Authority.

##### H.1 Cumulative assessment of injury

26. The Annexure II (iii) of the Anti Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti dumping investigations, the designated authority will cumulatively assess the effect of such imports, in case it determines that

- I) The imports from individual countries are above de minimis or cumulatively account for more than 7% of imports;
- II) The dumping margin against individual countries are above 2%; and
- III) Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles

27. The Authority notes that the dumped imports are entering the Indian market simultaneously from a number of countries, including the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

- i) The margins of dumping of individual products from each of the subject countries are more than the de minimis limit;
- ii) The volume of imports of individual products from each of the subject countries is more than the limits prescribed;

iii) The domestic product and product supplied by producers in various countries are like articles;

iv) Imported products and domestically produced subject goods are interchangeable and are being interchangeably used. Transaction wise information on imports from various countries shows that the imports are being made by traders also who have purchased the material for reselling. Goods supplied by the countries involved are entering the Indian markets through the same channels of distributions and directly competing in the same market;

v) Products supplied from the subject countries are being marketed in India during the same period through comparable sales channels and under similar commercial conditions.

28. Therefore, the Authority holds that cumulative assessment of injury is appropriate in this case since the exports of individual products from the subject countries are directly competing amongst themselves, as well as with the like goods offered by the domestic industry in the Indian market.

## H.2 Examination of Injury and Causal Link:

29. Rule 11 of Antidumping Rules read with Annexure-II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles....". In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

30. The Authority notes that the application for imposition of antidumping duty has been filed by three domestic producers as recorded in paragraph 1 and these producers command about 94% of total production of the subject goods in India. The Authority also notes that there is another producer of the subject goods in India i.e., M/s Electrochem Industries which commands a very marginal share of the total production of the subject goods in India. For the purpose of injury determination and determination of non-injurious price for the domestic industry as a whole, this producer was asked to provide its cost and injury information. However, this producer has failed to file any information. The Authority notes that since this producer commands a very small proportion of the total production of the subject goods, its data would not have any significant impact on the injury and non-injurious price determination. Therefore, the cost and injury information of the applicant domestic producers have been examined for injury determination.

31. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, stock, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.

### H.1.1 Volume Effects of Dumped Imports: Import volumes and impact on domestic industry

32. The effects of the volume of dumped imports from the subject countries, as well as dumped imports from other countries have been examined as follows.

#### a) Import Volumes and share of subject countries:

33. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India.

34. Volume of imports of the subject goods from the subject countries have been analyzed based on the data reported in the DGCI&S data after pruning the data for unrelated products. The import figures are as under:-

Quantity in Mt

Country	2002-03	2003-04	2004-05	POI
China PR	120	213	204	330
Trend	100	178	170	275

Japan	0	55	36	72
Trend	0	100	66	132
Total subject countries	120	268	240	402
Trend	100	223	200	335
Other countries	79	53	105	91
Trend	100	67	132	115
Total Import	199	321	345	493
Trend	100	161	173	248
Share of imports from subject countries	60	83	70	82

Data Source: DGC&S

35. The above data indicates that total imports and dumped imports of the subject goods from the subject countries have increased substantially during the injury examination period by about 235%. The share of dumped imports from the subject countries, in the total imports, has increased from 60% in the base year to about 82% of the total imports during the POI.

**b) Domestic production, capacities and capacity utilization:**

36. The volume of domestic production and effects of dumped imports on the domestic operation of the domestic industry have been examined in terms of total production and capacity utilization.

Quantity in MT

Particulars	2002-03	2003-04	2004-05	Jan05-Dec05
Installed capacity	*****	*****	*****	*****
Trend	100	139	163	163
<b>Output/Production</b>	*****	*****	*****	*****
Trend	100	103	107	121
Capacity Utilization	78.23	57.79	51.60	58.26
Trend	100	74	66	74

37. The information shows that the domestic industry's capacity has increased by about 63% as compared to the base year. However, the production has increased by only 21% resulting in significant decline in capacity utilization to 58% showing a significant unutilized capacity.

**c) Demand and Market Share:**

38. The increase in volume of import has been analyzed with respect to the growth in demand and market shares.

**a) Sales**

39. Effects of the dumped imports on the domestic sales and market shares have been examined as follows:

Quantity in Mt

	2002-03	2003-04	2004-05	Jan05-Dec05
Domestic Sales of DI	*****	*****	*****	*****
Trend	100	110	110	112
Other Producers	*****	*****	*****	*****
Trend	100	119	110	110
Total Domestic sales	*****	*****	*****	*****
Trend	100	111	110	112

40. The above information shows that the sale of subject goods by the domestic industry has increased by about 12% compared to the base year. However, the authority also notes that the demand of the subject goods in the domestic market has increased by about 29% compared to the base year.

#### b) Demand and Market Share

Quantity in Mt

	2002-03	2003-04	2004-05	Jan05-Dec05
<b>Domestic sales of DI</b>	*****	*****	*****	*****
Sales by other Producers	*****	*****	*****	*****
<b>Imports</b>				
China	120	213	204	330
Japan	0	55	36	72
Others	79	53	105	91
<b>Total Imports</b>	199	321	345	493
<b>Demand</b>	*****	*****	*****	*****
<b>Trend</b>	100	117	118	129
<b>Market shares</b>				
Domestic Industry	79.5%	74.5%	74.0%	68.8%
Other producer	7.7%	7.8%	7.1%	6.5%
China	7.7%	11.7%	11.1%	16.5%
Japan	0.0%	3.0%	2.0%	3.6%
Dumped import	7.7%	14.7%	13.1%	20.1%
Other countries	5.1%	2.9%	5.7%	4.5%

41. The above data shows that while the demand has increased by about 29% the sales of domestic industry has increased by 12% only and their market share has declined from about 80% in the base year to about 69% during the POI. The market share of the dumped imports from the subject countries has increased from about 8% in 2002-03 to 20% during the period of investigation. Share of other countries in the total demand has declined marginally.

#### H.2.2 Price effect of the dumped imports on the Domestic Industry

42. With regard to the effect of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. The Authority finds that the weighted average CIF import prices of the subject goods from the subject countries have been as under:-

CIF Rs/KG

CIF Price	2002-03	2003-04	2004-05	POI
China PR	26.98	27.00	33.95	30.52
Japan		39.19	38.55	38.21
Total Subject countries	26.98	29.50	34.64	31.91
Other Countries	48.17	42.34	66.86	44.31
Total	35.40	31.62	44.43	34.20

43. The above data indicates that the CIF import price of the subject goods from the subject countries have declined compared to the previous year after showing an upward trend in the previous years.

### H.2.3 Price undercutting and underselling

44. The impact on the prices of the domestic industry on account of the dumped imports from the subject countries has been examined with reference to the price undercutting, underselling, price suppression and price depression, if any. For the purpose of the analysis the cost of sales, net sales realization (NSR) and the non-injurious price (NIP) of the domestic industry have been determined by the Authority based on the verified data of the domestic industry. Net sales realization of the domestic industry has been determined considering selling price, excluding taxes & duties, rebates, discounts and freight & transportation. Landed price of imports has been determined considering CIF import price, with 1% landing charges and applicable basic customs duty. Weighted average Non-Injurious prices of individual product types of the subject goods manufactured by the domestic industry has been determined based on the cost of production of the domestic industry taking into account the judgment of the Hon'ble Supreme Court of India in Reliance matter.

45. The domestic industry, in its post preliminary comments has argued that the computation on landed value for the purpose of price undercutting and price underselling should be done after adding all local taxes and levies in addition to the basic customs duty and same should be compared with the domestic selling prices and NIP inclusive of all taxes and levies. However, the Authority notes that for the purpose of such determinations the comparison it is the consistent practice of the Authority to compare the ex-factory price of the domestic industry with the basic customs duty paid landed value of the imports at the port of discharge of the imports. Therefore, there is no merit in changing the methodology as suggested by the domestic industry. The price undercutting and underselling effect of individual types of persulphates have been determined for the POI as follows:

Rs/Kg

Period of investigation	APS	PPS	SPS
Domestic selling price	*****	*****	*****
CIF price			
China PR	25.10	30.87	36.64
Japan	38.13		51.26
Total subject countries	25.17	30.87	37.15
Landed values			
China PR	29.36	36.12	42.87

Japan	44.61		59.97
Total subject countries	29.45	36.12	43.46
Price undercutting			
China PR	*****	*****	*****
Japan	*****	*****	*****
Total subject countries	*****	*****	*****
Price undercutting (%)			
China PR	35-45%	30-40%	45-55%
Japan	5-15%		25-35%
Total subject countries	35-45%	30-40%	40-55%
Non injury price	*****	*****	*****
Price underselling			
China PR	*****	*****	*****
Japan	*****	*****	*****
Total subject countries	*****	*****	*****
Price underselling (%)			
China PR	40-50%	30-40%	50-60%
Japan	10-20%		35-45%
Total subject countries	40-50%	30-40%	50-60%

46. The above information shows that the price undercutting and underselling at individual product type levels, as well as at the weighted average levels, are substantial during the POI.

#### H.2.4 Price suppression and depression

47. To examine the price suppression & depression effect of the dumped imports on the domestic prices the trend of net sale realization of the domestic industry has been compared with the cost of production.

	Rs/Kg			
All persulphates	2002-03	2003-04	2004-05	POI
Weighted Average Domestic selling price	*****	*****	*****	*****
Trend	100	96	95	94
Weighted average Cost of Sale	*****	*****	*****	*****
Trend	100	106	108	113
Weighted average Landed values				
China PR	35.42	32.72	41.15	35.70
Japan	0	47.50	46.72	44.70
Total Subject Countries	35.42	35.75	41.98	37.33

48. The data shows that whereas cost of production increased during the injury investigation period by about 13%, the sales realization declined by about 6% when compared with the base year. The landed value of imports also declined significantly in the POI after upward trend till previous year. Therefore, the imports appear to have significant suppression effect on the domestic prices. The domestic industry appears to have been prevented from increasing its prices to recover the cost increase, in order to retain its market share.

### H.3 Examination of other injury factors

49. After examining some of the injury factors i.e. actual and potential decline in sales and market share; actual and potential increase in volume of imports etc. in the previous section, the Authority has examined the other mandatory injury parameters as follows:

#### a) Actual and potential effect on productivity

50. The productivity of the domestic industry has been examined with reference to production per day and per employee as follows:

	2002-03	2003-04	2004-05	POI
Total Production in Mt	*****	*****	*****	*****
Production per day in Mt	*****	*****	*****	*****
Trend	100	103	107	121
Productivity per employee in Mt	*****	*****	*****	*****
Trend	100	89	92	102

51. The daily productivity of the domestic industry has improved though per employee productivity remains more or less same as base year.

#### b) Actual and potential effects on profits

52. Based on the data of cost and prices of the subject goods of the domestic industry as a whole profitability of the industry has been worked out as follows:

	2002-03	2003-04	2004-05	POI
Profitability				
Weighted average NSR of DI	*****	*****	*****	*****
Trend	100	96	95	94
Weighted average cost of sales of DI	*****	*****	*****	*****
Trend	100	106	108	113
Profit/Loss per kg	*****	*****	*****	*****
Trend	100	42	23	-14

53. The above data shows that though there is an increase in overall production and sales, the cost of production has increased and the selling prices have declined. Thus, from positive profit margin per unit in the base year, the domestic industry reported net loss on the domestic sales in the POI.

**b) Actual and potential effects on cash profit and cash flow**

54. Cash flow and cash profits of the domestic industry over the injury period have been as under:-

Rs in Lacs

	2002-03	2003-04	2004-05	POI
Cash profit	*****	*****	*****	*****
Trend	100	59	42	4
Cash flow	*****	*****	*****	*****
Trend	100	-10	6	-64

55. The data of the domestic industry shows the cash flow and cash profits position of the domestic industry has significantly deteriorated over the injury period.

**c) Employment and Wages**

56. Number of employees and wages paid indicates that employment has increased because of the increase in production and capacity addition. The wages have also increased compared to the base year, which does not show any disproportionate increase in wage burden on the domestic industry.

	2002-03	2003-04	2004-05	POI
No. of employees of DI	*****	*****	*****	*****
Trend	100	115	116	119
Wages (Rs./Lacs)	*****	*****	*****	*****
Trend	100	138	156	182
Average wages per person (Rs. Per annum)	*****	*****	*****	*****
Trend	100	120	134	153
Average wages per person per day (Rs)	*****	*****	*****	*****
Trend	100	120	134	153

**c) Return on investment and ability to raise capital**

57. Examination of the financial performance of the domestic industry in term of cash profits and return on investment shows significant deterioration. From return of about 33%, the return on investments has declined to 5%. While capital employed in the domestic operation has increased, the profits and return on investments shows significant decline compare to the base year due to pressure of dumped imports from the subject countries.

Rs in Lacs

	2002-03	2003-04	2004-05	POI
Return on investment	*****	*****	*****	*****
Profit/Loss	*****	*****	*****	*****
Add: Interest	*****	*****	*****	*****
Profit/Loss before interest	*****	*****	*****	*****
Capital employed-NFA basis	*****	*****	*****	*****
Return on investment	*****%	*****%	*****%	*****%
Trend	100	56	45	15
Capital Investment for expansion	*****	*****	*****	*****
Trend	100	88	-13	21

#### d) Investment and Ability to raise capital Investment

58. The Authority notes that the domestic industry has made fresh capital investments for expansion during the investigation period apparently keeping in view significant growth in demand for the product. However, the financial performance of the domestic industry is significantly eroding, which has adverse impact on its ability to raise fresh investments.

#### e) Magnitude of Dumping

59. Magnitude of dumping, as an indicator of the extent to which the dumped imports can injure the domestic industry, shows that the dumping margins determined for the subject countries have been found to be significant.

#### d) Inventories

60. Inventory position of the domestic industry shows significant inventory holding by the domestic industry though the average stock has come down because of increase in export activity.

	2002-03	2003-04	2004-05	POI
Inventory	*****	*****	*****	*****
Average stock of DI (Mt)	*****	*****	*****	*****
Trend	100	95	73	57

Average Stock in terms of No. of Days' sales	*****	*****	*****	*****
Trend	100	87	66	51

**i) Growth**

61. Even though growth of the domestic industry in terms of parameters, such as capacity, production, sales, and productivity was positive, the same was negative in terms of market share, profits, cash flow, and return on investments.

**K. Overall assessment of Injury**

62. The above analysis of the factors indicate that in spite of the improvement in capacity, Production volume and sales, and productivity the domestic industry suffered injury on account of decline in market share, net sales realization, profitability, return on investments and cash profits. Dumped imports from the subject countries were significantly undercutting the prices of the domestic industry, resulting in a situation where selling price was declining, whereas cost of production was increasing. The injury suffered by the domestic industry is material and significant.

**L. Other factors and Causal link**

63. Having examined the existence of material injury and volume and price effects of dumped imports on the prices of the domestic industry, in terms of price undercutting, price underselling and price suppression, and depression effects, the Authority has also examined whether other indicative parameters listed under the Indian Rules and Agreement on Anti Dumping could have contributed to injury to the domestic industry. Therefore, the following parameters have been examined:

**a) Imports from other Countries:** - DGCIS data shows that the subject goods are being imported from several countries not under investigation. However, the volume of imports from such countries are either insignificant or at prices higher than the import prices from the subject countries and therefore, do not affect the prices in the domestic market;

**b) Contraction in Demand:-** Demand for the subject goods shows a healthy growth during the entire injury investigation period and therefore, possible contraction in demand cannot be attributed to the injury to the domestic industry;

**c) Pattern of consumption:-** No significant change in the pattern of consumption has been noticed by the Authority.

**d) Conditions of competition:-** The goods are freely importable. The applicants are the major producers of the subject goods and account for almost 100% of the domestic production. Therefore, domestic competition could not have attributed to the injury to the domestic industry. No other evidence of conditions of competition or trade restrictive practices has been brought to the knowledge of the Authority.

**e) Developments in technology:-** There is no significant changes in technology which could have caused injury to the domestic industry.

**f) Export performance of the domestic industry:-**

	2002-03	2003-04	2004-05	POI
Export Sale	363	398	391	579
Trend	100	109	107	159

The Authority notes that the export sale of the domestic industry is significant and shows positive growth. However, for the purpose of injury analysis the domestic sales only has been considered and injury, if any, caused due to the export performance of the domestic industry has not been attributed to the dumped imports.

**g) Productivity:** - Productivity of the domestic industry has improved in terms of total output. Therefore, this cannot be attributed to the injury of the domestic industry.

64. No other factors that could have affected the conditions of the domestic industry has been brought to the notice of the Designated Authority.

#### L.1 Factors establishing causal link

65. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has materially deteriorated due to dumped imports from subject countries. Therefore, the causal links between dumped imports and the injury to the domestic industry is established on the following grounds:

The dumped import prices from the subject countries have sharply declined during the POI after a significant increase, resulting in significant price undercutting. As a direct consequence, the domestic industry was forced to reduce the prices in spite of significant increase in cost of production.

Reduction in the selling prices by the domestic industry adversely affected the profits, cash flow and return on investments of the company.

Even though the domestic industry responded to decline in import prices, significant positive price undercutting and underselling has resulted in increase in market share of imports from the subject countries. As a direct consequence, market share of the domestic industry has declined.

Even when the cost of sales was increasing, the selling prices were declining due to positive price undercutting. The dumped imports have prevented the domestic industry from effecting legitimate price increases.

66. Therefore, it may be concluded that the domestic industry suffered material injury and the injury has been caused by volume and price effects of the dumped imports from the subject countries.

#### M Magnitude of Injury and injury margin

67. The Authority has determined the non-injurious price (NIP) of individual product types as well as weighted average NIP for the product as a whole. NIP of individual product types have been compared with the landed value of the individual products from the subject countries to determine the individual injury margins and weighted average injury margin from the subject countries. Accordingly, weighted average injury margin works out as follows:

Country	Product	Qty of imports	NIP	Landed Value	Injury Margin	Weighted Average IM	IM %
China PR	APS	160000	*****	29.36	*****	*****	
	PPS	29500	*****	36.12	*****	*****	
	SPS	140000	*****	42.87	*****	*****	
	Total	329500	*****		*****	*****	60-70%
Japan	APS	450	*****	44.61	*****	*****	
	PPS	-	*****				
	SPS	72000	*****	59.97	*****	*****	
	Total	72450	*****		*****	*****	65-75%

## N. Conclusions

68. After examining the issues raised and submissions made by the interested parties and facts made available before the Authority, as recorded in this finding, the Authority concludes that:

- i) The subject goods have entered the Indian market from the subject countries at prices less than their normal values in the domestic markets of the exporting countries;
- ii) The dumping margins of the subject goods imported from the subject countries are substantial and above de minimis;
- iii) The domestic industry has suffered material injury and the injury has been caused to the domestic industry, both by volume and price effect of dumped imports of the subject goods originating in or exported from the subject countries.

## O. Indian industry's interest & other issues

69. The Authority notes that the purpose of anti-dumping duties, 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 measures would not restrict imports from the subject countries in any way, and, therefore, would not affect the availability of the products to the consumers.

## P. Recommendations

70. Having initiated and conducted investigation into dumping, injury and causal links between dumping and injury to the domestic industry in terms of the Rules laid down and having established positive dumping margin against the subject countries, as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of definitive duty is required to offset dumping and injury to the domestic industry. Therefore, Authority considers it necessary and recommends imposition of definitive anti-dumping duty on imports of subject goods from the subject countries in the form and manner described hereunder.

71. Having regard to the lesser duty rule followed by the authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, so as to remove the injury to the domestic industry. Accordingly, the Authority recommends that definitive anti dumping duties be imposed on all imports of the subject goods falling under chapter 28 of Custom Tariff Classification Act 1975, originating in or exported from China PR and Japan, to be collected from the date of imposition of the provisional duty. The anti-dumping duty shall be the amount mentioned in Column No. 9 of the following table.

Duty Table

Sl.No	Sub Heading or Tariff Item	Description of Goods	Specification	Country of origin	Country of Export	Producer	Exporter	Duty Amount	Unit of Measure	Currency
1	2	3	4	5	6	7	8	9	10	11
			1. Ammonium Persulphate							
			2. Potassium Persulphat							
1	283340	Peroxosulphates or Persulphates	3. Sodium Persulphate	China PR	Any	Any	Any	34.91	Kg	Rs

2	-Do-	-Do-	-Do-	Any excluding Japan	China PR	Any	Any	34.91	Kg	Rs
3	-Do-	-Do-	-Do-	Japan	Any	Any	Any	38.52	Kg	Rs
				Any						
4	-Do-	-Do-	-Do-	Excluding China	Japan	Any	Any	38.52	Kg	Rs

72. Subject to the above the provisional findings, notified vide notification dated 23rd February 2007, are hereby confirmed

**Q. Further Procedures**

73. An appeal against the orders of the Central Government that may arise out of this recommendation shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the relevant provisions of the Act.

74. The Authority may review the need for continuation, modification or termination of the definitive measure as recommended herein from time to time as per the relevant provisions of the Act and public notices issued in this respect from time to time. No request for such a review shall be entertained by the Authority unless the same is filed by an interested party as per the time limit stipulated for this purpose.

**R. Gopalan**  
Designated Authority