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F. No. 7/22/2022 -DGTR

Government of India

Department of Commerce

Ministry of Commerce & Industry

(Directorate General of Trade Remedies)

4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi – 110001

Dated: 30th September, 2022

INITIATION NOTIFICATION

Case No. AD (SSR)- 11/2022

Subject: Initiation of sunset review investigation of the anti-dumping duty imposed on imports of 'Fishing Net' originating in or exported from China PR.

F. No. 7/22/2022-DGTR: Indian Fishnet Manufacturer's Association (hereinafter also referred to as the "applicant" or the "applicant association" or "petitioner") has filed an application before the Designated Authority (hereinafter also referred to as the "Authority") on behalf of the domestic industry, in accordance with the Customs Tariff Act, 1975, as amended from time to time (hereinafter also referred to as the "Act") and the Customs Tariff (Identification, Assessment and Collection of the Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the "Rules" or the "Anti-Dumping Rules"), for sunset review of anti-dumping duty imposed on the imports of "Fishing Net", (hereinafter also referred to as the 'subject goods' or the 'product under consideration' or the "PUC") originating in or exported from Bangladesh and China PR.

2. The applicant has alleged that expiry of anti-dumping duty on the import of the subject goods originating in or exported from China PR and Bangladesh is likely to lead to continuation or recurrence of dumping and injury to the domestic industry and has requested for continuation of the anti-dumping duty levied on the import of the subject goods originating in or exported from these countries.

3. In terms of Section 9A (5) of the Act, the anti-dumping duty imposed shall, unless revoked earlier, cease to have an effect on expiry of five years from the date of such imposition and the Authority is required to review whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury. In accordance with the same, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the domestic industry as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.
4. In respect of Bangladesh, the Authority has noted that on the basis of evidence on record, there is neither any export of the subject goods to India in 2018-19, 2019-20, 2020-21 and the POI nor the applicant has submitted any prima facie evidence of likelihood of Bangladesh resorting to dumping in the event duty is allowed to expire on the import of the subject goods from Bangladesh. Therefore, the subject country for this investigation, is China PR only.

A. **Background**

5. The original investigation concerning imports of the subject goods from Bangladesh and China PR was initiated by the Authority vide notification No. 14/44/2016-DGAD dated 31st March, 2017. The final findings notification was issued by the Authority vide notification No. 14/44/2016-DGAD dated 5th March, 2018, recommending therein the imposition of definitive anti-dumping duty. On the basis of the recommendations made by the Authority in the said final findings, definitive anti-dumping duty was imposed by the Central Government vide notification No. 20/2018-Customs (ADD) dated 10th April, 2018 on the imports of the subject goods, originating in or exported from Bangladesh and China PR. The existing anti-dumping duty is set to expire on 10th April, 2023.

B. **Product under Consideration**

6. The product under consideration (PUC) in the application is "fishing net". Since, the present application is for the initiation of a sunset review investigation, the product under consideration remains the same as defined in the previously conducted investigation. Further, the applicant has made no request with regard to any modification to the scope of the product under consideration. Therefore, as per the

settled jurisprudence and the past practices of the Authority, the product under consideration remains the same as defined in the original notification.

“7. The Product under Consideration in the present investigation is “Fishnet” or “Fishing Net”.

8. Fishing Nets are devices made from fibers woven in a grid-like structure. Fishing nets are usually meshes formed by knotting a relatively thin thread. Due to the technical characteristics of Nylon, Nylon fishnet constitutes more than 65-70% of the total fishnet consumption world over. Present petition includes Nylon Fishing nets only – whether 100% or blended. In case of blended, scope includes fishing nets containing 50% or more Nylon by weight.

9. The product does not have dedicated customs classification. The product is being imported under HS code, 560811 10 as per the data made available to us by DGC&IS. However, customs classification is indicative only and in no way it is binding upon the product scope.

10. The PUC can be further classified into monofilament yarn net and multifilament yarn net. Monofilament net is produced using monofilament yarn, in case of multifilament net, multifilament yarn is used and the yarn is first twisted. Thereafter, even though the production process is the same and involves netting with weft & warp knotting, heat stretching, dyeing, aging, normalizing, inspection and packing; the use of monofilament net and multifilament net is in totally different areas in fishing. Monofilament nets are largely used for inland/river/lake fishing and the catches are better due to its transparency as compared to multifilament net. The life of net is however maximum of 6 months and the net cannot be repaired once damaged. Multifilament nets, on the contrary, are used for coastal/deep sea fishing to catch large fish. Life of multifilament nets is in the region of 2 to 2.5 years and the nets can be repaired when damaged.

11. As regards HDPE Fishing Nets and Agriculture nets, it is noted that the present investigation is against dumping of Nylon Fishing nets – whether 100% or blended

nets containing 50% or more Nylon by weight. All other kinds of Fishing nets or other nets are outside the scope of present investigation.”

7. The product under consideration is classified under Chapter 56 of the Customs Tariff Act, 1975 under the subheading 56081110. The customs classification is indicative only and in no way binding on the scope of the subject investigation.

C. **Like Article**

8. The issue of like article has been examined by the Authority in the original investigation. There is no significant difference in the product produced by the domestic industry and exported from the subject country. The goods produced by the domestic industry and imported from the subject country are comparable in terms of physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing, and tariff classification of the goods. The two are technically and commercially substitutable and are used by consumers interchangeably. The two are technically and commercially substitutable and hence should be treated as ‘like article’ under the Rules. Therefore, the subject goods produced by the applicant in India are being treated as ‘like article’ to the PUC being imported from the subject country.

D. **Domestic Industry & Standing**

9. The application has been filed by Indian Fishnet Manufacturers Association (IFMA), the association of domestic producers on behalf of the members of the applicant association. The applicant has certified that its members have not imported the product under consideration from the subject country. Further, they are neither related to any producer/ exporter of the product under consideration in the subject country nor to the importers of the subject goods in India.
10. The applicant has submitted that it is an Association of Fishing Net manufacturers falling in the MSME sector having close to 110 manufacturers in India. The industry is highly fragmented and consists of a large number of domestic producers. Hence, the applicant association has filed the application on behalf of all its members complying with the Trade Notice 09/2021 dated 29th July, 2021, which states that in case the domestic industry is fragmented, the application may be filed by an association on

behalf of the domestic industry provided that the total production of the members of the association is more than 50% of the total domestic production. The production by the members of the applicant association constitutes more than 50% share in the total domestic production of the like article in India as per Rule 5(3)(a) of the Customs Tariff Rules and the applicant association meets the pre-requisites prescribed under Annexure II of Trade Notice 09/2021. The applicant producers which have provided the relevant data for the current application constitute more than 25% of the total Indian production.

11. On the basis of information available, the Authority is satisfied that the application has been made 'by or on behalf of the domestic industry in terms of the provisions contained in Rule 2 (b) and Rule 5 (3) of the Rules and the Trade Notice 09/2021 dated 29th July 2021.

E. Subject country

12. The subject country for the present sunset review investigation is China PR.

F. Normal value, export price and dumping margin for the subject country

Normal value for China PR

13. The applicant has cited and relied upon Article 15(a)(i) of China's Accession Protocol. The applicant has claimed that producers in China must be asked to demonstrate that market economy conditions prevail in their industry producing the like product with regard to the production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of Para 7 and 8 Annexure- I of the Rules. The applicant has identified Thailand as an appropriate third country to determine the normal value for China PR and has relied upon the price of exports from Thailand to India to determine the price in market economy third country after making due adjustments. Further, adjustments have been made for ocean freight, insurance, inland freight as applicable, to arrive at the ex-factory normal value.

Export Price for China PR

14. The applicant has computed the export price of the subject goods by considering the CIF price reported in the secondary source data. The price adjustments have been made on account of ocean freight, marine insurance, port expenses, bank charges, inland freight and commission. Export price claimed by the applicant is prima facie acceptable for the purpose of initiation of the investigation.

Dumping margin for Chinese exporters

15. Dumping margin has been determined for imports from China PR considering the estimates of normal value and export price. The resultant dumping margin is significant and much above the de-minimus limit. There is prima facie evidence that the normal value of the subject goods in China PR is significantly higher than the net export price in the case of imports from China PR, indicating that the subject goods originating in or exported from China PR are being exported at dumped prices, thus indicating likelihood of continuation of dumping.

G. Likelihood of continuation or recurrence of injury

China PR

16. The applicant has claimed the likelihood of injury in the case of imports from China PR on the grounds of dumping in third countries, significant surplus capacities with the Chinese producers, capacity expansion by the Chinese producers despite existing surplus capacities, high degree of export orientation of the Chinese producers, vulnerability of the Indian industry and price attractiveness of the Indian market.
17. There is prima facie evidence of likelihood of continuation/recurrence of dumping and injury to the domestic industry in the case of imports from China PR in the event of cessation of duty, considering positive dumping margin, positive price undercutting, decline in profit and ROCE. Moreover, there is prima facie evidence of excess capacities in China PR, potential trade diversion and price attractiveness of the Indian market. It is prima facie noted that there is likelihood of continuation/recurrence of dumping and injury to the domestic industry in the event of cessation of the anti-dumping duty.

H. Initiation of sunset review investigation

18. On the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself on the basis of the prima facie evidence submitted by the domestic industry about the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority, in accordance with Section 9 A (5) of the Act, read with Rule 23(1B) of the Rules, hereby, initiates the sunset review investigation to review the need for the continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject country, and to examine whether the expiry of existing anti-dumping duties is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.

I. **Period of Investigation (POI)**

19. The period of investigation for the present investigation is April 2021 - March 2022 (12 months), and 2018-19, 2019-20, 2020-21 and the POI as the injury examination period.

J. **Procedure**

20. The review will cover all aspects of final finding notification No. 14/44/2016-DGAD dated 05th March, 2018 recommending the imposition of anti-dumping duty on import of subject goods originating in or exported from the subject country.

21. The provisions of Rules 6,7,8,9,10,11,16,17,18,19 and 20 of the Rules shall be mutatis mutandis applicable in this review.

K. **Submission of information**

22. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at the email address adgl5-dgtr@gov.in, adv11-dgtr@gov.in, jd13dgtr@gov.in, dd15-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/ MS Word format and data files are in MS Excel format.

23. The known exporters in the subject country, their Government through their Embassy in India, the importers and users in India known to be concerned with the PUC and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.

24. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below.
25. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.
26. The interested parties are further advised to keep a regular watch on the official website of the Designated Authority <https://www.dgtr.gov.in/> for any updated information with respect to this investigation.

L. **Time Limit**

27. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adgl5-dgtr@gov.in, adv11-dgtr@gov.in, jd13-dgtr@gov.in, dd15-dgtr@gov.in within 30 days from the date of the receipt of the notice as per the Rule 6(4) of the Rules. If no information is received within the prescribed time-limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
28. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

M. **Submission of Information on Confidential basis**

29. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non- confidential version of the same in terms of Rule 7(2) of the Rules. Failure to adhere to the above may lead to rejection of the response / submissions.
30. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-confidential versions separately.
31. The “confidential” or “non-confidential” submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.

32. The confidential version shall contain all information which is by nature confidential and /or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
33. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority. The other interested parties can offer their comments on the confidentiality claimed within 7 days of receiving the non-confidential version of the document.
34. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
35. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information provided; shall not disclose it to any party without specific authorization of the party providing such information.

N. **Inspection of Public File**

36. A list of interested parties will be uploaded on DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all interested parties since the public file will not be accessible physically due to ongoing global pandemic.

O. **Non-Cooperation**

37. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.



(Anant Swarup)

Designated Authority