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**Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
Udyog Bhawan, New Delhi

Dated the 8th June 2010

INITIATION NOTIFICATION (MID TERM REVIEW)

Sub:- Initiation of Mid Term Review of anti-dumping duty on imports of Caustic Soda originating in or exported from Saudi Arabia, USA and Korea RP.

No.15/2/2010-DGAD – Whereas having regard to the Customs Tariff Act, 1975 as amended from time to time (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, as amended from time to time (hereinafter referred to as the AD Rules), vide Notification Number 15/29/2004 DGAD dated 01.08.2006, the Designated Authority (hereinafter referred to as the Authority) notified its sunset review findings recommending continued imposition of antidumping duty on import of Caustic Soda (hereinafter referred to as subject goods) originating in or exported from Saudi Arabia, Iran, Japan, USA and France.

And whereas, the antidumping duty was imposed on the imports of subject goods vide Customs Notification No. 98/2006-Customs, dated 13.09.2006 on Saudi Arabia, Iran, Japan, USA and France

Further, whereas, vide Notification Number 15/11/2007 DGAD dated 21.11.2008, the Designated Authority (hereinafter referred to as the Authority) notified its sunset review findings recommending continued imposition of antidumping duty on import of 'Caustic Soda (hereinafter referred to as subject goods) originating in or exported from China PR and Korea RP

And whereas, the antidumping duty was imposed on the imports of subject goods vide Customs Notification No. 137/2008 - Customs dated 26.12.2008 on China PR and Korea RP.

Alkali Manufacturers' Association of India, New Delhi have filed an application before the Designated Authority (herein after referred to as the Authority), substantiating the need for review of the anti dumping duty imposed on the subject goods originating in or exported from Saudi Arabia, USA and Korea RP (hereinafter referred as subject countries).

2. Product under Consideration

The product under investigation in the present case is Sodium Hydroxide commonly known as Caustic Soda (also referred to as subject goods hereinafter), originating in or exported from Saudi Arabia, USA and Korea RP. Caustic Soda is an inorganic chemical and is soapy, strongly alkaline, odourless chemical and finds application in manufacture of pulp and paper, newsprint, viscose yarn, aluminum, cotton, laundry soaps, detergent, dyestuffs, drugs and pharmaceuticals, petroleum refining, etc. Caustic Soda is available in two forms i.e. Lye and solids. The present investigation covers all forms of Caustic soda.

Caustic Soda is classified under ITC(HS) Codes 2815.11 and 2815.12. The classification is, however, indicative only and is in no way binding on the scope of the present investigation.

3. Countries involved

The countries involved in the present investigation are Saudi Arabia, USA and Korea RP.

4.Domestic Industry

Alkali Manufacturers' Association of India, New Delhi i. e. the applicant, is an association of Indian Producers of the subject goods and has filed the application on behalf of the domestic industry. Relevant information to the present investigation has been provided on behalf of participating producers. The production of the applicant companies and that of companies expressing support for the petition, taken together, account for 64.81% of total Indian production during the POI. The Authority proposes to consider the participating producers, who account for a major proportion of the production of the 'Like Article' in India, as domestic industry in accordance with the AD Rules supra.

5. Grounds for Review

The applicant has claimed that the circumstance have changed substantially requiring a review of anti dumping measures in force.

The dumping margin and injury margin in respect of the imports that are being made at present from Saudi Arabia, USA and Korea RP are substantially higher than the dumping margin and injury margin determined at the time of last investigation. The applicant claims that the anti dumping duty is required to be enhanced to account for the increase in the dumping margin and injury margin. In spite of current anti dumping duties, imports from subject country have remained significant in absolute terms. The imports of the product from subject country are undercutting and underselling the prices of the domestic industry. The petitioner contends that since the cost of production has varied significantly, it may not be appropriate to continue with benchmark form of duty. However, the change in the form of duty can be done only through a review.

For this purpose, the applicant has provided sufficient prima facie evidence of normal value, export price, dumping margin, landed price, cost of production, non-injurious price, along with other relevant information to justify initiation of this review investigation.

6. Normal Value

For the purpose of normal value, the petitioner has relied upon the data relating to domestic prices of the subject goods in subject countries, sourced from Harriman Chemsult, which is a leading international consulting company in market trends and pricing in various chemicals and which publishes prices of Caustic Soda in different parts of the world. For the purpose of initiation, the Authority has prima-facie considered the normal value of subject goods in subject countries as claimed by the petitioner.

7.Export Price

Applicant have claimed export prices on the basis of transaction-wise import data in respect of subject countries obtained from IBIS. Adjustments have been claimed on ocean freight, marine insurance, THC charges, inland freight and commission to arrive at the export price at ex-factory level. The Authority considers the said data furnished by the petitioner as sufficient prima facie evidence of the net export price of the subject goods from the subject countries for the purpose of initiation.

8. Injury and Causal Link

For the purpose of Injury analysis and Causal Link, the petitioner has furnished information on various parameters relating to material injury. The applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of fall in capacity utilization and negative return on capital employed and substantial decline in profitability because of increased volume of dumped imports, price undercutting and price underselling from the subject countries. There is sufficient prima-facie evidence of the material injury being suffered by the applicant and the same is being caused by dumped imports from subject countries.

9. Initiation

The Customs Tariff (Amendment) Act 1995 and the AD Rules made thereunder require the Authority to review from time to time the need for continuance of anti-dumping duty.

Alkali Manufacturers Association of India, New Delhi has filed an application substantiating the need for Mid-Term review of the anti-dumping duty imposed on the subject goods originating in or exported from Saudi Arabia, USA and Korea RP. The need for review has been established on the ground of changed circumstances, in which dumping margin and injury margin have changed since the last investigation and, accordingly, the petitioner have requested for enhancement of the anti-dumping duty imposed on subject goods.

Having satisfied itself that the applicant has produced sufficient prima facie information substantiating the need for a review, the Designated Authority considers that the mid-term review of the anti dumping duty would be appropriate at this stage under the provision of Section 9A(5) of the Act read with Rule 23 of the AD Rules. Accordingly, the Authority hereby initiates investigation, in accordance with the Act and the AD Rules, to review whether existing antidumping duty on imports of 'Caustic Soda' originating in or exported from Saudi Arabia, USA and Korea RP is required to be modified at this stage.

10. Procedure

This review investigation covers all aspects of Notification No. 15/29/2004 DGAD dated 01.08.2006 and Notification No. 15/11/2007 DGAD dated 21.11.2008.

11. Period of Investigation

The period of investigation (POI) is 1st October, 2008 to 31st December 2009 (15 months) for the purpose of present investigation. The injury investigation will

however cover the periods April,2006–March,2007, April,2007-March,2008, 2008-09 and the POI.

12. Submission of information

The exporters and importers known to be concerned and domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

**The Designated Authority
(Directorate General of Anti-Dumping & Allied Duties)
Government of India
Ministry of Commerce & Industry
Department of Commerce
Udyog Bhavan, New Delhi-110011.**

13. Time limit

Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 40 days from the date of initiation of this review investigation. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record their findings on the basis of the facts available on record in accordance with the Rules supra.

14. INSPECTION OF PUBLIC FILE

In terms of rule 6(7) any interested party may inspect the public file containing non-confidential versions of the evidence submitted by other interested parties.

All interested parties shall provide a confidential and a non-confidential summary in terms of Rule 7 (2), for the confidential information provided as per Rule 7 (1) of the Rules supra.

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 record its findings on the basis of the facts available to it and make such recommendations to the Central Governments as deemed fit.

(P.K. Chaudhery)

The Designated Authority