

To be published in Part-I Section I of the Gazette of India Extraordinary

**F.No. 7/19/2020-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: 31st August, 2020

INITIATION NOTIFICATION

Case No. AD-SSR-09/2020

Subject:- Initiation of Sunset Review Investigation concerning imports of “Methylene Chloride” originating in or exported from China PR.

1. M/s Gujarat Fluorochemicals Ltd., TGV SRAAC Ltd (formerly known as Sree Rayalaseema Alkalies and Allied Chemicals Ltd) and M/s Chemplast Sanmar Ltd. (hereinafter also referred to as the “Applicants” or “Applicant companies”) have filed an application before the Designated Authority (hereinafter also referred to as the Authority), in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of 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”) for Sunset Review of Anti-Dumping duty imposed on imports of “Methylene Chloride” (hereinafter also referred to as “subject goods” or “product under consideration” or “PUC” or “MDC”) from China PR (hereinafter referred to as the “subject country”).
2. The Applicants have alleged likelihood of continuation or recurrence of dumping of the subject goods, originating in or exported from the subject country and consequent injury to the domestic industry, and have requested for review and continuation of the Anti-Dumping duty (ADD) imposed on the imports of the subject goods originating in or exported from the subject country.

Background

3. The original anti-dumping investigation was initiated in 2015 concerning imports of subject goods from China PR and Russia. The Authority recommended provisional anti-dumping duty on subject goods vide Notification No. 14/33/2014-DGAD dated 30th October 2015. The Ministry of Finance imposed provisional duties vide Notification No. 58/2015-Customs (ADD) dated 8th December 2015. The Authority recommended imposition of anti-dumping duties concerning imports of Methylene Chloride from China PR and Russia vide Notification No 14/33/2014-DGAD dated 30th March, 2016 which was imposed by the Ministry of Finance vide Notification No. 21/2016 dated 31st May, 2016.
4. The Applicants have not sought extension of anti-dumping duties on imports of subject goods from Russia as there are no current exports from Russia and there is no evidence of likelihood of dumping and injury from Russia.

Product under consideration

5. The product under consideration in this investigation is Methylene Chloride, also known as Dichloromethane or Methyl Dichloride. The product under consideration defined in the original investigation is as follows:

“Methylene chloride is an organic compound with molecular formula CH₂Cl₂. It is a colorless liquid with sweetish ether-like odor, and is used as a solvent predominantly. It is essentially non-flammable under most conditions of use but can burn if strongly heated. Methylene Chloride may decompose at high temperatures forming toxic gases. It is completely miscible with a variety of solvents. MDC is a solvent and is used in the manufacturing of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance. It is also used as an extractant for edible fats, cocoa, butter and essences.”

There are two technologies for production of Methylene Chloride – Methane route and Methanol route. The product produced through the two routes has essentially similar technical specifications Methylene Chloride is classified under Chapter 29 of the Customs Tariff Act under customs subheading 29031200. The Customs classification is, however, indicative only and in no way binding on the scope of the present investigation.”

6. It has been contended that no significant developments have taken place over the period. The present investigation being a sunset review investigation, product under consideration remains the same as defined in the previously conducted investigation.

Like Article

7. The Applicants have submitted that there is no significant difference in product produced by the applicants and exported from the subject country. Both products are comparable in terms of technical characteristics, their similar end uses, their technical and commercial substitutability and tariff classification.
8. The Authority in the original investigation had held that the products being manufactured by the domestic industry is like article to the product being imported into India from the subject country. The present application is for review of the extension of original duty and since the product under consideration for the present and original investigation are same, it is prima facie considered that the subject good produced by the Domestic Industry and the subject good imported from the subject country are “like article”.

Domestic Industry and Standing

9. The Application has been jointly filed by M/s. Chemplast Sanmar Ltd., TGV SRAAC Ltd. and M/s Gujarat Fluorochemicals Ltd, The original application was filed by M/s. Chemplast Sanmar Ltd., and M/s Gujarat Fluorochemicals Ltd. The applicants have certified that they have not imported the subject goods from the subject country in the entire injury period nor are they related to any producer or importer of subject goods.
10. As per evidence available on record, the production of the applicants accounts for a major proportion in the domestic production of the like article.
11. In view of the above and after due examination, the Authority notes that the Applicant companies constitute eligible domestic industry in terms of Rule 2 (b), and the application

satisfies the criteria of standing in terms of Rule 5(3), of the Rules supra.

Likelihood of Continuation or Recurrence of Dumping

Normal Value for China PR

12. The Applicants have claimed that China PR should be treated as a non-market economy and the normal value should be determined in terms of paragraph-7 of Annexure I of the Rules. The Applicants have cited and relied upon Article 15(a) (i) of China's Accession Protocol and stated that the Chinese producers should be directed to show that market economy conditions prevail in the industry producing the subject goods. The Applicants have claimed that Chinese domestic costs and prices cannot be accepted unless the Chinese exporters pass the tests of market economy. The Applicants have further stated that for China PR normal value should be determined in accordance with para-7 and 8 of Annexure I of the Rules. In view of the above non-market economy presumption and subject to rebuttal of the same by the responding exporters from China PR, normal value of the Subject Goods in China PR has been estimated in terms of Para 7 of Annexure 1 to the Rules.
13. In view of significant difference in the costs and prices of loose/unpacked and packed material, the normal value has been determined separately for the two.
14. The applicants have claimed that China PR should not be treated as a market economy and the normal value should be determined in terms of paragraph-7 of Annexure I of the Rules. The normal value has been determined under the provision stipulated under Para 7 of the Annexure 1 of the Rules i.e. considering the price from market economy third country to other countries, including India. The Applicants have provided Chinese Taipei customs data which shows that Chinese Taipei has made significant exports of subject goods to Vietnam and India throughout the injury period, and they have proposed Chinese Taipei as a market economy third country for China PR. It has been further claimed that the European Commission have also considered Chinese Taipei as surrogate country for China PR in several investigations such as (i) Polyvinyl alcohol (PVA) originating in the People's Republic of China, (ii) certain stainless steel fasteners and parts thereof originating in the People's Republic of China, Indonesia, Chinese Taipei, Thailand and Vietnam. Since the exports of subject goods from Chinese Taipei to India during the POI is significant, normal value of subject goods from China PR has been determined considering exports of subject goods from Chinese Taipei to India. The claim is found appropriate at this stage and thus normal value has been considered accordingly.
15. The Authority hereby invites comments from all interested parties in accordance with para 7 of Annexure I about appropriateness of Chinese Taipei for the normal value claimed for China PR within time stipulated for questionnaire response, and as given in this notification.

Export price

16. The export price for subject goods for the subject countries has been computed based on the Directorate General of Commercial Intelligence and Statistics (DGCI&S) transaction-wise import data. Adjustments have been made for ocean freight, marine insurance, commission, inland freight expenses, port expenses, bank charges, and VAT (for China PR only). There is sufficient prima facie evidence with regard to the net export prices claimed by the Applicants.

Dumping margin

17. Considering the normal value and export price determined as above, dumping margin has been determined, in accordance with Section 9 A(1)(a) of the Act. There is sufficient prima facie evidence that the normal value of the subject goods in the subject countries are higher than the ex-factory export price, indicating, prima facie, that the subject goods are being dumped into the Indian market by the exporters from the subject countries.

Likelihood of Continuation or Recurrence of dumping and Injury

18. Information furnished by the Applicants has been considered for assessment of Likelihood of Continuation or Recurrence of injury to the domestic industry. The Applicants have submitted extracts from a market intelligence report sourced from China PR, which provides details of the product under consideration, market of subject goods in China PR including production, demand, sales, capacity, exports etc. The said report mainly relies on the information procured from China Chlor-Alkali Industry Association which provides an account of import/export data and insight of China Chlor-alkali industry and market which includes Methylene Chloride. The Applicants have claimed that imports from China PR have increased in India despite imposition of ADD, and the volume of such imports is significant. It has further been claimed that price undercutting has remained positive during the entire injury period. Further, it is claimed that China PR has surplus production capacities and they are further expanding capacities adding to the already existing huge surplus capacity. Since India's demand is increasing and India being a favorable market for China PR, and considering the price undercutting, it has been claimed that cessation of ADD would have suppressing and depressing effect on the prices in the market. The information provided by the applicants prima facie indicates a likelihood of continuation or recurrence of dumping and injury on cessation of ADD.

Initiation of Sunset Review Investigation

19. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence substantiating the likelihood of continuation or recurrence of dumping and injury to the domestic industry, in accordance with Section 9 A (5) of the Act, read with Rule 23(1B) of the Rules, the Authority, hereby, initiates a Sunset review investigation to review the need for 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 are likely to lead to continuation or recurrence of dumping and injury to the Domestic Industry.

Subject Country

20. The subject country in the present review investigation is China PR. The original investigation was conducted against dumped imports of the subject goods from China PR and Russia. The applicants have submitted that since there are no imports from Russia throughout the injury period and since there is no evidence of likelihood of dumping and injury from Russia, and only China PR may be treated as subject country for the present investigation.

Period of Investigation

21. The period of investigation (POI) will be from 1st April, 2019 to 31st March, 2020. The injury investigation period will cover the periods 1st April 2016-31st March 2017, 1st April 2017-31st March 2018, 1st April 2018-31st March 2019, and the POI.

Procedure

22. The review investigation will cover all aspects of the Final Findings published vide Notification No. 14/33/2014-DGAD dated 30th March 2016 recommending extension of Anti-Dumping Duty on imports of Methylene Chloride from China PR. The Authority will also undertake likelihood analysis of dumping and injury as required.
23. The provisions of Rules 6,7,8,9,10,11,16,17,18,19 and 20 of the Rules supra shall be mutatis mutandis applicable in this review.

Submission of Information

24. 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 addresses adg13-dgtr@gov.in, dir15-dgtr@gov.in, dir13-dgtr@gov.in and ad11-dgtr@gov.in
25. The known producers/exporters in the subject countries, their Government through their Embassies in India, the importers and users in India known to be concerned with the subject goods 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.
26. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below.
27. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

Time Limit

28. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, dir15-dgtr@gov.in, dir13-dgtr@gov.in and ad11-dgtr@gov.in within thirty days from the date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country. 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.
29. 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.

Submission of information on confidential basis

30. 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 and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
31. 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.

32. 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.
33. 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.
34. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and 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, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
35. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if 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.
36. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
37. 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.

Inspection of Public File

38. In terms of Rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. The modality of maintaining public file in electronic mode is being worked out.

Non-cooperation

39. In 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 and make such recommendations to the Central Government as deemed fit.

(Bidyut Behari Swain)
Special Secretary & Designated Authority