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File No. 06/31/2020-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: 28th September, 2020

INITIATION NOTIFICATION

Case No. AD-OI-26/2020

Subject: Initiation of Anti-Dumping Investigation concerning imports of “Silicone Sealants ” originating in or exported China PR.

1. M/s Alstone Industries Pvt. Ltd (hereinafter also referred to as “Applicant”) has filed an application seeking initiation of anti-dumping investigation concerning imports of “Silicone Sealants excluding silicon sealants used in manufacturing of solar photovoltaic modules, and thermal power applications” (hereinafter also referred to as “Subject goods” or “Product Under Consideration” or “PUC”) from China PR (also referred to as “Subject country”) before the Designated Authority (hereinafter also referred to as the “Authority”) in accordance with Customs Tariff Act, 1975 as amended from time to time (herein also referred to as the “Act”) and Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter also referred to as the “Rules”).
2. The Applicant has alleged that material injury to the Domestic Industry is being caused due to dumped imports of subject goods from China PR and has requested for imposition of anti- dumping duty on such the imports of the subject goods from the subject country.

Product under Consideration (PUC)

3. The product under consideration is “Silicone Sealants excluding silicon sealants used in manufacturing of solar photovoltaic modules, and thermal power applications” originating in or exported China PR.
4. Silicone sealant is a liquid form of adhesive. Typically, it looks, feels, and acts like a gel. It has a different chemical make-up from other organic polymer-based adhesives. Unlike other adhesives, silicone keeps its elasticity and stability in both

high and low temperatures. Furthermore, silicone sealant is resistant to other chemicals, moisture, and weathering. This makes it less likely to fail when used in construction of buildings and repairing objects. Unlike some adhesives, silicone sealants must cure. Curing silicone basically means letting it dry. Silicone Sealants are commonly used to seal windows to frames, as they provide a water-resistant seal that maintains a strong hold against harsh weather conditions. Silicone sealants can be used for caulking cracks. Sometimes individuals may use it to try and level surfaces in their home etc. Water-resistant silicone sealants are ideal for repairing areas around sinks and other areas where water is frequently found. Even though silicone isn't a good substance to use for weight-bearing seals, there is still a need for its powerful adhesive properties in many construction jobs. Silicone sealants are commonly used to bind surfaces such as plastic, metal, and glass together. For example, aquariums are often sealed with silicone. Windows are often sealed to frames with silicone sealants since it is weather resistant. Apart from construction/building and glass related applications, Silicone Sealants are used in automobiles, appliances, sealing cables and sensors in electronic devices, basic repairs around the house/tiles/floorings etc.

5. Though Silicone Sealants are used in multiple segments and applications, Silicone Sealants used in the manufacturing of Solar Photovoltaic Modules and Thermal Power applications are not covered in the scope of PUC as the said types were not produced and supplied by the petitioner so far. Such types are claimed to be not identical to the subject goods produced by the applicant and are hence excluded from the scope of PUC.
6. The PUC does not have any dedicated classification under Customs Tariff Act, 1975 (51 of 1975). The imports of PUC have been taking place under respective subheadings of Chapter 32 and 35 and the import of PUC under some other chapters as well is not ruled out.

Like Article

7. The Applicant has claimed that there is no known difference between the subject goods exported from the subject country and that produced by the domestic industry. Subject goods produced by the domestic industry and imported from the subject country is comparable in terms of essential product characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers use the two interchangeably. The Applicant has further claimed that the two are technically and commercially substitutable and, hence, should be treated as like article under the Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the Applicant in India are being treated as 'Like Article' to the subject goods being imported from the subject country.

Domestic Industry & Standing

8. The Application has been filed by M/s Alstone Industries Pvt. Ltd and is supported by another producer of the subject goods in India namely M/s HP Adhesives Pvt. Ltd. The Applicant has claimed that they have neither imported the subject goods from the subject country nor are related to any exporter or producer of subject goods in the subject country or any importer of the PUC in India. Considering the information on record, the Applicant accounts for a major proportion of the Indian production. In view of the above and after examination, the Authority notes that the Applicant constitutes 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.

Basis of Alleged Dumping

a) Normal Value for China PR

9. The Applicant has 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 Applicant has cited Para 8(2) of Annexure I of the Rules and has stated that the Chinese producers should be directed to demonstrate that market economy conditions prevail in the industry producing the subject goods in terms Para 8(3) of Annexure I of the Rules. The Applicant has claimed that for China, normal value should be determined in accordance with para 7 and 8 of Annexure I of the Rules. The prices or constructed value of the product under consideration in the appropriate market economy third country or the prices from such third country to other countries, including India, has neither been made available by the Applicant nor is this information available with the Authority from any public source. Thus, normal value has been determined on the basis of price paid or payable in India, duly adjusted to include profit, which has been determined considering cost of production in India, after addition for selling, general & administrative expenses and reasonable profits.

b) Export price

10. The Authority has computed the export price for subject goods for the subject country based on transaction-wise import data from Directorate General of Commercial Intelligence and Statistics (DGCI&S). Adjustments have been made for ocean freight, marine insurance, port expenses, bank charges, commission, inland freight expenses and VAT.

c) Dumping margin

11. The normal value and the export price have been compared at ex-factory level, which prima facie shows dumping margin is above the de-minimis level and is significant in respect of the import of PUC from the subject country. There is sufficient prima facie evidence that the PUC from subject country is being dumped into the Indian market by the exporters from the subject country.

Evidence of injury and causal link

12. Information furnished by the Applicant has been considered for assessment of injury to the domestic industry. The Applicant has furnished evidence regarding the injury having been caused from the alleged dumped imports during the Period of Investigation in the form of increase volume of dumped imports in absolute terms and in relation to production and consumption, price undercutting and price suppression effect on the domestic industry. The Applicant has claimed that their performance has been adversely impacted resulting in stagnancy in production, capacity utilization and domestic sales volumes and declines in market share. The profitability, cash profits and return on capital employed has decreased as a result of increase in imports of product under consideration from subject country at a price below the selling price, cost of sales and non-injurious price of the domestic industry. The Applicant has also claimed that there is a further threat of injury to the domestic industry in view of such significant increase in imports in the recent time and suppressing effect of import prices on domestic selling prices. There is sufficient prima facie evidence of injury being caused to the domestic industry by dumped imports of subject goods from the subject country. It has been stated that the imports from other countries have been at a much higher price than subject country and cannot be treated as cause of alleged injury.

Initiation of Anti-Dumping Investigation

13. 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 dumping of the subject goods originating in or exported from the subject country, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the subject goods originating in or exported from the subject country and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

Subject Country

14. The subject country for this investigation is China PR.

Period of Investigation (POI)

15. The period of investigation (POI) for the present investigation is 1st April 2019 to 31st March 2020 (12 Months). The injury investigation period will cover the periods April 2016- March 2017, April 2017-March 2018, April 2018- March 2019 and the POI.

Procedure

16. Principles as given in Rule 6 of the Rules will be followed for the present investigation.

Submission of Information

17. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email address adg13-dgtr@gov.in, adv13-dgtr@gov.in, dd12-dgtr@gov.in, ad11-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.
18. The known exporters, their Government through their Embassy 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.
19. 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 on the email address mentioned in Para 17 above.
20. 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.

Time Limit

21. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, adv13-dgtr@gov.in, dd12-dgtr@gov.in, ad11-dgtr@gov.in, within thirty days from the date of receipt of the notice as per Rule 6(4) of the Anti- dumping 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.
22. 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

23. 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.

24. 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.
25. 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.
26. 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.
27. 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.
28. 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.
29. 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.
30. 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

31. 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

32. In case where an interested party refuses access to, or otherwise does not provide 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.

(B B Swain)
Special Secretary and Director General