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**File No. 7/26/2019-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**

File No. 7/26/2019-DGTR

Dated 23<sup>rd</sup> December, 2019

**INITIATION NOTIFICATION**

**Case No. SSR 14/2019**

**Initiation of Sunset Review investigation concerning imports of Woven Fabric (having more than 50% Flax content)" commonly known as "Flax Fabric" from China PR & Hong Kong.**

1. Whereas M/s Grasim Industries Limited-Jaya Shree Textiles (hereinafter referred to as the "applicant") has filed an application before the Designated Authority (hereinafter 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 referred 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, as amended from time to time (hereinafter referred as the Rules), for Sunset Review of Anti-Dumping investigation concerning imports of "Woven Fabric (having more than 50% Flax content)" commonly known as "Flax Fabric" (hereinafter referred as the "subject goods" or "product under consideration"), originating in or exported from China PR & Hong Kong (hereinafter referred to as the "subject countries").
2. The Applicant has alleged likelihood of continuation or recurrence of dumping of subject goods, originating and exported from the subject countries and consequent injury to the domestic industry and has requested for review and continuation of the anti-dumping duty imposed on the imports of subject goods, originating in or exported from the subject countries.

**Background**

3. The original investigation concerning imports of the subject goods from China PR and Hong Kong was initiated by the Authority vide Notification No. 14/8/2008- DGAD dated 3rd October 2008. The preliminary finding was issued by the Authority on 17/02/2009, recommending provisional antidumping duty on the imports of Flax Fabrics originating or exported from China PR & Hong Kong. The provisional duties were imposed vide Customs

Notification No. 30/2009-Customs dated 26th March, 2009. The Authority notified final findings vide Notification No. 14/08/2008-DGAD dated 1st October, 2009 recommending definitive antidumping duty on imports of Flax Fabrics from the subject countries. The definitive antidumping duty was imposed on the subject goods vide Customs Notification No. 142/2009- Customs dated 21st December, 2009.

4. The Authority initiated 1<sup>st</sup> sunset review investigation vide Notification No.15/30/2013-DGAD dated 10<sup>th</sup> March, 2014 and conducted the investigation. The Authority thereafter extended the definitive anti-dumping duties vide Notification No.15/30/2013-DGAD dated 9th June 2015 on imports of Flax Fabric from China PR and Hong Kong. The same was imposed vide Notification No. 39/2015-Customs/ dated 12<sup>th</sup> August, 2015.

### **Like Article**

5. The Applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods and the product under consideration manufactured by the applicant. 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 subject goods being imported from the subject countries.

### **Domestic Industry**

6. The Application has been filed by M/s Grasim Industries Limited - Jaya Shree Textiles. The Applicant has neither imported the subject goods from the subject countries nor is related to any exporter or producer of subject goods in the subject country or any importer of the PUC in India.
7. The application is supported by M/s Raymond and M/s Bombay Rayon. Further, following 18 small producers have also filed support letters:
  - i. M/s B K Textiles-
  - ii. M/s Baleshwar Synfab LLP
  - iii. M/s Keshari Industries Ltd.
  - iv. M/s Silverline Fashion Fabrics Ltd.
  - v. M/s Viraat fashion Weaving trends
  - vi. M/s Vrijesh Natural Fiber & Fabric (India) Pvt. Ltd.
  - vii. M/s Bhavna Fabrics
  - viii. M/s RSL Dyecot Pvt. Ltd.
  - ix. M/s Kottex Industries Pvt. Ltd.
  - x. M/s Jagdamba Textiles Pvt. Ltd.
  - xi. M/s Swasti Vinayaka Synthetics Ltd
  - xii. M/s Raghav Enterprises
  - xiii. M/s C & R Textiles Pvt. Ltd.

- xiv. M/s Waves Madhusudhan
- xv. M/s Minesh R Parekh
- xvi. M/s Dharshan Creation Pvt Ltd
- xvii. M/s Lee Weaving
- xviii. M/s Varni Wellweave.

8. 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.

**Basis of likelihood of continuation or recurrence of dumping**

- 9. Applicants have claimed that normal value in case of China should be determined in accordance with Para 7 and 8 of Annexure I to the Rules. The Applicant has claimed that France should be considered as a surrogate country and has determined normal value on the basis of export price from France to other countries forming part of European Union, after due adjustments.
- 10. In case of Hong Kong, the Applicant has claimed normal value on the basis of consumption price in Hong Kong, determined considering import price of product into Hong Kong, after due adjustments.
- 11. However, the Authority for the purposes of initiation has determined normal value for the subject countries on the basis of cost of production, duly adjusted, and after additions for selling, general & administrative expenses and reasonable profits.
- 12. The Applicant has claimed export prices on the basis of DGCI&S transaction wise import data. Price adjustments have been allowed on account of ocean freight, inland freight expenses, port expenses, bank charges and marine insurance and VAT difference in case of China.
- 13. Considering the estimates of normal value and export price, dumping margin has been determined for each of the subject countries. The resultant dumping margin are significant and much above de-minimus limits. There is *prima facie* evidence that constructed normal value of the subject goods in the subject countries are significantly higher than the net export prices, indicating that the subject goods originating in or exported from the subject countries are being exported at dumped prices, thus indicating continued likelihood of dumping so as to justify initiation of investigation.

**Likelihood of continuation or recurrence of Injury and Casual Link**

- 14. The Authority notes that there is *prima facie* evidence of dumping and consequential injury to the domestic industry on account of volume effect i.e. decline in production, sales and capacity utilization and price effect due to price under cutting and price under selling leading to reduced profits, Return on Capital Employed (ROCE) and cash flows. Further, the data provided by the petitioner on the capacity and export orientation of producers/exporters in the subject countries also *prima facie* indicates a likelihood of dumping and consequential injury on cessation of the AD duty.

**Initiation of Sunset Review of Anti-dumping investigation**

15. And therefore, in view 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, 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 countries and to examine whether the expiry of existing duties are likely to lead to continuation or recurrence of dumping and consequent injury to the Domestic Industry.

### **Product under Consideration**

16. The product under consideration as in the original investigation is Flax Fabric. As per the original investigation & SSR carried out by the Designated Authority the product has been defined as under:

*“The product under consideration is “Flax Fabric” originating in or exported from China PR and Hong Kong is normally classified under Chapter 53 of the Customs Tariff Act. “Flax” and “Linen” are synonyms and the word flax is also known as Linen and can be used as in generic term to describe a class of woven bed, bathtub, table and kitchen textiles because traditionally flax was widely used for towels, sheets etc. This product is classified under Customs Tariff Chapter 53 at subheading 53.09. The Customs classification is indicative only and not binding on the scope of investigation.*

*Woven fabric (having more than 50% flax contents) commonly known as “Flax Fabric” produced by the domestic industry and those being imported from the subject countries are like articles and is the Product under Consideration within the meaning of the rules”.*

*The Authority notes that as per the grade-wise production statement, the domestic industry has produced fabric having flax content of 30-50%. This is 0.62% of the total production. As the domestic industry is not making substantial production of fabric having flax content of up to 50%, the Authority has therefore concluded the product under consideration to have flax content of more than 50%”*

17. The subject goods are classifiable under Chapter 53 of the Customs Tariff Act, 1975 under sub-headings 5309. The Applicant has stated that subject goods are being imported under sub-headings 5309. However, the custom classification is indicative only and in no way binding on the scope of this investigation.

### **Subject Countries**

18. The investigation being a sunset review, the scope of the subject countries is confined to the subject countries in the original investigation i.e. against the subject goods originating in or exported from China PR & Hong Kong.

### **Period of investigation**

19. The period of investigation (POI) for the present investigation is April 2018 to June 2019 (15 Months) and the injury investigation period will cover the periods April 2015 to March 2016, April 2016 to March 2017 and April 2017 to March 2018 and POI.

### **Procedure**

20. The review investigation will cover all aspects of the final findings published vide Notification No.15/30/2013-DGAD dated 9th June 2015 recommending imposition of anti-dumping duty on imports of Flax Fabric from China PR & Hong Kong.
21. 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**

22. The known exporters in the subject country and their government through their Embassy in India, 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.
23. 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. The information/ submission may be submitted to:

**The Designated Authority**  
**Directorate General of Trade Remedies**  
**Ministry of Commerce & Industry**  
**Department of Commerce**  
**Government of India**  
**4th Floor, Jeevan Tara Building, 5, Parliament Street**  
**New Delhi-110001**

24. 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**

25. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above 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 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 Anti-Dumping Rules.

26. 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**

27. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:

- i. one set marked as Confidential (with title, number of pages, index, etc.), and
- ii. the other set marked as Non-Confidential (with title, number of pages, index, etc.).

28. 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. Soft copies of both the versions will also be required to be submitted, along with the hard copies in four (4) sets of each.

29. 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.

30. 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 summarised 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 summarisation is not possible must be provided to the satisfaction of the Authority.

31. 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 if the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.

32. 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.

33. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

**Inspection of Public File**

34. 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.

**Non-cooperation**

35. 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.

**(Bhupinder S. Bhalla)**  
**Additional Secretary & Designated Authority**