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**F.No.06/35/2017-DGAD
Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Anti-Dumping & Allied Duties
Jeevan Tara Building, New Delhi-110001**

Dated the 24.01.2018

INITIATION NOTIFICATION

Subject: Initiation of Anti-Dumping investigation concerning imports of “Meta-Phenylene Diamene-4-Sulphonic Acid (MPDSA)” from People’s Republic of China

F. No. 06/35/2017- DGAD – M/s Chamunda Industries, Matrushakti Industries and Varahi Intermediates (hereinafter referred to as the ‘applicants’) have filed a petition 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 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, 1995 as amended from time to time (hereinafter also referred to as the Rules) for imposition of Anti-dumping duty on imports of Meta-Phenylene Diamene-4-Sulphonic Acid (MPDSA) (hereinafter referred to as the “subject goods”) originating in or exported from People’s Republic of China (hereinafter referred to the “subject country”).

Product under Consideration

2. The product under consideration is Meta Phenylene Diamine 4 Sulphonic Acid (hereinafter also referred to as “MPDSA” or the “subject goods” or the “product under consideration”). MPDSA is a greyish white crystal odourless powder/cake. It has three variants such as MPDSA (Free Acid), MPDSA (Sodium Salt) & MPDSA (Acetyl). It functions as a chemical, and also used as intermediate for dyestuff products.
3. The product under consideration is generally classified under Chapter 29 of the Customs Tariff Act under sub heading 2922 29 26. It is clarified that the HS codes are only indicative and the product description shall prevail in all circumstances

Like Article

4. The applicants have submitted that the subject goods produced by them and the subject goods imported from the subject country are like articles. There is no known difference between the subject goods exported from the subject country and that produced by the applicants. The product concerned produced by the domestic industry and imported from subject country are 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 can use and are using the two interchangeably. 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 applicants in India are being treated as 'Like Article' to the subject goods being imported from the subject country

Domestic Industry and Standing

5. The Petition has been filed by M/s Chamunda Industries, Matrushakti Industries and Varahi Intermediates, as domestic industry of the product under consideration. The applicants' share in Indian production of product under consideration is 56.75% during the proposed POI. Apart from the applicants, there are seven more companies manufacturing the subject goods in India - Benzo Products (India) Pvt. Ltd., Blue Ark Industries, Anmol Dyestuff Pvt. Ltd., Pratik Dyes & Intermediaries, Rakesh Chemical Industries, Umiya Chem Intermediates and Classic Industries.
6. The applicants have certified that they have neither imported the subject goods during the entire injury period and proposed period of investigation nor are related to any of the exporters or importers of the subject goods. Since the production of the applicants accounts for "a major proportion" in the total production of the product under consideration in India, the applicants satisfy the standing and constitute Domestic Industry within the meaning of the Rules.

Countries Involved

7. The present investigation is in respect of alleged dumping of the product under consideration from People's Republic of China.

Normal Value

8. The applicants have claimed that China PR should be treated as a non-market economy country and its normal value be determined in accordance with Para 7 and 8 of Annexure I of the Rules.

9. However, while submitting the questionnaire response producers/ exporters may have to demonstrate prevalence of market condition related to manufacture, production, and (sales of subject good in the domestic market and in export to India and other countries. For this purpose, the producer/exporter, may clarify and provide sufficient information on the following:
 - a. Decision in regard to price, cost, input including raw material, cost of technology and labour, output, sales and investment, are without significant state interference and whether cost of major inputs substantially reflect market value.
 - b. Production costs and financial situation does not suffer from any distortion.
 - c. The producers/exporters are subject to bankruptcy and property law which guarantees legal certainty and stability for the operation of the firms.
 - d. Exchange rate conversions are carried out at the market rate.
10. The applicants have submitted that efforts were made to get information/evidence about cost and prices of subject goods in the domestic market of the subject country. In the absence of availability of reliable information in the public domain on domestic prices of the subject goods in the subject country, the Normal value in the subject country has been estimated on the basis of cost of production, considering consumption norms of the domestic industry for raw material and utilities, duly adjusted including selling, general and administrative expenses and profit. The Authority has prima-facie considered the normal value of subject goods in subject country on the basis of constructed values as made available by the applicants for the purpose of this initiation.

Export Price

11. The applicants have determined the ex-factory export price on the basis of data procured from Directorate General of Commercial Intelligence and Statistics (hereinafter also referred to as DGCI&S) and has made adjustments on account of ocean freight, marine insurance, commission, port expenses, inland freight and bank charges.

Dumping Margin

12. The normal value and the export price have been compared at ex-factory level, which shows significant dumping margin in respect of the subject country. There is sufficient prima facie evidence that the normal value of the subject goods in the subject country is significantly 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 country.

Injury and Causal Link

13. The applicants have furnished information on various parameters relating to injury. The applicants have claimed that domestic industry has suffered material injury from dumped imports exemplified

by various parameters such as significant subject imports over the injury period in absolute terms as also relative to the production and consumption in India, decline in import prices of the subject goods, significant price undercutting, price depression, financial losses, return on investments, cash flow. With regard to consequent impact of the imports on the domestic industry, it is noted that performance of the domestic industry has deteriorated in respect of parameters such as profits; return on capital employed and cash profits. The domestic industry is suffering significant financial losses, cash losses and negative return on investments.

14. The applicants have also claimed that imports have spurted from China PR. Applicant has therefore claimed that the imports are threatening material injury to the domestic industry. Applicant has submitted that there is significant increase in imports, decline in import price, significant price undercutting, price depression as grounds for claiming threat of material injury to the domestic industry from subject imports.

Initiation of the Anti-Dumping Investigation

15. And whereas, the Authority prima facie finds that sufficient evidence of dumping of the subject goods, originating in or exported from the subject country; material injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation and accordingly, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of Rule 5 of the Rules, to determine the existence, degree and effect of alleged dumping of the subject goods originating from the subject country and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the 'injury' to the domestic industry.

Period of Investigation

16. The petitioners have proposed 2016-17 as the period of investigation for this investigation. However, in order to have more recent data, the Authority has decided the period of 15 months (April, 2017 to June, 2017) as the period of investigation. The injury investigation period will, however, cover the periods April 2013 – March 2014, April 2014 – March 2015, April 2015 – March 2016 and the POI.

Submission of Information

17. The exporters in the subject country, their government through their Embassy in India, the importers and users in India known to be concerned and the domestic industry are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce,
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi -110001

18. 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. 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

19. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above not later than forty days (40 days) from the date of publication of this Notification. 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 AD Rules.
20. 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 and offer their comments to the domestic industry's application within forty days (40 days) from the date of publication of this Notification. The information must be submitted in hard copies as well as soft copies.

Submission of information on confidential basis

21. The parties making any submission (including Appendices/Annexure 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.
22. 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 two (2) sets of each.
23. The confidential version shall contain all information which are by nature confidential and/or other information which the supplier of such information claims as confidential. The information which is 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.

24. 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, 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.
25. 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 authorize its disclosure in generalized or summary form, it may disregard such information.
26. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim shall not be taken on record by the Authority.
27. 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

28. 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.

Non-cooperation

29. 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.

(Sunil Kumar)
Additional Secretary & Designated Authority