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Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Anti-Dumping & Allied Duties
Jeevan Tara Building, New Delhi-110001

Dated 07.02.2018

INITIATION NOTIFICATION

Case No. OI/3/2018

Subject: Initiation of Anti-dumping investigation concerning imports of ‘Flax Yarn’ originating in or exported from China PR.

File No. 6/3/2018-DGAD: M/s. Jaya Shree Textiles (A unit of Aditya Birla Nuvo Ltd.) (hereinafter referred to as the petitioner/applicant) has 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 to as The Act) and 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 initiation of anti-dumping investigation and imposition of anti-dumping duty concerning imports of Flax Yarn of below 70 Lea count (hereinafter referred to as the “subject goods”) originating in or exported from China PR (hereinafter referred to the “subject country”).

Product under consideration

2. The product under consideration for the purpose of present investigation is “Flax Yarn of below 70 Lea Count (43 Nm)”. Flax yarn of 70 and above lea is specifically excluded from the scope of the product under consideration. Flax Yarn is a 100% linen yarn. It is a natural cellulosic fiber with higher conductivity.

3. The unit of measurement for the PUC in the present investigation is weight in MT. The product under consideration is generally imported under HS code 5306 1090 and 5306 2090. However, import can also take place under other HS codes, therefore, it is clarified that the HS codes are only indicative and the product description shall prevail in all circumstances.

Like Article

4. Rule 2(d) with regard to like article provides as under: -

"like article" means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation;

5. Petitioner has claimed that there is no known difference in the subject goods produced by the Indian industry and the product under consideration produced and exported from the subject country. The two products are comparable in terms of essential product characteristics such as physical & technical characteristics, product specifications, functions & uses, 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.

6. Therefore, for the purpose of the present investigation, the subject goods produced by the petitioner in India are being treated as 'Like Article' to the subject goods being imported from the subject country.

Domestic Industry & Standing

7. The Application has been filed by M/s. Jaya Shree Textiles (A unit of Aditya Birla Nuvo Ltd.), who is the largest producer of the subject goods in India. The applicant has also submitted support letters from M/s Linen Art Pvt. Ltd., M/s Golden Fibers and M/s Raymond Luxury Cottons Ltd. who are the producers or are in the process of production of the subject goods.

8. The Authority examined the petition and after noting the total production of the subject goods in India, found that the production of the petitioner accounts for "a major proportion" in the total Indian production of the product under consideration, thus the petitioner satisfies the standing and constitutes Domestic Industry within the meaning of the AD Rules.

Country involved

9. The present investigation is in respect of alleged dumping of the product under consideration from China PR (referred to as the "subject country").

Normal Value

10. Petitioner has claimed that China should be treated as a non-market economy and normal value in case of China should be determined in accordance with Para 7 and 8 of Annexure I of the Rules.

11. The petitioner has 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 petitioner for the purpose of this initiation.

12. However, while submitting the questionnaire response producers/exporters may have to demonstrate prevalence of market condition related to manufacturing, 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 for any distortion.
- c. The producer/exporter 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.

Export Price

13. The petitioner has determined export price using import data from secondary source, i.e Info drive, to assess the volume and value of imports of subject goods in India. Price adjustments have been claimed on account of commission, inland freight expenses, port expenses and bank charges, which has been accepted for the purpose of initiation. The Authority will call for the data from DGCI&S during the course of investigation. Also the Authority would like to rely on data of exporter in case the same are furnished and verified in the course of investigation.

Dumping Margin

14. The normal value has been compared with the export price at ex-factory level. There is sufficient prima facie evidence that the normal value of the subject goods in the subject country 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 country. The dumping margin is estimated to be above deminimus and also substantial for the subject country.

Injury and Causal Link

15. Information furnished by the petitioner has been considered for assessment of injury to the domestic industry. The petitioner has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption in India, price suppression, price underselling. There is sufficient *prima facie* evidence of the ‘injury’ being suffered by the domestic industry caused by dumped imports from subject country to justify initiation of an antidumping investigation.

Initiation of anti-dumping investigations

16. And whereas, Authority *prima facie* finds that sufficient evidence of dumping of the subject goods, originating in or exported from the subject country; injury to the domestic industry and causal link between the alleged dumping and injury exist to justify initiation of an anti-dumping investigation, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of Para 5 of the Rules, to determine the existence, degree and effect of alleged dumping 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

17. The period of investigation (POI) is from 1st October 2016 to 30th September 2017. However, for the purpose of analyzing injury, the data of previous three years, i.e. Apr’14-Mar’15, Apr’15-Mar’16, Apr’16-Mar’17 and the period of investigation will be considered.

Submission of Information

18. The known exporters in the subject country, the Government of the subject country through its embassy in India, the importers and users in India known to be concerned with the product 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.

19. 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 submit a non-confidential version of the same to be made available to the other parties.

Time Limit

20. Any information relating to the present review and any request for hearing 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 Anti-dumping Rules.

21. 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 regarding the need to continue or otherwise the Anti-dumping measures within 40 days from the date of initiation of this investigation.

Submission of information on confidential basis

22. In case confidentiality is claimed on any part of the questionnaire response/ submissions, the same must be submitted in two separate sets (a)marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non- Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page and accompanied with soft copies.

23. Information supplied without any confidential marking shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies of the confidential version and two (2) copies of the non-confidential version must be submitted by all the interested parties.

24. For information claimed as confidential, 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 and/or why summarization of such information is not possible.

25. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /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, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.

26. 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 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.

27. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. 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) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidences 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