

MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
(Directorate General of Anti-dumping and Allied Duties)

New Delhi, the 13th December, 2005

INITIATION NOTIFICATION

Subject: Initiation of anti-dumping investigations concerning imports of Partially Oriented Yarn(POY) from China PR

F.NO.14/10/2005-DGAD: WHEREAS Association of Synthetic Fibres Industries, New Delhi (herein after referred to as applicant) have *filed* an application before the Designated Authority (hereinafter referred to as the Authority), in accordance with the Customs Tariff Act, 1975 as amended in 1995 (herein after 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 (herein after referred to as the Rules), alleging dumping of Partially Oriented Yarn (herein after referred to as subject goods), originating in or exported from the People's Republic of China (herein after referred to as "subject country" or China PR) and requested for initiation of Anti Dumping investigations for levy of anti dumping duties on the subject goods.

AND WHEREAS, the Authority finds that sufficient prima facie evidence of dumping of the subject goods from the subject country, injury *to* the domestic industry and causal link between the dumping and injury exist, the Authority hereby initiates an investigation into the alleged dumping, and consequent injury to the domestic industry in terms of the Rules 5 of the said Rules, to determine the existence, degree and effect of any alleged dumping and to recommend the amount of antidumping duty which, if levied, would be adequate to remove the injury to the domestic industry.

1. PRODUCT UNDER CONSIDERATION

The product under consideration in the present petition is Partially Oriented Yarn generally known as POY. It falls under the custom tariff heading 5402.42 under the Indian Custom Tariff Classification. It is yarn of polyester and is an intermediate, which is subject to further processing, for example, texturing or draw twisting, to make it suitable for weaving or knitting into fabrics.

2. DOMESTIC INDUSTRY

The domestic industry is being represented by the Association of Synthetic Fibre Industries, New Delhi which is a representative association of the domestic manufacturers of the subject goods. Apart from the 12 manufacturers who have submitted detailed information in the prescribed proforma for initiation of investigation, five manufacturers including M/s Reliance Industries and M/s Sanghi Polyester are supporting the application for initiation of investigation. The Authority has determined that (a) production of the applicant manufacturers of the subject goods constitutes a major proportion in Indian production; (b) domestic producers expressly supporting the application account for more than 50 per cent of total production of the like product produced by the domestic industry; and (c) the application has been made on behalf of the domestic industry.

One of the producers i.e. M/s Welspun Syntex Ltd. has been stated to have imported a small quantity of 48.5 MT from Chinese Taipei and China during POI. The applicants have submitted that such a small quantity which constitutes about .0057% of total consumption in India may be ignored. The contention of the domestic industry has been accepted as the imports of the company from China PR are negligible and M/s. Welspun Syntex Ltd. has been considered to be a part of domestic industry.

The Authority after examining the above, determines that the applicants constitute domestic industry within the meaning of the Rule 2 and the application satisfies the criteria of standing in terms of Rule 5 of the Rules supra.

3. COUNTRY INVOLVED

The country involved in the present investigation is the People's Republic of China.

4. LIKE ARTICLE

The applicant has claimed that goods produced by its member companies are like articles to the goods originating in or exported from subject countries. There is no significant difference in the subject goods produced by the domestic industry and those exported from subject country. Applicants claim that the two are technically and commercially substitutable. Applicants have provided information on imports as compiled by Directorate General of Commercial Intelligence & Statistics (DGCI&S), Kolkatta Applicants have claimed that the subject goods and goods produced and supplied by the domestic industry is being interchangeably used. For the purpose of present investigation, the goods produced by the domestic industry is being treated as Like Article to the product imported from the subject countries within the meaning of the Rules supra.

5. NORMAL VALUE

The applicant has claimed that China PR should be treated as non-market economy and normal value should be determined in accordance with Para 7 of Annexure I of the Anti Dumping Rules. The domestic industry has proposed Chinese Taipei as an appropriate third country market economy in terms of para 7. Accordingly normal value has been worked out on the basis of constructed normal value in Chinese Taipei as appropriate estimate of domestic prices in China PR. This normal value has been determined considering the cost of production in Chinese Taipei duly adjusted to include selling, general and administrative expenses and reasonable profit. Further, the prices of inputs have been considered at a level prevailing in the international market.

However, the individual exporters may rebut this presumption and the Authority shall examine the market economy claims of individual exporters in terms of the relevant Rules.

6. EXPORT PRICE

Export price of the subject goods from the subject country has been determined by considering DGCI&S data. Adjustments have been claimed on account of ocean freight, marine insurance, commission, port handling and port charges to arrive at ex-factory export price. There is sufficient evidence of the export price for the subject goods from the subject country.

7. DUMPING MARGIN

Normal value and export price have been compared at ex-factory level, which shows significant dumping margin in respect of each of the subject countries. There is sufficient, prima facie, evidence that the normal value of the subject goods in China PR is significantly higher than the ex-factory export price indicating, prima facie, that the subject goods are being dumped by exporters from the subject country.

8. INJURY AND CAUSAL LINK

The applicant has furnished information on various parameters relating to material injury. Parameters such as significant increase in imports in absolute terms as also relative to production and demand in India, significant price undercutting leading to price depression in the market, decline in sales values in spite of increase in sales volumes, erosion in profits, cash flow and return on investments, decline in market share of the domestic industry and consequent increase in market share of the imports,

decline in employment, prima facie, collectively indicate that the domestic industry has suffered material injury on account of dumping of subject goods from China PR.

9. INITIATION OF ANTI DUMPING INVESTIGATIONS

The Designated Authority, in view of the foregoing paragraphs, initiates anti-dumping investigations into the existence, degree and effect of alleged dumping of the subject goods originating in or exported from the subject country.

10. PERIOD OF INVESTIGATION (POI)

The Period of Investigation for the purpose of the present investigation is 1st April 2004 to 30th June 2005 (15 months). The injury investigation period will, however, cover the period 2001-02 to 2003-04 and the POI.

11. SUBMISSION OF INFORMATION

The exporters in the subject country, their Government through the Embassy, the importers in India known to be concerned with this investigation 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 Designated Authority at the following address :

Designated Authority,
Ministry of Commerce & Industry,
Department of Commerce,
Government of India,
Room No. 240,
Udyog Bhavan, New Delhi – 1100 11.

As per Rule 6(5) of Rule supra, the Designated Authority is also providing opportunity to the industrial users of the article under investigation and to representative consumer organizations who can furnish information which is relevant to the investigation regarding dumping, injury and causality. Any other interested party may also make its submissions relevant to the investigation within the time limit set out below.

12. TIME LIMIT

a) General Time Limits

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 from the date of publication of this notification. The known exporters and importers, who are being addressed separately, are however required to submit the information within forty days from the date of the letter addressed to them separately. It may be noted that no request, whatsoever, shall be entertained for extension in the prescribed time limit.

b) Specific time limit for selection of market economy third country Interested parties to the investigation may wish to comment on the appropriateness of Chinese Taipei which, as mentioned in the Para 5 above of this initiation notification is envisaged as a market economy third country for the purpose of establishing normal value in respect of the China PR. These comments must be submitted within two weeks from the date of publication of this notification.

13. SUBMISSION OF INFORMATION

In terms of Rule 6(7) of the Rules, the interested parties are required to submit non-confidential summary of any confidential information provided to the Authority and if in the opinion of the party providing such information, such information is not susceptible to summarization, a statement of reason thereof, is required to be provided. 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 Designated Authority may record findings on the basis of facts available and make such recommendations to the Central Government as deemed fit.

14. INSPECTION OF PUBLIC FILE

In terms of Rule 6(7), Designated Authority maintains a public file. Any interested party may inspect the public file containing non-confidential version of the evidence submitted by interested parties.

(Christy L. Fernandez)
Designated Authority