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**Government of India  
Ministry of Commerce & Industry  
Department of Commerce  
(Directorate General of Anti-Dumping & Allied Duties)  
Udyog Bhawan, New Delhi**

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**Dated the 3rd  
October, 2008**

**INITIATION NOTIFICATION**

**Subject: Initiation of Anti-Dumping investigations concerning imports of Flax Fabrics originating in or exported from China PR & Hong Kong.**

**No.14/8/2008-DGAD**, M/s Jaya Shree Textiles has filed an application before the Designated Authority (herein after referred to as the Authority) in accordance with the Customs Tariff Act, 1975 as amended in 1995 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 Rules) for initiation of anti dumping investigation concerning alleged dumping of Flax Fabrics (hereinafter referred to as subject goods) originating in or exported from China PR and Hong Kong (hereinafter referred to as subject countries).

AND WHEREAS, the Authority finds that sufficient *prima facie* evidence of dumping of subject goods by the subject countries, injury to the domestic industry and causal links 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 alleged dumping and to recommend the amount of antidumping duty, which if levied would be adequate to remove the injury to the domestic industry.

**Domestic Industry**

2. Application has been filed by M/s Jaya Shree Textiles (a unit of Aditya Birla Nuov Ltd.) on behalf of the domestic industry and supported by seven other manufacturers.

As per the evidence available applicants have the standing to file the case for anti dumping investigation on behalf of domestic industry as per Rule 2(b) and Rule 5(3)(a) of Anti Dumping Rules.

### **Product under consideration**

3. The Product Under Consideration is woven fabric having more than 30% flax content. Flax and linen are synonyms and the word “flax” is also known as “Linen” and can be used to produce yarn and fabric made from flax fibres. It is also often used as in generic term to describe a class of woven bed, bath, table and kitchen textiles because traditionally flax was widely used for towels, sheets, etc. In the past, the word also referred to light weight undergarments such as, shirts, chemises, waist shirts, lingerie and detachable shirt collars and cuffs.

4. The product under consideration is classified under Customs Tariff Chapter 53 at sub-heading 53.09. The Custom classification is indicative only and not binding on the scope of investigation.

### **Like Articles**

5. The Petitioner has claimed that there is no significant difference between the products manufactured by them and the subject goods imported from the subject countries. The Flax Fabric produced by the Indian industry and imported in India from China and Hong Kong are comparable in terms of characteristics, such as, physical and chemical characteristics, manufacturing process and technology, functions and uses, product specification, pricing, distribution & marketing and tariff classification of goods. The two are technically and commercially substitutable. Therefore, for the purpose of present investigation, the goods produced by the petitioner are to be treated as Like Articles of the product imported from the subject countries within the meaning of the Rules.

### **Countries involved**

6. The countries involved in the present investigation are China PR and Hong Kong.

### **Normal value**

7. The applicant have proposed that China being a Non Market Economy the normal value is to be determined in terms of Para 7 of Annex-I of Anti Dumping Rules. The applicants have stated that they have not been able to procure the prices of the Market Economy Third Country, from such third country to others. Accordingly, the

applicants have proposed that Normal Value in respect of China may be determined on the basis of (a) prices in India and (b) cost of production in India, duly adjusted including selling, general and administrative expenses and profit. Petitioner has determined normal value in case of Hong Kong on the basis of constructed normal value.

### **Export Price**

8. The prices available are CIF export prices. The net export price has also been estimated by the applicant based on the CIF price and adopting various elements of adjustments towards ocean freight, commission, etc. to arrive at net export price at ex-factory level.

### **Dumping margin**

9. There are sufficient evidences that the normal value of the subject goods in subject country are significantly higher than their net export price *prima-facie* indicating that the subject goods are being dumped by the exporters from the subject country.

### **Injury and Causal Link**

10. The applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of fall in their market share because of increased volume of dumped imports, price undercutting, lost sales and decline in return on capital employed for the domestic industries. There is sufficient *prima-facie* evidence of the material injury being suffered by the applicants caused by dumped imports from subject country.

### **Period of investigation**

11. The period of investigation for the purpose of present investigation is 01<sup>st</sup> April 2007 to 31st March, 2008. The injury investigation period will however cover the periods April 2004–March 2005, April 2005–March 2006, April 2006–March 2007 and the Period of Investigation (POI).

### **Submission of information**

12. The exporters in the subject country and their Government through their Embassy in India, importers and users in India known to be concerned and the domestic industry are being informed separately to enable them to file all information relevant in the form and manner prescribed. Any other party interested to participate in the present investigation may write to:

**The Designated Authority,  
Directorate General of Anti-Dumping & Allied Duties,  
Ministry of Commerce & Industry,  
Department of Commerce  
Room No.240, Udyog Bhavan,  
New Delhi-110107.**

**Time limit**

13. Any information relating to this investigation should be sent in writing so as to reach the Authority at the above address not later than 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 their findings on the basis of the facts available on record in accordance with the Rules supra.

**Submission of Information on Non-Confidential basis**

14. In terms of Rule 7, 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.

**INSPECTION OF PUBLIC FILE**

15. 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.

16. 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 Governments as deemed fit.

(R. Gopalan)

Designated Authority

