

No.14/6/2009-DGAD
Government of India
Ministry of Commerce & Industry
(Department of Commerce)

New Delhi, the 19th March, 2009.

INITIATION NOTIFICATION

Subject: Initiation of Anti-dumping Investigation concerning import of ‘Viscose Staple Fibre excluding Bamboo fibre’ originating in or exported from China PR and Indonesia.

No.14/6/2009-DGAD: The Association of Man Made Fibre industry of India (AMFII) has filed an application before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff (Amendment) Act, 1995 as amended from time to time (hereinafter 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 referred to as the AD Rules) alleging dumping of ‘Viscose Staple Fibre excluding Bamboo fibre’ (hereinafter referred to as the subject goods) originating in or exported from China PR and Indonesia and has requested for initiation of anti-dumping investigation and levy of anti-dumping duties.

1. PRODUCT UNDER CONSIDERATION

The product under consideration is “**Viscose Staple Fibre (VSF) excluding Bamboo fibre**”. Viscose Staple Fibre is described as “Viscose rayon staple fibre not carded/combed” under the Customs Tariff and is also known as “Rayon Fibre” in some markets. The product under consideration is classified under Custom Headings 5504.10.00. The Customs classification is indicative only and is in no way binding on the scope of the present investigation.

Viscose Staple Fibre was the first man-made fibre, and unlike other man-made fibres, is not a synthetic fibre. It is made through wet spinning technology and is a regenerated cellulose fibre made from wood pulp, which is essentially cellulose extracted from a sustainable natural resource i.e. wood, by subjecting it to various chemical and mechanical processes. On account of its cellulosic base, viscose staple fibre properties are more similar to those of natural cellulosic fibres than those of thermoplastic, petroleum based synthetic fibres such as nylon or polyester. Further, it

has a distinct advantage of engineered specification and uniformity. Viscose Staple Fibre has silk-like aesthetic with superb drape, soft feel and retains rich brilliant colours. Fabrics made from it are moisture absorbent (even more than cotton), breathable, comfortable to wear, and easily dye able in vivid colours. They do not build up static electricity, and are pill-resistant. Main strength of VSF is its versatility and ability to blend easily with nearly all other textile fibres to impart lusture, softness, absorbency and resulting comfort to the fabric made from such blends. Bamboo fibre, one of the types of Viscose Staple Fibre is excluded from the scope of the proposed investigation. This investigation also seeks to identify and distinguish bamboo fibre with the product under consideration. Interested parties are invited to may make their submissions in this regard.

2. DOMESTIC INDUSTRY & ‘STANDING’

The application has been filed by Association of Man Made Fibre Industry of India on behalf of the domestic industry. M/s Grasim Industries Ltd. is the sole producer of the Like Article in India and has provided injury and costing information. The applicant has claimed that there is no other producer of the Like Article in India. As per the evidence available on record, production of M/s Grasim Industries Ltd. accounts for a major proportion of the domestic production. The production of M/s Grasim Industries Ltd. is more than 50% of Indian production.

M/s Grasim Industries Ltd. has affiliated companies in Indonesia and China PR producing & selling the product, namely Birla Jingwai Fibres Company Limited, China and PT Indo Bharat Rayon, Indonesia. The Chinese affiliated company has not exported the product to India, whereas the Indonesian Company has exported small quantity to India, which is less than 3% of imports and negligible with reference to Indian production. Since the volume of these imports are quite small, the Authority considers it appropriate to hold that the Applicant is not required to be excluded from the scope of the domestic industry under Rule 2(b).

The Authority has determined that the application satisfies the requirements of Rule 2(b) and Rule 5(3) of Anti Dumping Rules. Further, M/s Grasim Industries Ltd. is being treated as ‘domestic industry’ within the meaning of Rule 2(b).

3. COUNTRIES INVOLVED

The countries involved in the present investigation are People’s Republic of China [also referred to as China PR] and Indonesia (hereinafter also referred to as subject countries).

4. LIKE ARTICLE

The applicant has claimed that there is no known difference in subject goods produced by the domestic industry and exported from subject countries. Subject goods produced by the Indian industry and imported from subject countries are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods.

The available information at this stage does not show that there is any material difference in the domestic Like Article and imported subject goods. Thus, subject goods produced by the Domestic industry are being treated as like article to subject goods imported from subject countries in accordance with the AD Rules for the purpose of this investigation.

5. NORMAL VALUE

The applicant has claimed that China PR should be treated as Non Market Economy and therefore the Normal value should be determined in accordance with Para 7 and 8 of Annex-I of the AD Rules. The applicant has submitted that Indonesia can be considered as an appropriate market economy third country for determination of Normal value in China PR and has provided information with regard to selling price of the subject goods in Indonesia. In addition, the applicant has claimed Normal value in China PR on the basis of constructed cost of production, including selling general and administration expenses and profits.

With regard to Normal value in Indonesia, the applicant has claimed Normal value of the subject goods on the basis of selling price prevailing in Indonesia. The applicant has provided information with regard to selling price of the product in Indonesia, sold by their own affiliated company.

There is sufficient evidence with regard to Normal value to justify initiation of an anti-dumping investigation in terms of the AD Rules.

6. EXPORT PRICE

The applicant has claimed export price based on the transaction-wise data provided by TIPS. The import data has been segregated and considered only for Viscose Staple Fibre. Adjustments have been claimed on account of ocean freight, marine insurance, commission, inland freight, port expenses and bank commission to arrive at net export price at ex-factory level. Evidence in support of price adjustments has been provided in respect of Ocean Freight, Marine Insurance, Commission, Inland Freight, Port Expenses and Bank Commission.

There is sufficient evidence with regard to export price to justify initiation of an anti-dumping investigation in terms of the AD Rules.

7. DUMPING MARGIN

There is, prima facie, evidence that the Normal value of the subject goods in the subject countries is significantly higher than the ex-factory export price indicating, prima facie, that the subject goods are being dumped by exporters from the subject countries.

8. INJURY AND CAUSAL LINK

The applicant has furnished information on various parameters relating to material injury and threat of material injury to the domestic industry. Considering the parameters relating to cumulative assessment of injury, the Authority proposes to determine injury to the domestic industry cumulatively from the subject countries. Parameters such as increase in the absolute volume of imports from the subject countries, increase in the market share of imports from the subject countries in total imports, significant decline in the domestic selling price, significant deterioration in profits, cash flow and return on investment, price undercutting, and price suppression/ price depression prima facie, indicate collectively and cumulatively that the domestic industry has suffered material injury on account of dumping of subject goods from subject countries. Factors such as significant increase in import volumes of subject goods from subject countries in absolute terms and in relation to total imports, significant price undercutting from subject countries, significant capacities in the subject countries have been claimed in support of their claim of threat of material injury on account of dumped imports from subject countries. The basis of price fixation, price undercutting by dumped imports causing selling price reductions being offered by the domestic industry, price suppression / depression being caused by the dumped imports, decline in profits, return on capital employed and cash flow as a consequence of price undercutting and price suppression/ depression prima facie show that the dumped imports are causing injury to the domestic industry.

There is sufficient evidence with regard to 'injury' to the domestic industry and the causal link, to justify initiation of an anti-dumping investigation in terms of the AD Rules.

9. INITIATION OF ANTI DUMPING INVESTIGATION

In view of the foregoing paragraphs, the Designated Authority finds that sufficient evidence of dumping of subject goods from the subject countries, 'injury' to the domestic industry and causal link between the 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 the Rules 5 of the AD 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.

10. PERIOD OF INVESTIGATION

The Period of Investigation for the purpose of the present investigation is **1st July 2008 to 31st December 2008 (6 months)**. The injury investigation period will however cover the periods April 2005-March 2006, April 2006-March 2007, April 2007-March 2008, April-June, 2008 and the Period of Investigation (POI). In view of the claim that the dumping of the subject goods and consequent injury to the domestic industry intensified in July-Dec., 2008, the Authority considers it appropriate to adopt six months as the 'period of investigation'.

11. Submission of Information:

The known exporters in subject countries, their government through their Embassies in India, the known importers and known users in India 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:

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

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.

12. Submission of information on Non-confidential basis.

In terms of Rule 7 of the AD rules, the interested parties are required to submit non-confidential version of any confidential information provided to the Authority along with the reasons for claiming confidentiality. The non-confidential version or non-confidential summary of the confidential information should be in sufficient detail to provide a meaningful understanding of the information to the other interested parties. If in the opinion of the party providing such information, such information is not susceptible to summary; a statement of reason thereof is required to be provided.

Notwithstanding anything contained in para above, 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 authorise its disclosure in a generalised or summary form, it may disregard such information.

13. Time Limit:

Any information relating to this investigation and any request for hearing should be sent in writing so as to reach the Authority at the above mentioned address, 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 Designated Authority may record its findings on the basis of the 'facts available' on record in accordance with the AD Rules.

14. Inspection of Public File:

In terms of Rules 6(7), any interested party may inspect the public file containing non-confidential version of the information/evidence submitted by other interested parties.

15. Use of facts available

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.

(R. Gopalan)
Designated Authority