

GOVT. OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
(DEPARTMENT OF COMMERCE)
UDYOG BHAVAN, NEW DELHI
INITIATION NOTIFICATION

Dated the 1st February, 2010

Subject: Initiation of Anti-dumping investigation concerning imports of PVC Flex Films originating in or exported from China PR.

No. 14/04/2010-DGAD – Whereas M/s. Pioneer Polyleathers Pvt. Ltd. (hereinafter 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 (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 (hereinafter referred to as the Rules), alleging dumping of PVC Flex Films, originating in or exported from China PR and requested for initiation of anti dumping investigations for levy of anti dumping duties on the subject goods.

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

Product under consideration

3. The product under consideration for the present investigation is PVC Flex Films, also known as PVC Flex Banners, PVC Flex Sheets for advertising signage, billboards, PVC films and tarpaulins etc., (hereinafter referred to as subject goods). The product is a multi-layered PVC film with sand-witch lamination of reinforcement textile. This laminated product called flex is used for advertisement industry. The PVC Flex Film can be of different types depending upon its quality and characteristics like front lit or back lit and glossy or Mattie.

4. PVC Flex Films are classified under Chapter 39 of the Customs Tariff Act, 1975, under Tariff Heading Nos. 3920 and 3921. The information received from IBIS shows that the material is being imported and cleared under a large number of other customs classifications, which includes 39201019, 39201012, 39204900, 39219026, 39219029, 39269099, 39199090, 39181090, 39189090, and 39269080. The customs classification is however, indicative only and in no way binding on the scope of the present investigation.

Domestic industry standing

5. The present application has been filed by M/s. Pioneer Polyleathers Pvt. Ltd. According to the information provided in the application, the production of the M/s. Pioneer Polyleathers Pvt. Ltd constitutes 100% of the Indian production. Thus the applicant shall constitute "domestic industry" for the purpose of the present investigations.

6. The Authority, after examining the above, determines that the applicant constitutes 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.

Country involved

7. The country involved in the present investigation is the People's Republic of China (hereinafter referred to as China PR or the subject country).

Like article

8. The applicant has claimed that there is no significant difference in the goods produced by them and those originating in or exported from China PR. Both products 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. Both the products are technically and commercially substitutable and hold closely resembling characteristics. It is further claimed that the consumers have used the two interchangeably. Therefore, for the purpose of present investigation, subject goods produced by the applicant are being treated as "like article" to the subject goods imported from subject country within the meaning of the Rules supra.

Normal value

9. 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 applicant has proposed South Korea as an appropriate market economy third country. The Authority at the stage of initiation, has however considered the cost of production in India, duly adjusted, for selling, general and administrative costs and profit as the basis of normal value. Individual Chinese exporters may rebut this presumption and the Authority shall examine the market economy claims of individual exporters in terms of the relevant Rules. There is sufficient evidence of normal value of the subject goods in China PR.

Export price

10. The export price of the subject goods from the subject country has been claimed on the basis of data obtained from International Business Information Services (IBIS), Mumbai. Price adjustments have been claimed on account of ocean freight, marine insurance, port expenses and inland freight. There is sufficient evidence of export price of the subject goods from China PR.

Dumping margin

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

Injury and causal link

12. The applicant has set up a new facility for production of the product under consideration and commenced commercial production within the investigation period. The applicant has claimed that dumping of the product under consideration in India is materially retarding the establishment of the domestic industry. The applicant has furnished information on various parameters relating to injury for the period for which it has commercial production. Further, the applicant has provided detailed information with regard to its

potential performance on the basis of projections drawn by it before setting up the plant and has compared its potential performance with the actual performance achieved till the investigation period to establish its claim that its performance is substantially below the potential levels envisaged before setting up the plant. The applicant has also claimed that its performance improved initially after commencement of commercial production. However, the same deteriorated after some time in terms of production, capacity utilization, sales, market share, profits, return on investments, cash profits, etc. inspite of reduction in the selling prices. The imports are undercutting the prices of the domestic industry. The domestic industry is forced to sell the product at prices materially below the fair prices envisaged by the domestic industry before commencement of production. The applicant has thus claimed that even when its commercial production has begun, the domestic industry is yet to find its place in the market. Parameters such as significant increase in imports in absolute terms as also relative to the production and consumption in India, significant price undercutting, capacity utilization market share, continued financial losses, return on investments, cash flow, inventories, collectively and cumulatively show that the applicant has suffered material injury. There is sufficient evidence that the dumped imports of subject goods from China PR are, prima facie, causing material injury to the domestic industry.

Initiation of anti-dumping investigations

13. 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.

Period Of Investigation

14. The Period of Investigation for the purpose of the present investigation is 1st April 2008 to 30th September 2009 (18 months). The injury investigation period will cover each quarter of POI (April-June 2008, July September 2008, October-December 2008, January-March 2009, April-June 2009 and July September 2009), considering the petitioner has commenced production only in April 2008.

Submission of information

15. The known exporters in China PR, 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:

The Designated Authority
Directorate General of Anti Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce,
Government of India,
Room No. 243, Udyog Bhavan,
New Delhi – 110107.

16. 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 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.

Time limit

General Time Limits

17. 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 40 (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.

Specific Time limit for selection of market economy third country

18. Interested parties to the investigation may wish to comment on the appropriateness of South Korea, which is envisaged as a market economy third country for the purpose of establishing normal value in respect of China PR. These comments must be submitted within two weeks from the date of publication of this notification.

Submission of information

19. 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 it deemed fit.

Inspection of public file

20. In terms of Rule 6(7), the 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.

P.K.Chaudhery
The Designated Authority