

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

New Delhi, the 24th February, 2006

INITIATION NOTIFICATION

Subject: Initiation of anti-dumping investigations concerning imports of Ductile Iron Pipes (DI Pipes) from China PR

F.NO.14/14/2005-DGAD: Whereas M/s Lanco Industries Limited and M/s Electrosteel Castings Ltd. (herein after referred to as applicants) 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 Ductile Iron Pipes also known as DI Pipes (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 Rule 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 investigation is Ductile Iron Pipe. These are often also described as Spheroid Graphite Iron Pipes or Ductile Cast Iron pipes or Ductile Iron Spun Pipes. DI Pipes performs the function of transporting liquid object at long distances at high pressure. It is primarily used for transporting water or sewerage disposal and gas, transmission of domestic and industrial effluent, fire-fighting systems – on shore and offshore.

Product under consideration is classified under Chapter 73 of the Customs Tariff Act, 1975 under the category of Articles of Iron and Steel. These are classifiable within 73030030 and 73030090 of the Customs Tariff. The applicants have submitted that the subject goods have been cleared under different classifications under customs subheading 7303. However, these customs classifications are indicative only and are in no way binding on the scope of the investigation.

2. DOMESTIC INDUSTRY

The domestic industry is being represented by M/s Lanco Industries Limited and M/s Electrosteel Castings Ltd. There is a third producer of the subject goods in India as well namely, M/s Jindal Saw Ltd. On the basis of the evidence available, 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.

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 applicants have claimed that goods produced by them are like articles to the goods originating in or exported from subject country. 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 International Business Information Services, Mumbai (IBIS) which is based on information made available in the Customs Daily Lists from selected ports. This information has been supplemented with information from some bills of entries, imports of which are not included in the IBIS data. 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 are 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 Spain as an appropriate market economy third country in terms of para 7. Accordingly normal value has been worked out on the basis of normal value in Spain as appropriate estimate of domestic prices in China PR. Alternatively, normal value has been determined considering the cost of production in India, 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 IBIS 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. 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 and 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, 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 2005 to 31st December 2005 (9 months). The injury investigation period will, however, cover the period 2002-03 to 2004-05 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 Spain 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 CONFIDENTIAL INFORMATION

In terms of Rule6(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