

**F.No.6/12/2018 - DGAD:
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti- Dumping & Allied Duties)
4th Floor, Jeevan Tara Building, Parliament Street**

Dated the 10th April, 2018

INITIATION NOTIFICATION

(Case No. OI- 09/2018)

Subject: Initiation of Anti-Dumping Duty investigation concerning imports of “Non-Plasticized Industrial Grade Nitrocellulose excluding Nitrocellulose Damped in Ethanol and Waterwet” originating in or exported from Brazil, Indonesia and Thailand.

F.No.6/12/2018 - DGAD: M/s Nitrex Chemicals India Limited (hereinafter referred to as ‘petitioners’ or ‘applicants’) has filed an application (also referred to as petition) along with relevant information before the Designated Authority (hereinafter referred to as the Authority) in accordance with the Customs Tariff Act, 1975 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) for initiation of anti-dumping investigation concerning imports of ‘Non-Plasticized Industrial Grade Nitrocellulose excluding Nitrocellulose Damped in Ethanol and Water-wet’ (hereinafter referred to as the subject goods) originating in or exported from Brazil, Indonesia and Thailand (hereinafter also referred to as the subject countries).

2. AND WHEREAS, the Authority finds that sufficient *prima facie* evidence of dumping of the subject goods originating in or exported from the subject countries, ‘injury’ to the domestic industry and causal link between the dumping and ‘injury’ exists 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 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.

A. Product under consideration

3. Product under consideration in the present case is ‘Non-Plasticized Industrial Grade Nitrocellulose, excluding Nitrocellulose Damped in Ethanol and Water-wet’, having nitrogen content in the range of 10.7% to 12.2%. The product under consideration has properties like

toughness, durability, fast solvent release capacity and solubility. The most important raw material of the product under consideration is pulp, i.e. cellulose which is obtained from purified cellulose either in the form of cotton linters or wood pulp. The product under consideration is a flammable compound formed by nitrating cellulose through exposure to nitric acid or another powerful nitrating agent and it is used in the manufacture of Wood Lacquers, Auto Refinish Paints, Leather Finishing Lacquers, Nail Varnishes, Printing Inks etc.

4. Product under consideration is classified under ITC HS Sub-heading 39122019. The Customs classification is indicative only and in no way it is binding upon the product scope.

B. Like Article

5. The applicants have claimed that there is no known difference in product produced by the applicants and exported from the subject countries. Both products have comparable characteristics in terms of parameters such as physical & chemical characteristics, functions & uses, product specifications, pricing, distribution & marketing and tariff classification, etc. The two are technically and commercially substitutable and hence should be treated as 'like article' under the Rules. Therefore, for the purpose of the present investigation, the Authority treats the subject goods produced by the domestic industry in India as 'Like Article' to the subject goods being imported from the subject countries.

C. Domestic Industry & Standing

6. The application has been filed by M/s Nitrex Chemicals India Limited. The petitioner is the sole producer of the subject goods.
7. The production by the applicants constitutes 'a major proportion' of Indian production of the like product produced in India. Further, the applicants have claimed that they have neither imported the subject goods, nor are they related to any importer or exporter of the subject goods. The applicants, therefore constitutes "domestic industry" within the meaning of Rule 2 (b) and thus satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

D. Subject Countries

8. The countries involved in the present investigation are Brazil, Indonesia and Thailand (hereinafter referred to as 'Subject Countries').

E. Normal value

Normal Value in Brazil and Thailand

9. Applicant has claimed to have made efforts to get authentic evidence with regard to actual transaction price of sale of the subject goods in the domestic market of Brazil and Thailand. Efforts have been also made to get evidence of the actual transaction prices at which the subject goods are being sold in Brazil and Thailand. However, applicant has not been able to get any information/evidence of price of subject goods in the domestic market of Brazil and Thailand.

Thus, the applicant has calculated the Normal value for Brazil and Thailand based on the CIF price of the subject goods exported from Brazil and Thailand to the other countries as comparable representative price of the like article when exported from the exporting country

Normal Value in Indonesia

10. Applicant has claimed to have made efforts to get information/evidence of price of subject goods in the domestic market in Indonesia in the form of price lists or quotations of producers of subject goods in Indonesia. However, the applicant has not been able to get any information/evidence of price of subject goods in the domestic market of Indonesia. Normal value for Indonesia has been determined on the basis of estimates of cost of production, as explained below.
 - a. Major raw material prices as per domestic industry
 - b. Best consumption norms of domestic industry in the injury period
 - c. Conversion costs, selling, general & administrative expenses as per domestic industry
 - d. 5% reasonable profit margin

F. Export Price

11. The export price has been claimed by the applicants as the weighted average import price from the subject countries based on the transaction-wise import data procured from DGCI&S. Price adjustments have been claimed on account of ocean freight, marine insurance, commission, inland freight expenses, port expenses, bank charges to arrive at the net export price.

G. Dumping Margin

12. The comparison of normal values with the ex-factory export price has been carried out, which shows a significant dumping margin in respect of the subject goods exported by each of the subject countries.

H. Evidence of Injury and Causal Link

13. The applicants have furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production & consumption, price undercutting, and consequent significant adverse impact on profitability, return on capital employed, cash flow, and deterioration in production, capacity utilization, sales and market share of the domestic industry and low level of profits, cash profits & return on investment. There is sufficient prima facie evidence of 'material injury' being suffered by the domestic industry caused by alleged dumped imports from the subject countries to justify initiation of an anti-dumping investigation.
14. The applicants have also claimed threat of material injury on the grounds that rate of increase in imports from the subject countries is significantly high, the subject producers have huge surplus capacities, price undercutting is significant and the Indian market is attractive which is

likely to further increase in imports and cause suppressing or depressing effects in the domestic market.

I. Initiation of Investigation

15. The authority finds sufficient *prima facie* evidence of dumping of subject goods, originating in or exported from the subject countries; injury to the domestic industry and causal link between alleged dumping and injury, to justify initiation of anti-dumping investigation to determine the existence, degree and effect of 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. Accordingly, the authority hereby initiates an investigation into the alleged dumping and consequent injury to the domestic industry in terms of Para 5 of the Rules.

J. Period of Investigation (POI)

16. The petitioner has proposed period of investigation as April 2016-September 2017. The Authority considers the proposed period April 2016 – September 2017 (18 months) as appropriate for the purposes of present investigations. The injury investigation period shall cover the periods April 2013 - March 2014, April 2014 - March 2015, April 2015 - March 2016 and the period of investigation.

K. Submission of Information

17. The known exporters in the subject countries, the Government of the subject countries through their embassy in India, the importers and users in India known to be concerned with the product are being addressed separately to submit relevant information in the form and manner prescribed and to make their views known to the Authority at the following address:

The Designated Authority,
Directorate General of Anti-Dumping & Allied Duties,
Ministry of Commerce & Industry,
Department of Commerce
4th Floor, Jeevan Tara Building,
5 Parliament Street, New Delhi -110001.
dgad.india@gov.in

18. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner (downloadable from the website of the authority at www.dgtr.gov.in) within the time limit set out below.

L. Time limit

19. Any information relating to the present investigation and any request for hearing should be sent in writing so as to reach the Authority at the address mentioned above 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 Authority may record its findings on the basis of the facts available on record in accordance with the Anti-dumping Rules.

20. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses and offer their comments to the domestic industry's application regarding the need to impose the Antidumping measures within 40 days from the date of initiation of this investigation

M. Submission of Information on Confidential/ Non-Confidential basis

21. In case confidentiality is claimed on any part of the questionnaire's response/submissions, the same must be submitted in two separate sets (a) marked as Confidential (with title, index, number of pages, etc.) and (b) other set marked as Non Confidential (with title, index, number of pages, etc.). All the information supplied must be clearly marked as either "confidential" or "non-confidential" at the top of each page.
22. Information supplied without any confidential marking shall be treated as non-confidential and the Authority shall be at liberty to allow the other interested parties to inspect any such non-confidential information. Two (2) copies of the confidential version and of the non-confidential version must be submitted by all the interested parties.
23. For information claimed as confidential; the supplier of the information is required to provide a good cause statement along with the supplied information as to why such Information cannot be disclosed and/or why summarization of such information is not possible.
24. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out /summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, parties submitting the confidential information may indicate that such information is not susceptible to summarization; a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
25. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. 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 authorize its disclosure in generalized or summary form, it may disregard such information.
26. Any submission made without a meaningful non-confidential version thereof or without a good cause statement on the confidentiality claim may not be taken on record by the Authority. The Authority on being satisfied and accepting the need for confidentiality of the information

provided; shall not disclose it to any party without specific authorization of the party providing such information.

N. Inspection of Public File

27. 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.

O. Non-cooperation

28. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

(Sunil Kumar)
Additional Secretary & Designated Authority