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File No. 6/24/2024-DGTR

Government of India

Department of Commerce

**Ministry of Commerce & Industry (Directorate General of Trade
Remedies)**

**4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi-110001**

Dated: 29th June 2024

INITIATION NOTIFICATION

Case No. AD(OI)-22/2024

**Subject: Initiation of Anti-dumping investigation concerning imports of
“Liquid Epoxy Resins” originating in or exported from China PR, Korea RP,
Saudi Arabia, Taiwan and Thailand.**

1. M/s Atul Ltd. (“**Atul**”), and M/s Hindusthan Specialty Chemicals Ltd. (“**HSCL**”) (collectively “**applicants**” or “**domestic industry**”) have filed an application before the Designated Authority (“**Authority**”), on behalf of the domestic industry, in accordance with the Customs Tariff Act, 1975, as amended (“**Customs Tariff Act**”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended (“**AD Rules**”), for initiation of an anti-dumping investigation concerning imports of “Liquid Epoxy Resins” (“**subject goods**” or “**product under consideration**”) originating in or exported from China PR, Korea RP, Saudi Arabia, Taiwan and Thailand (“**subject countries**”).
2. The applicants have alleged that material injury is being caused to the domestic industry due to the dumped imports, originating or exported from the subject countries and have requested for the imposition of anti-dumping duties on the imports of the subject goods from the subject countries.

A. PRODUCT UNDER CONSIDERATION

3. The product under consideration in the present investigation is Liquid Epoxy Resins. Liquid epoxy resins are recognized for their role as thermosetting resins, which, upon mixing with a hardening agent, form a material renowned for its corrosion and chemical resistance, with strong adhesive properties.
4. Liquid epoxy resins are thermosetting polymers characterized by the presence of at

least two epoxide groups, which are fundamental to the structure and reactivity of epoxy resins. The main chemical reaction for producing Liquid epoxy resins is the reaction between epichlorohydrin and bisphenol-A, in an alkaline medium and under controlled temperature conditions. Liquid epoxy resins exhibit very good mechanical, adhesive, dielectric, anti-corrosion & chemical resistive properties when combined with appropriate curing agents.

5. Liquid epoxy resins can exist as low or high molecular weight pre-polymers. Due to the nature of its polymerization process, liquid epoxy resins typically exhibits a range of chain lengths, although high purity grades are attainable for specific applications, notably through distillation purification processes. Use of blending, additives and fillers is often referred to as formulating. The product under consideration includes all types and grades of liquid epoxy resins, encompassing various molecular weights, viscosities, and curing times.
6. Liquid epoxy resins are widely used as protective coatings, adhesives, construction & civil engineering, marine & underwater, electrical & electronics and composite applications.
7. The PUC is generally imported into India under HS Codes 3907.3010, and 3907.3090 of Schedule I of the Customs Tariff Act, 1975. However, it is possible that the subject goods may also be imported under other headings and therefore, the Customs tariff heading is indicative only and is not binding on the scope of the product. Import data from the DG Systems database has been assessed for the above tariff codes for the purposes of dumping and injury analyses.
8. The interested parties in the subject investigation may provide their comments on the PUC as well as their proposal for their construction of PCNs, if any, within 30 days from the date of initiation of this investigation.

B. LIKE ARTICLE

9. The applicants have claimed that the subject goods, which have been alleged to be dumped in India, are identical to the goods produced by the domestic industry. There are no known differences in the technical specifications, functions and end-use of the two products. The Authority notes that the two are *prima facie* technically and commercially substitutable. Hence, for the purposes of the present investigation, the Authority holds that the two should be treated as "like article" under the AD Rules. Therefore, for the purpose of the present investigation, the subject goods produced by the applicants in India are being treated as 'like articles' to the subject goods being imported from the subject country.

C. SUBJECT COUNTRIES

10. The subject countries in the present petition are China PR, Korea RP, Saudi

Arabia, Taiwan and Thailand.

D. PERIOD OF INVESTIGATION

11. The Authority has considered the period from January 1, 2023 – December 31, 2023 (12 Months) as the period of investigation, i.e., the POI. The period of injury covers the periods from April 1, 2020 to March 31, 2021, April 1, 2021 to March 31, 2022, April 1, 2022 – March 31, 2023, and the POI.

E. DOMESTIC INDUSTRY AND STANDING

12. The application has been filed by Atul Ltd., and HSCL. The applicants have submitted that Grasim Industries Limited (“Grasim”) is the only other domestic producer besides the applicants. The applicants have claimed that Grasim has imported the PUC in significant quantities from Aditya Birla Chemicals (Thailand) Co., Thailand, during the POI as well as during the injury period which is the sole producer of PUC in Thailand. The applicants have further claimed that Grasim was considered as related to Aditya Birla Chemicals (Thailand) Co., Ltd in the previous investigation concerning imports of certain epoxy resins.
13. In addition to the above, based on the information available from the DG Systems import data, the Authority notes that the imports made by Grasim are substantial in volume in terms of total Indian demand and production and imports from subject countries. The same is provided in the table below:

Year	Import Quantity (MT)	Total Demand (Excluding Captive) - MT	Total Imports - MT	% of the Demand	% of Total Imports	% of the Production
FY 2021-22	****	****	****	0-5%	0-5%	0-5%
FY 2022-23	****	****	****	0-5%	10-15%	0-5%
POI	****	****	****	0-5%	15-20%	0-5%

Source: DG Systems data

14. Based on the above, the Authority notes that Grasim is a regular importer of the PUC during the injury period and has imported a significant quantity of PUC during the POI from the related party. In view of the same, the Authority proposes to consider Grasim as an ineligible domestic producer under Rule 2(b) of the AD Rules.
15. The applicants have submitted that they have not imported the subject goods during the POI. Further, the applicants submitted that there is no other domestic producer of the subject goods in the POI or the injury period.
16. From the information on record, it is seen that the applicants account for major production i.e., 100% of the eligible domestic production of the like article in India. On the basis of the information available, the Authority *prima facie* considers that the applicants constitute an eligible domestic industry within the meaning of Rule 2(b),

and the application satisfies the requirements of Rule 5(3) of the AD Rules.

F. BASIS OF ALLEGED DUMPING

Normal Value

a) Normal value for China PR

17. The applicants have claimed that China PR should be treated as a non-market economy and therefore, the Chinese producers should be called upon to show that market economy conditions prevail in the industry producing the like product with regard to the production and sale of that product under consideration. Unless the Chinese producers show that such market economy conditions prevail, their normal value should be determined in accordance with Para 7 of Annexure – I to the AD Rules. Under Para 7, normal value for a non-market economy country is required to be determined on the basis of prices of subject goods in the market economy third country or price from such third country to other countries, including India, or on some other reasonable basis including the price paid or payable in India.
18. The normal value, for the purpose of initiation of the investigation, has been constructed based on the cost of production of the domestic industry of the subject goods, after duly adjusting the selling, general and administrative expenses with reasonable profits.

b) Normal value for other subject countries

19. The applicants have submitted that it was not able to find evidence regarding the domestic selling price in the other subject countries. Further, the applicants have submitted that the PUC does not have a dedicated tariff classification. Therefore, it was not able to obtain export data from publicly available sources to be considered as 'comparable representative export price of the subject goods from the subject countries to an appropriate third country(ies).' In view of the same, the applicants have claimed normal value based on the constructed price payable in the respective countries. Therefore, the applicants have constructed the normal value based on the representation cost of manufacturing in the respective countries based on the consumption norms of the domestic industry, duly adjusted with the selling, general, and administrative expenses and reasonable profit.

Export price

20. The applicants have adopted the CIF price reported as per imports into India as per market intelligence. The information provided by the applicants has been compared with the DG Systems data. For the purpose of the *prima facie* assessment, DG systems data has been adopted for ascertaining ex-factory export price. To determine the ex-factory export price, the price has been adjusted with ocean freight, inland freight,

handling charges, ocean insurance, dealers commission, bank charges and credit cost. There is sufficient *prima facie* evidence with respect to export price to justify the initiation of the investigation.

Dumping margin

21. Considering the normal value and export price as elaborated above, the dumping margin has been determined, in accordance with Section 9A(1)(a) of the Customs Tariff Act. It is seen that the dumping margin is not only above the *de minimis* levels, but also significant

G. INJURY AND CAUSAL LINK

22. The information furnished by the applicants has been considered for assessment of injury to the domestic industry. The applicants have furnished evidence regarding the injury suffered as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production or consumption in India, price undercutting and price suppressing and depressing effect on the domestic industry. The applicants have claimed that its performance has been adversely impacted in respect of profitability, return on investment, market share as a result of the increase in imports of the PUC at an injurious price for the domestic industry. There is sufficient *prima facie* evidence that the injury is being caused to the domestic industry by dumped imports from the subject countries.
23. The applicants have also claimed that the imports are causing threat of material injury, considering significant surplus capacities in subject countries, and price suppression.

H. INITIATION OF ANTI-DUMPING INVESTIGATION

24. On the basis of duly substantiated written application by the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the domestic industry pertaining to dumping of the product under consideration originating in or exported from the subject countries, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Customs Tariff Act read with Rule 5 of the AD Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the product under consideration originating in or exported from the subject countries and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

I. PROCEDURE

25. Principles, as stated under Rule 6 of the AD Rules, shall be followed in the present investigation.

J. SUBMISSION OF INFORMATION

26. In view of the special circumstances arising out of the COVID-19 pandemic, all communication should be sent to the Designated Authority via email at email address dd15-dgtr@gov.in, dir16-dgtr@gov.in, adv16-dgtr@gov.in, and adg16-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/ MS Word format and data files are in MS Excel format.
27. The known producers/exporters in the subject countries, the governments of the subject countries through their embassies in India, and the importers and users in India known to be concerned with the subject goods are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time limit set out below.
28. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time limit set out below. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

K. TIME LIMIT

29. Any information relating to the present investigation should be sent to the Designated Authority via email at the following email addresses address dd15-dgtr@gov.in, dir16-dgtr@gov.in, adv16-dgtr@gov.in, and adg16-dgtr@gov.in. within 30 days from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting country as per Rule 6(4) of the AD Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. 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 AD Rules.
30. 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 within the above time limit.

L. SUBMISSION OF INFORMATION ON A CONFIDENTIAL BASIS

31. Any party making any confidential submission or providing information on a confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the AD Rules. Failure to

adhere to the above may lead to the rejection of the response / submissions.

32. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.
33. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
34. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and 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 a confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to a summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority. The other interested parties may offer their comments of the confidentiality claimed within 7 days of receiving the non-confidential version of the documents.
35. 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 if 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.
36. Any submission made without a meaningful non-confidential version thereof or a good cause statement on the confidentiality claim shall not be taken on record by the Authority.

M. INSPECTION OF PUBLIC FILE

37. A list of registered interested parties will be uploaded on DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to all other interested parties. Failure to circulate a non-confidential version of submissions/responses/information might lead to the consideration of an interested party as non-cooperative.

N. NON-COOPERATION

38. 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 based on the facts available to it and make such recommendations to the Central Government as deemed fit.



Anant Swarup

(Designated Authority)