

**F. No. 6/8/2020-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: 9th May, 2020

INITIATION NOTIFICATION

Case No. ADD - OI - 07/2020

**Subject: Initiation of Anti-Dumping investigation concerning imports of
“Natural Mica based Pearl Industrial Pigments excluding cosmetic
grade” originating in or exported from China PR.**

1. M/s Sudarshan Chemical Industries Limited (hereinafter referred to as the “Applicant”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”), on behalf of domestic industry, in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the “Act”) and Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the “Rules”) for Anti-dumping investigation on imports of “Natural Mica based Pearl Industrial Pigments excluding cosmetic grade” (hereinafter also referred as the “subject goods” or “product under consideration” or “PUC”) originating in or exported from China PR and United States of America.
2. The Applicant has alleged dumping of the subject goods, originating in or exported from China PR and United States of America and consequent injury to the domestic industry, and has requested for imposition of the anti-dumping duties on the import of the subject goods originating in or exported from the aforesaid countries.

Subject Countries

3. The Applicant has claimed dumping and injury from China PR and USA. However, the dumping margin from USA is noted to be below *de-minimis*. Accordingly, the subject country for the present investigation is China PR.

Product under consideration

4. The PUC in the present investigation is “Natural Mica based Pearl Industrial Pigments excluding cosmetic grade”.
5. The PUC is chemically titanium dioxide coated micaceous and lustrous pearlescent

pigment and is commercially known in the marketplace as Titanium Dioxide or Iron Oxide coated Mica Pearl Pigment or Pearl Lustre Pigments or Pearl Pigments. It is extensively used to impart colours and other effects such as described as certain inorganic pigments/colouring agents giving lustrous/ shining frosted effects, such as pearlescent effects, metallic effects, for coating, inks and plastics application.

6. The product is classified under the Chapter 32 of the Customs Tariff Act, 1975 (51 of 1975) under sub heading 3206 11. The Customs classification is, however, indicative only and in no way binding on the scope of the present investigation.

Like Article

7. The Applicant has claimed that the PUC, which is dumped into India, are like article to the goods produced by the domestic industry and that there are no known differences either in the technical specifications, quality, functions or end-uses of the alleged dumped imports and the domestically produced goods manufactured by the Applicant. The Authority notes that the two are prima facie technically and commercially substitutable and, hence, should be treated as 'like article' under the Rules.

Domestic industry

8. The application has been filed by M/s Sudarshan Chemical Industries Limited. The Applicant has claimed that it is the sole producer of the product under consideration in India, constituting 100% of the Indian production. The Applicant has claimed that they are not related to any importer in India within the meaning of Rule 2(b) of the Rules. The Applicant has stated that they are related to Sudarshan (Shanghai) Trading Company Limited (China) and Sudarshan North America Inc. (USA). However, the Applicant has claimed that these companies have not exported the subject goods to India.
9. As per the information provided, the Applicant has imported the subject goods from China PR. It is noted that the volume of imports by the Applicant from China PR is not significant to disqualify it from being treated as eligible domestic industry.
10. On the basis of information provided, the Authority is prima facie satisfied that the Application has been made by or on behalf of the domestic industry in terms of the provisions contained in Rule 2 (b) and Rule 5 (3) of the Rules.

Normal Value in China PR

11. Applicant has claimed that China PR should be treated as a non-market economy and normal value should be determined in accordance with provisions of Annexure 1 of the Rules.
12. The Applicant has proposed European Union as the "surrogate country" for China PR. The Applicant has proposed to consider the resale price of the goods exported by them to its related trader in EU as the normal value for China PR.

Export price

13. The Applicant has claimed the export price for subject goods from China PR based on Directorate General of Commercial Intelligence and Statistics (DGCI&S) import data.

Adjustments have been made claimed for ocean freight, marine insurance, port expenses, commission, bank charges and inland freight.

14. The Applicant has compared normal value and the export price at ex-factory level, and prima facie claimed dumping margin above the *de-minimis* in respect of the PUC from China PR. The Authority has referenced the 'Constructed Normal Value (CNV)' on the basis of cost of production of the domestic industry. On the basis of the CNV, the Authority notes that dumping margin is positive and above *de-minimis* for China PR.

Injury and Causal Link

15. Information furnished by the Applicant has been considered for assessment of injury to the domestic industry. The Applicant has claimed that imports are undercutting the prices of the domestic industry which has led to decline in selling prices of the Domestic Industry. As a result of dumped imports of subject goods from China PR, its performance has been adversely impacted in respect of growth, profits and return on capital employed. There is sufficient prima facie evidence of injury being caused to the domestic industry by dumped imports of subject goods from China PR.

Initiation of Anti-Dumping Investigation

16. On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about dumping of the subject goods originating in or exported from the China PR, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, notes that the prima facie evidence of Dumping and Injury has been established on the imports from China PR only. The Authority therefore hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the subject goods originating in or exported from China PR, and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

Period of Investigation

17. The Applicant has provided information for the period 1st April 2019 to 31st December 2019 and has proposed period of investigation (POI) as 1st April 2019 to 31st December 2019 or 1st September 2019 to 31st March 2020. The Authority has, though, undertaken analysis of 9 months data i.e 1st April 2019 to 31st December 2019 as provided by the Applicant, POI has been proposed as 1st April 2019 to 31st March 2020, keeping in view the relevant provisions of the Rules. The injury period will cover the periods April 2016-March 2017, April 2017-March 2018, April 2018-March 2019 and POI.

Procedure

18. Principles as given in Rule 6 of the Rules will be followed for the present investigation.

Submission of Information

19. In view of the special circumstances arising out of COVID -19 pandemic, all communication

should be sent to the Designated Authority via email at the email addresses adg11-dgtr@gov.in and adv12-dgtr@gov.in

20. The known producers/exporters in the subject country, their Government through their Embassy in India, the importers and users in India known to be concerned with the subject goods and the domestic industry 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.
21. 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.
22. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

Time Limit

23. In view of the special circumstances arising out of COVID -19 pandemic, all communication should be sent to the Designated Authority via email at the email addresses adg11-dgtr@gov.in and adv12-dgtr@gov.in within 60 days of the issue of this initiation 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 Rules.
24. 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.

Submission of information on confidential basis

25. Any party making any confidential submission or providing information on 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 Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
26. 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.
27. 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.
28. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, 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.

29. 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 confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
30. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied 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.
31. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
32. 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.

Inspection of Public File

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

Non-Cooperation

34. 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.

 09/05/2020

(Bhupinder S. Bhalla)

Additional Secretary & Designated Authority