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F. No. 14/46/2016-DGAD
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Anti-Dumping & Allied Duties
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi

Dated 12th Feb., 2018

NOTIFICATION

(Final Findings)

Subject: Anti-dumping duty to be imposed on the imports of Monoisopropylamine originating in or exported from China PR.

F.N0. 14/46/2016-DGAD: Having regard to the Customs Tariff Act 1975 as amended in 1995 (hereinafter referred to as the Act) and the 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) thereof,

1. WHEREAS M/s Alkyl Amines Chemicals Ltd (herein after referred to as the applicant/domestic industry) had filed an application before the Designated Authority (hereinafter referred to as this Authority), in accordance with the Act, and the Rules, alleging dumping of Monoisopropylamine (hereinafter referred to as the subject goods), originating in or exported from China PR (herein after also referred to as subject country) and requested for initiation of an investigation for levy of anti-dumping duties on the subject goods.
2. AND WHEREAS, the Authority, on the basis of sufficient prima facie evidence of dumping, injury and causal link submitted by the applicant, issued a public notice dated 15th February, 2017, in accordance with Rule 6(1) of the Rules, published in the Gazette of India, Extraordinary, initiating Anti-Dumping investigations concerning imports of the subject goods, originating in or exported from the subject country, to determine the existence, degree and effect of 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. Procedure

3. Procedure described below has been followed with regard to this investigation, after issuance of the public notice notifying the initiation of the above investigation by the Authority.

- i. In terms of sub-Rule 5 of Rule 5, the Authority notified the Embassy of the subject country in India about the receipt of the application from the domestic industry requesting for initiation of antidumping investigation.
- ii. The Embassy of the subject country in New Delhi was also informed about the initiation of the investigations in accordance with Rule 6(2).
- iii. The Designated Authority sent copy of initiation notification to the Embassy of the subject country in India, known exporters from the subject country, known importers in India and other interested parties, as per the information available with it, as well as the domestic industry. Parties to this investigation were requested to file questionnaire responses and make their views known in writing within prescribed time limit. Copies of the letter, petition and questionnaire sent to the exporters, were also sent to the Embassy of the subject country along with a list of known exporters/producers with a request to advise the exporters/producers from the subject country to respond to the questionnaire within the prescribed time.
- iv. Copy of the non-confidential version of the petition filed by the domestic industry was made available to the known exporters and the Embassy of the subject country in accordance with Rule 6(3) supra.
- v. Exporters' Questionnaires were sent to the following known exporters from the subject country in accordance with the Rule 6(4) to elicit relevant information.
 - a. M/s Taizhou Jianye Chemical Co. Ltd.
 - b. M/s Zhejiang Xinhua Chemical Co. Ltd.
 - c. M/s Dezhou Detian Chemical Co. Ltd.
- vi. The following producers/exporters, exporting the subject goods originating in or exported from the subject country, have filed questionnaire responses:
 - a. M/s Taizhou Jianye Chemical Co. Ltd.
 - b. M/s Anhui Haoyuan Chemical Group Co. Ltd.
 - c. M/s Zhejiang Xinhua Chemical Co. Ltd.
- vii. Apart from the above responses no other interested parties filed any submissions
- viii. Questionnaires were sent to the following known importers and consumers of the subject goods in India calling for necessary information, in prescribed formats, in accordance with Rule 6(4):
 - a. M/s Krishna Solvechem Ltd
 - b. M/s OC Specialities Pvt. Ltd.
 - c. M/s K Rasiklal Exim Pvt Ltd
 - d. M/s Nutron Pharmaceuticals Pvt. Ltd
 - e. M/s Medi Pharma Drug House
 - f. M/s Venus International
 - g. M/s Agro Life Science Corporation

- h. M/s Chemo India
- i. M/s Orion Chem Pvt. Ltd.
- j. M/s Leo Chemplast Pvt. Ltd.
- k. M/s Ketan Chemical Corporation
- l. M/s Ratnachand & Company
- m. M/s TASC Chemical Industries Pvt. Ltd.
- n. M/s Lakshmi Saras Chem Tech Pvt. Ltd.
- o. M/s Koprana Research Laboratories Ltd.
- p. M/s Coromandel International Ltd.
- q. M/s Insecticides India Ltd.
- r. M/s Atul Limited
- s. M/s Fleming Laboratories Ltd.
- t. M/s Excel Crop Care Ltd.
- u. M/s Verdant Life Sciences Pvt. Ltd.
- v. M/s Jai shree Rasayan Udyog Ltd.
- w. M/s Polydrug Laboratories Pvt. Ltd.
- x. M/s CTX Life Sciences Pvt. Ltd.
- y. M/s IPCA Laboratories Limited
- z. M/s HPM Chemicals and Fertilizers Limited
- aa. M/s Malladi Drugs & Pharmaceuticals Limited
- bb. M/s Meghmani Organics Ltd.
- cc. M/s Amri India Pvt. Ltd.
- dd. M/s Crystal Crop Protection Pvt. Ltd.
- ee. M/s Heranba Industries Ltd.
- ff. M/s Sangrore Laboratories Pvt. Ltd.
- gg. M/s Agrow Allied Ventures Private Limited

ix. The following importers/users of the subject goods have filed the importer questionnaire responses.

- a. M/s OC Specialities Pvt. Ltd.
- b. M/s Meghmani Organics Ltd.
- c. M/s Insecticides India Ltd.
- d. M/s Crystal Crop Protection Pvt. Ltd.

x. Request was made to the Directorate General of Commercial Intelligence and Statistics (DGCI&S) to provide the transaction-wise details of imports of subject goods for the past three years and the period of investigation, which was received by the Authority. The Authority has, relied upon the DGCI&S data for computation of the volume of imports after due examination of the transactions and discarding the data relating to unrelated products;

xi. The Authority made available non-confidential version of the evidences presented by various interested parties in the form of a public file kept open for inspection by the interested parties;

xii. Optimum cost of production and cost to make and sell the subject goods in India, based on the information furnished by the petitioner on the basis of Generally Accepted Accounting Principles (GAAP), was worked out so as to ascertain whether

anti-dumping duty lower than the dumping margin would be sufficient to remove injury to domestic industry. The Non-injurious price (NIP) has been determined by the Authority in terms of the principles laid down under Annexure III to the Anti-dumping Rules;

- xiii. The Authority held an oral hearing on 02.01.2018 to provide an opportunity to the interested parties to present relevant information orally in accordance to Rule 6 (6), which was attended by the representatives of domestic industry and other interested parties. The interested parties who presented their views orally at the time of oral hearing were advised to file written submissions of the views expressed orally. The interested parties were provided opportunity to offer rejoinder submissions to the views expressed by opposing interested parties.
- xiv. On the spot verification of the data of the domestic industry, as well as that of the cooperating exporters, was carried out to the extent considered necessary.
- xv. The submissions made by the interested parties during the course of this investigation, wherever found relevant, have been addressed by the Authority, in this finding.
- xvi. Information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non confidential version of the information filed on confidential basis.
- xvii. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings on the basis of the facts available.
- xviii. A Disclosure Statement was issued on 22.01.2018 containing essential facts under consideration of the Designated Authority, giving time up to 29.01.2018 to furnish comments, if any, on Disclosure Statement. The Authority has considered post disclosure comments received from interested parties appropriately.
- xix. *** in this Notification represents information furnished by the interested parties on confidential basis and so considered by the Authority under the Rules.
- xx. Investigation was carried out for the period of investigation starting from July 2015 to September 2016 (15 months). However, the injury investigation covers the period 2013-14, 2014-15, 2015-16 and the POI.

xxi. The Authority has taken weighted average exchange rate for the POI (July 2015 to September 2016) as Rs 67.06/US\$.

B. Product under Consideration and Like Article

B.1 Views of the Domestic industry

4. The domestic industry has made following submissions with regard to the scope of product under consideration:
 - i. The product under consideration in the present petition is "Monoisopropylamine", also known as MIPA, is an organic compound, an amine. It is a base, as typical for amines. It is a hygroscopic colourless liquid with ammonia-like odour. Its melting point is $-95.2\text{ }^{\circ}\text{C}$ and its boiling point is $32.4\text{ }^{\circ}\text{C}$. It is miscible with water. It is extremely flammable, with flash point at $-37\text{ }^{\circ}\text{C}$. It is classified under Chapter 29 of the Customs Tariff Act.
 - ii. MIPA is produced in anhydrous (99.5%). Diluted form is obtained by adding water to anhydrous form which reduces the concentration of MIPA to 70%. It is commercially sold in both anhydrous form and 70% form depending on the application or end use.
 - iii. The main uses of isopropylamine are in glyphosate herbicide formulations, a key component of atrazine (another herbicide), a regulating agent for plastics, intermediate in organic synthesis of coating materials, plastics, pesticides, rubber chemicals, pharmaceuticals and others, and as an additive in the petroleum industry.
 - iv. There is a little difference between the Chinese and Indian producer's production technology. In any case, the Designated Authority has repeatedly held that the difference in the production process or technology employed by the domestic industry and foreign producers is entirely immaterial for the purpose of antidumping investigations, unless it is established that the resultant products itself are different.
 - v. Subject goods can be made via two modes namely, by adding hydrogen to acetone to manufacture isopropyl alcohol and the other being direct consumption of isopropyl alcohol to manufacture the subject goods. In essence the cost incurred for manufacturing isopropyl alcohol would be more or less the same as it is the cost incurred to procure isopropyl alcohol. Further, at best, it can be claimed as a backward integrated producer.

B.2 Submissions by exporters, importers and other interested parties

5. The following submissions have been made by the exporters, importers and other interested parties with regards to scope of product under consideration.
 - i. The difference in raw material/production process should be factored in for dumping and injury margin determination and for an apple to apple comparison.

- ii. Petitioner employs isopropyl alcohol route which is different from the acetone route used by the exporter/producer. The difference in cost between the two raw materials is about 20-25%.
- iii. Difference in price as can be seen from the DGCI&S published data for Acetone and IPA for 2015-16 and 2016-17 is such that Acetone was in the range of Rs.40 to Rs.46 per Kg in this period whereas IPA was Rs.52 to Rs.56 per Kg
- iv. MIPA produced by the domestic industry may be like article in view of the end uses of the same. However, nothing in the rule prohibits adjustments to accord differences in cost and price so that an apple to apple comparison is made.

B.3 Examination by the Authority

6. The product under consideration is “Monoisopropylamine”, also known as MIPA. MIPA is an organic compound, an amine. It is a base, as typical for amines. It is a hygroscopic colourless liquid with ammonia-like odor. Its melting point is $-95.2\text{ }^{\circ}\text{C}$ and its boiling point is $32.4\text{ }^{\circ}\text{C}$. It is miscible with water. It is extremely flammable, with flash point at $-37\text{ }^{\circ}\text{C}$. MIPA is produced in anhydrous (99.5%). Diluted form is obtained by adding water to anhydrous form which concentration level reduced to desired level as per buyer’s requirement. It is commercially sold both in anhydrous form and aquatic form depending on the application or end use.
7. The main uses of isopropyl amine are in glyphosate herbicide formulations, a key component of atrazine (another herbicide), a regulating agent for plastics, intermediate in organic synthesis of coating materials, plastics, pesticides, rubber chemicals, pharmaceuticals and others, and as an additive in the petroleum industry.
8. Product under consideration is classified under Chapter 29, under sub heading 29211190 of Customs Tariff Act, 1975. However, the customs classification is indicative only and in no way binding on the scope of the subject investigation.
9. Petitioner has claimed that there is no known difference in subject goods produced by the Indian industry and the subject goods imported into India from the subject country. Subject goods produced by the Indian industry and imported in India are comparable in terms of physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. They are technically and commercially substitutable. The consumers are using the domestically manufactured and imported subject goods interchangeably.
10. As regards the argument that the basic raw material is different, it is noted that the petitioner produces goods through isopropyl alcohol whereas the responding exporter identified acetone as the raw material. However, use of acetone as the raw material implies first production of isopropyl alcohol and thereafter following the same process as is being followed by the petitioner. It can thus be considered that while both the petitioner and the Chinese producers have the same production process, the Chinese producer is backward

integrated. However, this is nothing peculiar considering that the source of input does not make the process different. Further, since the process followed is the same and the difference is only in the source of raw material, this does not attract provisions of fair comparison under the law. The process does not lead to any difference in the eventual product. None of the interested parties have established that the products differ in terms of physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods.

11. In view of the above, the Authority notes that for the purpose of the present investigation, the goods produced by the petitioner are being treated as like article of the product imported from the subject country within the meaning of the Rule 2(d) of the Rules.

C. Domestic Industry and Standing

C.1 Views of the Domestic industry

12. The domestic industry has made following submissions with regard to the scope of domestic industry and standing:
 - i. The petition has been filed by M/s. Alkyl Amines Chemicals Ltd., as a domestic producer of the product under consideration. The petitioner has claimed that there are no other producers of the subject goods in India and hence the petitioner is the sole producer.
 - ii. Since the petitioner is the only producer of the subject goods in the country, the petitioner has claimed that they should be considered as Domestic Industry in view of the same.
 - iii. The petitioner also claims that it is not related to any exporter or importer of the subject goods in the country nor has it imported the alleged dumped goods from the subject country into India.
 - iv. The petitioner company also produces other amines that are used in various other sectors in order to utilize the plant capacities. Petitioner has submitted that the plant capacity can be bifurcated into PUC and other products on the basis of deployment of capacity for the PUC and for other product.
 - v. It is however clarified that the plant has been set up for PUC and not for other products. The petitioner has been constrained to deploy the plant capacities on other products only because of dumping of the PUC in the country

C.2 Submissions by exporters, importers and other interested parties

13. The following submissions have been made by the exporters, importers and other interested parties regarding the standing and scope of domestic industry –

- i. Applicant is largely engaged in production of other products and cannot be considered as domestic producer of subject goods.
- ii. Authority to gauge the credibility of petitioner as producer of MIPA – Company has shown minimal capacity utilisation during entire injury period and the focus of the company was on producing other products;
- iii. Focus of the company historically was not MIPA and the company was engaged in production of other products and so cannot satisfy ‘engaged in manufacture of like article’.
- iv. Focus is on most profit making amines. It cannot be said to be domestic producer manufacturing like article; Authority is requested to ascertain as to how 5,000MT of capacity for MIPA is identified out of the total 30,000 MT in 7 plants. All other products manufactured should also be furnished.

C.3 Examination by the Authority

14. The Authority notes that the application has been filed by M/s Alkyl Amines Chemicals Ltd., who is the sole domestic producer of the product under consideration in India. Applicant commands 100% of the total Indian production of the subject goods in India since there are no other producers of the subject goods in the country. It is further noted that the petitioner has not imported subject goods nor are they related to any importer or exporter thereof.
15. As regards the argument that domestic industry is not engaged in manufacture of like article as subject goods is not the focus product, it has been examined and found that the domestic industry has two plants in Patalganga, one is for producing methyl products and the other solely dedicated to subject goods. Thus plant has been set up for PUC and not for other products. In fact, in view of idling of the plant, the capacity was deployed for other products. This however does not imply that the focus of the petitioner has shifted to other products. The capacity of the said plant is 9900 MT and the same has been considered for the present purposes. Thus domestic industry is primarily engaged in the manufacture of like article constitutes an eligible domestic industry in terms of Rule 2 (b) and satisfies the criteria of standing in terms of Rule 5 (3) of the Rules supra.

Statement of Indian Production

S.No	Particulars	UOM	2013-14	2014-15	2015-16	POI Annualised
1	Petitioner	MT	***	***	***	***
		Index	100	177	231	195
2	Other Indian Producer	MT	0	0	0	0
3	Total Indian Production	MT	566	999	1,305	965

	Particulars	UOM	2013-14	2014-15	2015-16	POI Annualised
1	Petitioner	%	100%	100%	100%	100%
2	Other Indian Producer	%	0%	0%	0%	0%
3	Total Indian Production	%	100%	100%	100%	100%

**POI- July 2015 to Sep 2016*

D. Normal Value, Export Price and Dumping Margin

F.1 Views of the Domestic industry

16. Submissions made by the domestic industry with regard to MET, normal value, export price and dumping margin are as follows:
- i. One of the provisions of Accession protocol has expired on 11th December, 2016. The Designated Authority should proceed with present investigation considering Chinese producers as producers operating in non-market economy conditions due to reasons given below.
 - ii. The investigation period considered by the Authority in the present case is July, 2015 to September 2016 (15 months). The injury investigation period has been considered as 2013-14, 2014-15, 2015-16 and POI.
 - iii. The purpose of fixation of POI is to consider a period when the existence of dumping causing injury is claimed and established. The date of determination is not relevant to the moot question of dumping causing injury to the domestic industry. Since the factum of dumping causing injury to the domestic industry is established based on investigation period, the conditions prevalent during the investigation period alone should be considered relevant, appropriate and necessary for the purpose.
 - iv. The Chinese producers are required to be treated as non-market economy companies for the reason that the costs and prices in China do not reasonably reflect the market forces. Para 8 to Annexure-I specifies the parameters which should be considered for grant of market economy status. This also implies that unless these conditions are fulfilled/ satisfied, the Chinese costs and prices cannot be adopted.
 - v. The consideration of market economy status is based on parameters prevailing during investigation period. Since the reason for rejection of Chinese costs and prices is distortion in the costs and prices in China due to the factors listed in Para 8 to Annexure-I, petitioner submits that it is the investigation period that is relevant to decide whether Chinese producers are market economy companies or not.
 - vi. Since Chinese companies have been denied market economy status for the reasons mentioned in Para 8 of Annexure-I till December, 2016, petitioner submits that the Chinese producers are required to be treated as non-market economy companies till such time the investigation period includes the period specified in Accession Treaty protocol.

- vii. In the context of rule 2(b), it is well established legal position that the imports by a domestic producer or its relationship with an exporter or importer are examined with reference to the investigation period. If POI alone is relevant for standing purposes, POI alone should be relevant for normal value determination.
- viii. Chinese producers are required to be treated as companies operating under non-market economy environment and the Authority may proceed to determine the normal value on the basis of Para 7 of Annexure-I.
- ix. Normal value in China cannot be determined on the basis of price or constructed value in a market economy third country for the reason that the relevant information is not publicly available. Therefore, normal value should be determined on the basis of constructed cost only.
- x. Xinhua has stated that there is no related company which is involved in product under consideration. However, public research shows that there exists a branch company of Xinhua, namely, Jiangxi Xinxin Chemical Co. Ltd which is involved in the production of input to the product concerned. The related company has not responded and the responding company has withheld information, the response filed by it is liable to be rejected on this ground as well.
- xi. Taizhou Jianye Chemical Co. Ltd has stated in its response that it is a wholly owned subsidiary of Zhejiang Jianye Chemical Co. Ltd. It has further been claimed that Zhejiang Jianye Chemical Co. Ltd has two other subsidiaries and none are claimed to be engaged in the production and/or sales of the subject goods.
- xii. The public research shows that the parent company is also named as Zhejiang Jiande Jianye Organic Chemical Co. Ltd. The details and clarification on the existence of this company may be sought.
- xiii. It has been claimed that there are two other subsidiaries of the parent company, however some websites shows one more subsidiary apart from Taizhou Jianye Chemical Co. Ltd, i.e., Hangzhou Chemical Co. Ltd and some websites shows two subsidiaries, namely, Hangzhou Chemical Co. Ltd and Jiande Jianye Thermal Power Co. Ltd. Further, another website states that there are two subsidiary companies namely, Hangzhou Genghua Chemical Co., Ltd. and Taizhou Jianye Chemical Co., Ltd. There is no clarity on the number of subsidiaries and the names of such subsidiaries. The veracity of the claim needs to be verified.
- xiv. The parent company itself produces subject goods. The product is listed as a product in its website. However, the parent company has not responded. It is a settled methodology of the Designated Authority by way of past cases that unless all companies involved in either production or sale of product under consideration respond, individual dumping margin shall not be granted. Thus to the response is not complete and the same should be rejected.
- xv. Of the entire exporter responses filed only one has claimed Market economy treatment, namely, Zhejiang Xinhua Chemical Co. Ltd. The manner in which this Chinese company has been transformed from a state run factory to a stock enterprise needs verification/scrutiny of consideration transferred in the books of these companies and acceptability of the same in the light of prevailing market value may be strictly verified. Market economy status cannot be granted unless process of transformation has been completely established through documentary evidence.
- xvi. One responding exporter argued that there has been a 'change of name' and that the assets and the manufacturing process has been taken over by parent company, i.e.,

Zhejiang Jianye Chemical Co. Ltd and that Zhejiang Jianye Chemical Co. Ltd should now be given a dumping margin. The said interested party is trying to disguise change of legal structure as a mere change of name when it has in fact acceded to the fact that there has been a sale/purchase and/or transfer of assets and the said interested party has been taken over by another holding company.

- xvii. The interested party has raised this claim of change in name after the petitioner filed submissions claiming that the exporter has a parent company which is also involved in the production of subject goods and have not participated in the investigation. It appears that the parent company had been producing the subject goods earlier and when this issue was highlighted by the petitioner, the responding exporter has staged the “change in name” story! The response should be rejected on account of this blatant act of lie apart from other reasons as already explained earlier

F.2 Submissions by exporters, importers and other interested parties

17. Submissions made by the exporters, importers and other interested parties with regard to MET, normal value, export price and dumping margin are as follows –
- i. Zhejiang Xinhua Chemical Co. Ltd has withdrawn its claim to Market Economy Treatment stating lack of time in the current investigations. They have submitted that it will not be fruitful as the same would have to be procured from the relevant Chinese authorities and the present investigation being a time bound investigation would not be able to accommodate that.

F.3 Examination by the Authority – China as Non Market Economy

18. Article 15 of China’s Accession Protocol provides as follows:
“Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (“Anti-Dumping Agreement”) and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:
- a) *In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*
- i. *If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*
- ii. *The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in*

the industry producing the like product with regard to manufacture, production and sale of that product.

- b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*
- c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.*
- d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event, the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”*

19. Article 15 implies that provisions of one of the subparagraph shall expire 15 years from date of China's Accession. The provisions of this paragraph expired in 11th Dec., 2016. Since the factum of dumping causing injury to the domestic industry is established based on investigation period, the conditions prevalent during the investigation period alone is relevant, appropriate and necessary for the purpose of present investigation. The Period of Investigation (POI) for the purpose of the present review is July, 2015 to Sep., 2016. Since the subparagraph of Article 15 was in existence during the period of investigation, the Authority may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.
20. The Authority notes that in the past three years China PR has been treated as nonmarket economy country in anti-dumping investigations by India and other WTO Members. China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the Rules.
21. Authority notes that following exporter/producers have responded and filed questionnaire response.

- a. M/s Taizhou Jianye Chemical Co. Ltd.
- b. M/s Anhui Haoyuan Chemical Group Co. Ltd.
- c. M/s Zhejiang Xinhua Chemical Co. Ltd.

22. The Authority notes that none of the exporters/producers have claimed MET except Zhejiang Xinhua Chemical Co. Ltd. who has also subsequently withdrawn its claim.

Examination of Market economy claims

23. As per Paragraph 8, Annexure I to the Anti-Dumping Rules as amended, the presumption of a non-market economy can be rebutted if the exporter(s) from China PR provides information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) in Paragraph 8 and prove to the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China PR are required to furnish necessary information/sufficient evidence as mentioned in subparagraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Designated Authority to consider the following criteria as to whether: -
- a. The decisions of concerned firms in China PR regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values;
 - b. The production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts;
 - c. Such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - d. The exchange rate conversions are carried out at the market rate
24. The Authority notes that Zhejiang Xinhua Chemical Co. Ltd. from China PR has responded to the questionnaire pertaining to market economy status and to the exporters' questionnaire, consequent upon the initiation notice issued by the Authority and rebutted the non-market economy presumption. The questionnaire responses and the market economy responses of the responding producers and exporters were examined for determination of normal value of the responding producers/ exporter of the subject goods.
25. Further, vide letter dated 2nd August, 2017 Zhejiang Xinhua Chemical Co. Ltd. withdrew their claim of market economy treatment.
26. Therefore in view of the withdrawal of market economy treatment claim by the exporter and producer from China PR, the Authority has not granted market economy treatment to

the company and has adopted the constructed normal value for determination of normal value in terms of Para-7 to Annexure-1 to the Rules.

Normal value determination for China PR

27. In view of the above, the Authority has determined normal value having regard to para-7 of Annexure-I for the purpose of present investigation. The normal value for the subject products imported from China PR into India has been constructed considering optimum consumption norms of the domestic industry for major raw materials, cost of raw materials as per domestic industry prices, conversion cost, interest, SGA etc. at the levels allowed for the domestic industry. 5% of cost of sales excluding interest has been allowed towards reasonable profit.

(b) Export Price for responding exporters in China

28. The Authority notes that the following Chinese producers/ exporters have filed exporter questionnaire response in the present investigation:
- a. M/s Taizhou Jianye Chemical Co. Ltd.
 - b. M/s Anhui Haoyuan Chemical Group Co. Ltd.
 - c. M/s Zhejiang Xinhua Chemical Co. Ltd.

29. Pursuant to initiation of the present investigation and exporter questionnaire response filed by Taizhou Jianye Chemical Co. Ltd., it was submitted during the course of the proceeding that ~~the~~ there has been a change in the name of company. It has two other subsidiaries which are not exporters of the subject goods. The Authority notes that Taizhou Jianye Chemical Co., Ltd is the responding exporter who has filed its response to the exporter's questionnaire as producer as well as exporter of subject goods. Subsequent to filing of questionnaire response, Taizhou Jianye Chemical Co., Ltd has informed that it has transferred its MIPA business operation to Zhejiang Jianye Chemical Co., Ltd. i.e. holding company of Taizhou Jianye emical Co., Ltd. Taizhou Jianye Chemical Co., Ltd also submitted that all its activities concerning subject goods will continued to be operated ~~under~~ in the name of holding company i.e. Zhejiang Jianye Chemical Co., Ltd. On-spot verification had been planned on 15.09.2017 which had to be postponed due to ministerial exigencies. The submission with the changed facts were made on 09.11.2017, well after having informed the exporters about on-spot verification. An examination of the submissions made the case unfit for verification.

30. Further, the exporter's questionnaire may be rejected for the purpose of individual dumping margin for the following reasons

- This is not a simple name change case. Here the operations of both the entities are entirely different and may or may not be exclusive, details of which are not on record for investigation.
- Determination of individual dumping margin is worked out for only cooperating/ responding producers/exporters. Here a request has been made to replace one name with another for dumping margin calculation without having that entity file an Exporters Questionnaire Response.

31. After examination of the responses, the exporter's data was verified by the Authority. The DGCI&S data has been examined. The data submitted by the exporters were verified and the appendix wise response to the exporter's questionnaire was taken up for examination.

32. In view of the above, the Authority has accepted the data submitted by the producers/exporters and verified subsequently by the Authority for determination of export price and dumping margin.

33. The Authority has determined the export price for other non-responding exporters as per the facts available on record. The Authority has therefore determined the export price for all the non-responding exporters/producers from China PR based on facts available on record. For the responding exporter whose export prices and Price adjustments have been verified, the export price has been determined after taking into account their prices to India given in their appendix wise information and all adjustments claimed by them and verified by the Authority. For other exporters, the CIF Export price has been adjusted for ocean freight, marine insurance, commission, inland freight, port expenses and bank commission, as per the information provided by these cooperating exporters.

34. Products are packed into drums and tanker. The weighted average of both has been taken into account for the purpose of calculations.

35. The dumping margin thus arrived has been given group wise in the tabular form below.

Dumping Margin

	Dumping margin						
	Producers	Exporter	Normal value USD /MT	Net Export Price USD/MT	Dumping margin USD/MT	Dumping margin %	Dumping margin Range
1.	Anhui Haoyuan Chemical Group Co. Ltd	Anhui Haoyuan Chemical Group Co. Ltd	***	***	***	***	60-70
2.	Zhejiang Xinhua Chemical Co. Ltd.	Zhejiang Xinhua Chemical Co. Ltd.	***	***	***	***	60-70
3.	Other	Others	***	***	***	***	70-80

H. Determination of Injury and Causal Link

36. Rule 11 of Antidumping Rules read with Annexure – II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, “.... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on domestic producers of such articles....”. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has

been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

37. The Authority notes that the application for imposition of antidumping duty has been filed by M/s Alkyl Amines Chemicals Ltd., who is a domestic producer of the product under consideration in India, and commands a major proportion of total production of the subject goods in India. In terms of Rule 2(b) of the Rules, the petitioner has been treated as the domestic industry for the purpose of this investigation. Therefore, for the purpose of this determination, the cost and injury information of the petitioner, constituting the domestic industry as defined in Rule 2(b), has been examined.

H.1 Views of the domestic industry

38. Submissions made by the domestic industry with regard to injury and causal link are as follows:
- i. Demand increased in 2014-15 but declined in 2015-16. The demand has increased thereafter in the POI. The subject good is primarily used in the agro sector. The decline in demand is to be attributed to the temporary downfall of the Pharma and Agro industry wherein the subject good is a raw material.
 - ii. Though there has been a slight decline in import volumes but the same is a result of the decline in demand as well. Despite the same the imports from subject countries occupy almost 76% of the total imports into the country. Imports from the subject country are almost 317% in relation to Indian Production and are at 336% in relation to DI Sales.
 - iii. Imports occupy a significant volume in the Indian market. The decline in demand 2015-16 led to some decline in volume of imports from subject country. Imports increased significantly thereafter in the POI with increase in demand. The price undercutting is significantly high.
 - iv. Cost of sales increased from the base year till 2014-15, but declined thereafter in 2015-16 and further declined in the POI. The selling price followed the same trend; however, it has remained below the level of cost of sales since 2014-15. Import price has remained below the level of cost as well as selling price of the domestic industry resulting in price depression in the domestic market.
 - v. A comparison of the landed price and the Non injurious price clearly shows that the landing price of the subject goods is much below the non-injurious price, resulting in significantly price underselling.
 - vi. Performance with respect to capacity utilization, production and sales increased till 2015-16 and declined thereafter in the POI. The domestic industry is running at a mere 22% despite having the capacity to cater to Indian demand
 - vii. Market share of DI declined in the POI whereas that of the imports increased. DI holds a mere 23% share of its domestic market whereas China holds 76% of the market share.

- viii. Cost of sales increased from the base year till 2014-15, but declined thereafter in the POI. The selling price also showed the same trend but remained materially below the level of cost of sales since 2014-15. The profit/loss, cash flow, and the return on capital employed have shown a decline from 2014-15 onwards and have remained negative since then, showing abysmally poor performance in the POI.
- ix. Levels of inventories have remained at significantly high levels.
- x. Capacities being unutilized, the petitioner is already incurring heavy losses and impact of dumping has been adverse on the domestic industry.
- xi. The dumping margin is not only above *de minimis* but also significant.

H.2 Views of Other Interested Parties regarding the injury claims of domestic industry

39. Submissions made by the exporters, importers and other interested parties with regard to injury and causal link are as follows:

- i. Petitioner has employed a production process which is not cost effective. Difference in process is also a cause which needs to be segregated for the purpose of injury and causal link examination.
- ii. Petitioner should be asked to prove they were and are engaged in the production of MIPA.
- iii. Alleged injury is on account of non-production of MIPA and not on account of alleged dumped imports.
- iv. Petitioner has employed a production process which is not cost effective. Difference in process is also a cause which needs to be segregated for the purpose of injury and causal link examination.
- v. MIPA constitutes about 10% of the cost of insecticides. Petitioner is not a seasoned producer and would turn focus to more profitable products.
- vi. Individual dumping margins be considered.
- vii. No injury was suffered and facts do show breach of causal link.
- viii. Out of 15 months POI, 9 months fall in FY 2015-16 which is affected by poor performance in Agro Industry. In such a scenario claims of injury on account of alleged dumping in the same period are unreal and non-existent. The breach of causal link is also evident from this fact alone. The breach of causal link is also evident from this fact alone.
- ix. Performance of the DI be seen quarter by quarter for the POI and specifically the performance in first 2 quarters of FY2016-17. It is all about attribution of injury and not any real injury.
- x. Petitioner produced least MIPA when it was in profits and maximum when it was in losses. Clearly the focus of the company was on other goods and the alleged injury is on account of abstaining from production the PUC.
- xi. Market share of the DI has increased while imports declined.
- xii. Price effect during the POI which primarily covers FY2015-16 should be attributed to poor performance in the Agro Industry as has been admitted by the DI in their submissions dated 15th March, 2017

- xiii. Number of employees declined in the POI, the total wages increased. This should be examined
- xiv. The petitioner was not focussed on the product and the same is evident from the production which was 511MT in the base year when the demand was about 5000MT and the product was yielding profits. Petitioner is only looking at ADD to focus more on MIPA now

H.3 Examination by the authority

- 40. The Authority has taken note of various submissions of the interested parties on consequent injury to the domestic industry and analyzed the same considering the facts available on record and applicable laws.

Examination of Injury and Causal Link

- 41. Annexure-II of the AD Rules provides for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like articles; and (b) the consequent impact of these imports on domestic producers of such articles. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the prices of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

H.1 Volume effect of dumped imports

a. Assessment of Demand

- 42. The Authority has defined, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales of the Indian Producers and imports from all sources. The demand so assessed is given in the table below. The Authority notes that the demand of the product under consideration declined in 2015-16 and has increased thereafter.

Particulars	UOM	2013-14	2014-15	2015-16	POI-A
Demand					
Subject Country	MT	4,011	5,025	2,797	3,499
Other Countries	MT	267	126	26	48
DI domestic Sales	MT	811	715	1,313	1,041
Total	MT	5,088	5,866	4,137	4,588
Market share in Demand					
Subject Country	%	78.82	85.66	67.63	76.27
Other Countries	%	5.24	2.15	0.63	1.05

DI domestic Sales	%	15.94	12.18	31.74	22.69
Total	%	100	100	100	100

43. The market share of the subject declined in 2015-16 only to rise again in the POI whereas the market share of the domestic industry increased in 2015-16 and declined thereafter in the POI. 76% of the domestic demand is being catered by imports from subject country despite domestic industry having sufficient capacity to meet the entire domestic demand.

b. Import volumes and share of subject country

44. For examination of the volume and prices of the imports from various sources the Authority has relied upon the transaction-wise import data from DGCI&S and individual transactions have been examined based on the product descriptions to identify the product under consideration. The volume of imports during the injury investigation period, as per the analysis is as follows

Particulars	UOM	2013-14	2014-15	2015-16	POI-A	POI
Imports Volume						
Subject Country	MT	4,011	5,025	2,797	3,499	4,373
Other Countries	MT	267	126	26	48	60
Domestic Sales	MT	811	715	1,313	1,041	1,301
Imports from China in relation to						
Indian Production	%	709%	503%	214%	317%	317%
Total Imports	%	93.77	97.55	99.07	98.64	98.64
Indian Consumption	%	78.82	85.66	67.63	76.27	78.82

45. The imports from subject country declined in 2015-16 and has increased thereafter in the POI and is at significantly high levels. Almost entirety of imports into the country is from subject country.
46. Further, imports in relation to Indian production and consumption also declined in 2015-16 and increased again in the POI. Imports in relation to production and consumption have remained significant throughout the entire injury period.

H.2 Price Effect of the Dumped imports on the Domestic Industry

47. With regard to the impact of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. Accordingly, the impact on the prices of the domestic industry on account of dumped imports of the subject goods from the subject country have been examined with reference to price undercutting, price underselling, price suppression and price depression.

a. Price undercutting effect of the dumped imports

48. Price undercutting has been determined by comparing the landed values of dumped imports from the subject country over the entire period of investigation with the net sales realization of the subject goods sold by the domestic industry to see whether the imports are significantly undercutting the prices of the domestic industry.
49. In this regard, a comparison has been made between the landed value of the product and the selling price of the domestic industry net of all rebates and taxes, at the same level of trade. The price undercutting of the subject goods from the subject country works out as follows:

Particulars	UOM	2013-14	2014-15	2015-16	POI
Landed price of imports	Rs/Kg	***	***	***	***
	Indexed	100	94	72	62
Net Sales Realisation	Rs/Kg	***	***	***	***
	Indexed	100	103	78	75
Price undercutting	Rs/Kg	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	Range in %	1-10	5-15	5-15	15-20

50. The Authority notes that the landed price of imports is below the level of selling price of the domestic industry. Thus imports are undercutting the domestic goods by a significant margin.

b. Price Suppression, Depression effects of dumped imports

51. The Authority examined whether the effect of the dumped imports was to depress the prices of the like article in India, or prevent price increases which would have otherwise occurred.

Particulars	Unit	2013-14	2014-15	2015-16	POI
Landed price of imports	Rs/Kg	***	***	***	***
	Indexed	100	94	72	62
Cost of sales	Rs/Kg	***	***	***	***
	Indexed	100	111	87	86
Selling price	Rs/Kg	***	***	***	***
	Indexed	100	103	78	75

52. The above data shows that the cost of sales and selling price has declined over the injury period. However, the decline in selling price is greater than the decline cost price. It is also noted that the landed price of imports has declined much more than the decline in costs

and have remained below the level of even cost of sales since 2014-15. Thus, imports are depressing the prices of the domestic industry in the domestic market.

c. Price underselling effect of the dumped imports

53. For examining the underselling effects of the dumped imports, the landed value of imports has been compared with the Non-Injurious Price determined. The Authority notes that the price underselling is an important indicator of assessment of injury. Non injurious price has been worked out and compared with the landed value of the subject goods to arrive at the extent of price underselling. The non-injurious price has been determined considering the cost of production of the domestic industry for the product under consideration during the POI, in accordance with Annexure III of the Anti-dumping Rules. The analysis show that during the POI, the landed value of subject imports is much below the non-injurious price of the domestic industry as can be seen from the table below.

Particulars	UOM	MIPA (weighted average)
NIP	Rs/Kg	***
Landed price	Rs/Kg	***
Injury Margin	Rs/Kg	***
Injury Margin	Range in %	30-40

H.3 Examination of other injury factors

(i) Actual and potential impact on capacity, production, capacity utilization and sales

54. The table below shows the capacity, production, capacity utilization and sales of the domestic industry for the product under consideration during the injury investigation period.

Particulars	Unit	2013-14	2014-15	2015-16	POI-A**	POI*
Capacity - MIPA Plant	MT	9,900	9,900	9,900	9,900	12,375
Capacity deployed - MIPA	MT	***	***	***	***	***
Capacity deployed - MIPA	Indexed	100	100	100	100	100
Capacity deployed - Non MIPA	MT	***	***	***	***	***
Capacity deployed - Non MIPA	Indexed	100	100	100	100	100
Production- MIPA	MT	***	***	***	***	***
Production- MIPA	Indexed	100	177	231	195	195
Production - Non MIPA	MT	***	***	***	***	***
Production – Non MIPA	Indexed	100	39	33	36	36

Total production - MIPA plant	MT	***	***	***	***	***
Total production - MIPA plant	Indexed	100	64	69	65	65
Capacity Utilization- Total Capacity	%	6%	10%	13%	11%	11%
Capacity Utilization- Deployed MIPA	%	11%	20%	26%	22%	22%
MIPA Production Ratio in Total Production	%	18%	50%	61%	55%	55%

55. Interested parties have argued that the domestic industry does not have dedicated/insufficient capacity for the subject goods and is primarily engaged in the operations of other products. It is noted that the plant has been set up for PUC and not for other products. Although the plant capacity was deployed for other products as well, the capacity utilization still remained largely unutilized. In view of unutilized capacities of the product with the petitioner, the petitioner has deployed part capacities for production of other products. The Authority analysed total production in MIPA plant and share of production of MIPA in total production in MIPA plant. It is seen that the share of production of MIPA increased over the injury period. However, despite increasing use of facilities for MIPA over the injury period, the profits of the domestic industry declined.

(ii) Actual and potential impact on profit/loss, cash flow, returns on capital employed

56. Performance of the domestic industry with respect to the profitability parameters is as follows:

Particulars	Unit	2013-14	2014-15	2015-16	POI-Annualised
Profit/(Loss) per unit	Rs/Kg	***	***	***	***
	Index	100	(140)	(160)	(220)
Cash Profit	Rs.Lacs	***	***	***	***
	Index	100	(13)	(178)	(208)
Profit before Interest and Tax	Rs.Lacs	***	***	***	***
	Index	100	(124)	(292)	(308)
Return on Capital Employed-NFA	%	***	(***)	(***)	(***)
	Index	100	71	138	167

57. It is noted that the profitability of the domestic industry has declined over the injury period and the domestic industry is incurring losses since 2014-15 and the same has intensified. Cash profit, PBIT and ROI has also followed the same trend. The domestic industry is incurring cash losses since 2014-15 and the return on investment has become negative.

(iii) Actual and potential impact on Employment, Wages and Productivity

58. The data on employment and wages given below indicates decline in employment in 2014-15 and thereafter it has remained constant. Wages have increased over the injury period. It is noted that the productivity in terms of output per day has increased up to 2015-16 and then declined in the POI.

Regarding the issue of employees decreasing and wages increasing, as raised by interested parties, it is noted that as demonstrated earlier, the production of MIPA has increased throughout the injury period. After verifying records, it has been found that the increase in wage expense is due to increase in production.

Particulars	Unit	2013-14	2014-15	2015-16	POI-Annualised
No of Employees	Nos	***	***	***	***
	Index	100	92	92	92
Wages	Rs.Lacs	***	***	***	***
	Index	100	275	325	275
Productivity	Nos/day	***	***	***	***
	Index	100	150	200	150

(iv) Actual and potential impact on Inventories

59. Information regarding inventory can be seen from the table below-

Particulars	Unit	2013-14	2014-15	2015-16	POI-Annualised
Average Stock	MT	***	***	***	***
	Index	100	110	192	116

60. The Authority notes that the inventories with the domestic industry increased till 2015-16 but declined during the POI. The domestic industry has contended that it is not a definitive criterion for assessing the injury as the domestic industry is already selling the products much below the cost of production and incurring heavy losses only in a bid to gain the market share.

(v) Actual and potential impact on ability to raise fresh Investment

61. With existing capacity lying unutilised and losses being incurred, the ability of the domestic industry to continue the production of the PUC is adversely effected. Further, this would prevent the domestic industry from making any fresh investment.

(vi) Actual and potential impact on growth

62. Overall analysis of the performance of the domestic industry shows that the domestic industry has faced negative growth in terms of sales, production, capacity utilization, employment, profits, cash flow and return on investment. Considering the decline in these parameters during the POI, the potential impact of the dumped imports on these parameters could be significantly negative.

(vii) Magnitude of Dumping and Dumping Margin

63. The dumping margin of the dumped imports determined for the subject country is significantly above de minimis level.

d. Injury Margin

64. The non-injurious price of the subject goods for the domestic industry has been determined as per the principles laid down in Annex-iii to the Anti-Dumping Rules for fair comparison with the respective landed value of the imports for determination of injury margin. The injury margins determined are as under:-

	Injury margin						
	Producers	Exporter	Non Injurious price	Landed Value USD/MT	Injury margin	Injury Margin %	Injury margin% Range
1.	Anhui Haoyuan Chemical Group Co. Ltd	Anhui Haoyuan Chemical Group Co. Ltd	***	***	***	***	35-45
2.	Zhejiang Xinhua Chemical Co. Ltd.	Zhejiang Xinhua Chemical Co. Ltd.	***	***	***	***	35-45
3	Other	others	***	***	***	***	50-60

65. The above data indicates that the injury margins of dumped imports from the subject country are positive and significant.

e. Causal link and other factors

66. The Rules mandates the Authority to examine the causal link between the dumped imports and the injury caused to the domestic industry on account of the dumped imports. The Authority has examined whether other known factors could have caused injury to the domestic industry. The following issues brought to the notice of the Authority have been examined along with the mandatory non-attribution factors, to see whether factors other than dumped imports, if any, could have contributed to the injury to the domestic industry. Accordingly, the following parameters have been examined:

i. Volume and prices of imports from other sources

67. Import data examined shows that the imports of product under consideration from other countries are either de-minimis or at substantially higher prices. Therefore, the imports from other sources are not affecting the domestic industry.

ii. Contraction in demand and/or change in pattern of consumption

68. The Authority notes that there is a slight decrease in demand of the product in the domestic market in 2015-16. However, Domestic Industry has not been able to utilize its capacity even to the level of demand. Thus, contraction in demand is not a possible reason for the injury suffered by the Domestic Industry.

iii. Trade restrictive practices of and competition between the foreign and domestic producers

69. The Authority notes that there are no other producers of the subject goods in India. The volume and value of goods imported during the period of investigation show that the goods are entering the Indian market without any restriction. The foreign producers and domestic industry are competing in the Indian market. Thus investigation has not shown that conditions of competition or trade restrictive practices are responsible for the alleged injury to the domestic industry.

iv. Development in technology: -

70. The investigation carried out does not show any significant change in technology or change in preference in the industry which could have affected the sector.

v. Export performance of the domestic industry: -

71. The domestic industry has not made any export sales throughout the injury investigation period and so the Authority is of the view that the export performance of the domestic industry has not caused injury to the industry.

f. Factors establishing causal link

72. Analysis of the performance of the domestic industry over the injury period shows that the performance of the domestic industry has deteriorated due to dumped imports from subject country. Causal link between dumped imports and the injury to the domestic industry is established on the following grounds:

- a. Imports are undercutting the prices of the domestic industry. Resultantly, the volume of imports has increased significantly;
- b. Price undercutting being caused by the dumped imports forced the domestic industry to reduce its prices;
- c. The price depression effect of dumped imports from subject country has resulted in significant erosion in profitability of the domestic industry and consequent financial losses;
- d. The domestic industry has been prevented from increasing its production, capacity utilization and market share despite existence of significant demand and capacity;
- e. Deterioration in profits, return on capital employed and cash profits are directly a result of dumped imports;
- f. The growth of the domestic industry became negative in terms of a number of economic parameters like selling price, profitability, cash profit and ROCE.

I. Post disclosure Comments

73. The post disclosure submissions have been received from the interested parties. The issues raised therein have already been raised earlier during the investigation and also addressed appropriately. However, for the sake of clarity the submissions by the interested parties are being examined as below:

I.1 Views of the Domestic Industry

74. Submissions made by the Domestic Industry are as follows:

- i. Petitioner produces goods through isopropyl alcohol whereas the responding exporter identified acetone as the raw material. The use of acetone as the raw material implies first production of isopropyl alcohol and thereafter following the same process as is being followed by the petitioner. It can be said that while both the petitioner and the Chinese producers have the same production process, the Chinese producer is backward integrated. This process does not lead to any difference in the eventual product
- ii. The claim regarding engagement of the petitioner in the production other goods and hence the need to not consider it as domestic industry has been made without any substance. The domestic industry has two plants in Patalganga, one is for producing methyl products and the other solely dedicated to subject goods. In view of idling of the plant, the capacity was deployed for other product which does not imply that the focus of the domestic industry was not on subject goods and/or that the said plant was for some other products.
- iii. The domestic industry is suffering injury on account of dumped imports from subject country
- iv. Duty be imposed in terms of US\$ in the final determination. Rupee has depreciated significantly and so, definitive duties may kindly be expressed in US\$. Depreciation of INR has impacted costs of the raw materials, utilities and other costs.

I.2 Views of Exporters, Importers, Consumers and other Interested Parties

75. Submissions made by the exporters, importers and other interested parties are as follows:

- i. The PUC exported by the exporter have Acetone as the major raw material and the normal value constructed have IPA as the basic raw material. The difference in price of these two materials is substantial though the overall process or end uses of the PUC may be same. Thus, such differences in basic raw material price warrants due adjustments as the same is a factor which affect the price comparability as provided in the rule.
- ii. The petitioner did produce only about 566 MT in the base year whereas the demand for MIPA was about 5000 MT in the said period and the petitioner was making profits in such period. It is not clear what stopped the producer from producing MIPA then if it's a producer engaged in the production of MIPA.
- iii. The producer in question is a producer of various amines and imposing any Anti-dumping duty by giving any producer tag of MIPA to the petitioner producer in question may impact the users of MIPA irreparably as the petitioner may once again

shift its focus to some other products and the petitioner will not be under any obligation to produce MIPA.

- iv. The decline in demand during 2015-16 is to be attributed to the temporary downfall of the Pharma and Agro industry wherein the subject good is a raw material. However, the Authority has not conducted any examination of such a negative situation in the user sector while examining causal link. The decline in demand for such other reasons ought to have impacted the profitability also and such decline in profitability cannot be attributed to imports.

I.3 Examination by the Authority

76. It is noted that the issues raised at post disclosure stage have already been examined by the Authority in above relevant paragraphs. However, for the sake of the clarity on the submissions they are addressed as below:

- i. As regards the argument that differences in basic raw material price warrants due adjustments the Authority notes that respondent exporter uses acetone and hydrogen to produce IPA which is in turn used to produce subject goods thus essentially the process followed is the same and the difference is only in the source of raw material. Therefore, this does not attract provisions of fair comparison under the law.
- ii. As regards the argument that domestic industry is not “producer engaged in manufacture of subject goods” the Authority has after verifying information, considered the petitioner as an eligible domestic producer in terms of Rule 2(b) as explained in detail at para 15 of this finding.
- iii. As regards the argument that there is insufficient capacity, the Authority has considered the verified facts on record and concluded that the petitioner has a dedicated capacity for subject goods, which was deployed for other products as well. However, the same still remains largely unutilised.

J. Indian Industry’s Interest & other issues

77. The Authority holds that the purpose of anti-dumping duties, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the India market, which is in the general interest of the country. Imposition of antidumping measures is not to restrict the imports from the subject country in any way, and to affect the availability of the products to the consumers.
78. The Authority holds that though in the event of imposition of anti-dumping duties the price level of product in India may be affected but fair competition in the Indian market will not be reduced by such anti-dumping measures. On the contrary, the anti-dumping measures may mitigate the unfair advantage gained by dumping practices, which would arrest the decline of the domestic industry and help maintain availability of wider choices

to the consumers of subject goods. Consumers could still maintain two or more sources of supply

K. CONCLUSIONS

79. After examining the issues raised and submissions made by the interested parties and facts made available before the Authority as recorded in this finding, the Authority concludes that
- i. The product under consideration has been exported to India from the subject country below its normal value, resulting in dumping.
 - ii. The Domestic Industry has suffered material injury due to dumping of the product under consideration from the subject country.
 - iii. The material injury has been caused by the dumped imports from the subject country

L. RECOMMENDATION

80. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and causal link. Having initiated and conducted the investigation into dumping, injury and the causal link thereof in terms of the Anti-Dumping Rules and having established positive dumping margins as well as material injury to the Domestic Industry caused by such dumped imports, the Authority is of the view that imposition of antidumping duty is required to offset dumping and injury. Therefore, the Authority considers it necessary to recommend imposition of definitive antidumping duty on imports of subject goods from the subject country in the form and manner described hereunder for a period of 5 years.
81. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of definitive anti-dumping duty equal to the lesser of margin of dumping and margin of injury, for a period of 5 years from the date of notification to be issued in this regard by the Central Government, so as to remove the injury to the Domestic Industry. Accordingly, the antidumping duty equal to the amount indicated in Col No.8 of the table below is recommended to be imposed on all imports of the subject goods originating in or exported from the subject country

SN	Sub Heading or Tariff Item*	Description of Goods	Country of origin	Country of Export	Producer	Exporter	Duty Amount	UOM	Currency
1	2	3	4	5	6	7	8	9	10
1	29211190	Monoisopropylamine	China PR	China PR	Anhui Haoyuan Chemical Group Co. Ltd	Anhui Haoyuan Chemical Group Co. Ltd	497.68	MT	USD

2	29211190	Monoisopropylamine	China PR	China PR	Zhejiang Xinhua Chemical Co. Ltd.	Zhejiang Xinhua Chemical Co. Ltd.	502.85	MT	USD
3	29211190	Monoisopropylamine	China PR	China PR	Any combination other than mentioned in (1) and (2)		620.00	MT	USD
4	29211190	Monoisopropylamine	China PR	Any	Any	Any	620.00	MT	USD
5	29211190	Monoisopropylamine	Any	China PR	Any	Any	620.00	MT	USD

**Custom classification is only indicative and the determination of the duty shall be made as per the description of Product Under Consideration*

82. Landed value of imports for the purpose of this Notification shall be the assessable value as determined by the Customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under sections 3, 3A, 8B, 9 and 9A of the said Act.
83. An appeal against the order of the Central Government arising out of this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the Customs Tariff Act.

(Sunil Kumar)
Additional Secretary & Designated Authority