

To be published in Part-I Section-I of the Gazette of India Extraordinary

**F.No.7/19/2020-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5, Parliament Street, New Delhi-110001**

Dated: 20th January, 2021

NOTIFICATION

FINAL FINDINGS

Case No. AD-SSR-09/2020

**Subject: Sunset Review Anti-Dumping Investigation concerning imports of
“Methylene Chloride” originating in or exported from China PR**

Having regard to the Customs Tariff Act, 1975, as amended from time to time (hereinafter also 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, as amended from time to time (hereinafter also referred to as ‘the Rules’) thereof.

A. BACKGROUND OF THE CASE

1. The Designated Authority (hereinafter referred to as the ‘Authority’) received an application (also referred to “petition”) from M/s Gujarat Fluorochemicals Ltd., TGV SRAAC Ltd (formerly known as Sree Rayalaseema Alkalies and Allied Chemicals Ltd.) and M/s Chemplast Sanmar Ltd. (hereinafter also referred to as the ‘Applicants’) requesting for the initiation of a Sunset Review (SSR) investigation of Anti-Dumping Duty (ADD) under the Act and the Rules on imports of ‘Methylene Chloride’, (hereinafter also referred to as ‘Subject Goods’ or ‘Product Under Consideration’ or ‘PUC’) originating in or exported from China PR (hereinafter referred to as “Subject Country”). The Applicants namely, M/s Gujarat Fluorochemicals Ltd., TGV SRAAC Ltd and M/s Chemplast Sanmar Ltd. have provided the prescribed information in the Application.
2. The Authority had initiated the original investigation concerning imports of Methylene Chloride originating in or exported from China PR and Russia vide Notification No.14/33/2014-DGAD 7th April, 2015. The Authority vide Notification No. 14/33/2014-DGAD dated 30th October, 2015 notified the Preliminary Findings recommending provisional ADD. The Final Findings were issued by the Authority vide Notification 14/33/2014-DGAD dated 30th March, 2016, recommending imposition of definitive duty on the imports of the subject goods, originating in or exported from China PR and Russia. Definitive ADD were imposed by the Department of Revenue vide Notification No. 21/2016-Customs (ADD) dated 31st May, 2016.

3. In terms of Section 9A (5) of the Act, ADD imposed shall unless revoked earlier, cease to have effect on expiry of five years from the date of such imposition and the Authority is required to review, whether the expiry of ADD is likely to lead to continuation or recurrence of dumping and injury. Further, Rule 23 (1B) of the Rules provides as follows:
“any definitive antidumping duty levied under the Act, shall be effective for a period not exceeding five years from the date of its imposition, unless the designated authority comes to a conclusion, on a review initiated before that period on its own initiative or upon a duly substantiated request made by or on behalf of the domestic industry, within a reasonable period of time prior to the expiry of that period, that the expiry of the said anti-dumping duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry.”
4. In accordance with the above, the Authority is required to review, on the basis of a duly substantiated request made by or on behalf of the DI, as to whether the expiry of ADD is likely to lead to continuation or recurrence of dumping and injury.
5. The Applicants jointly filed an application requesting initiation of SSR of ADD imposed earlier and seeking continuation of ADD against imports of Methylene Chloride from China PR. The request was based on the grounds that the expiry of the ADD would likely to result in continuation or recurrence of dumping and injury to the Domestic Industry.
6. The Authority, on the basis of prima facie evidence submitted by the Applicants, issued a public notice vide Notification No. 7/19/2020-DGTR dated 31st August, 2020, published in the Gazette of India, initiating the sunset review investigation in accordance with Section 9A(5) of the Act read with Rule 23 of the Rules to review the need for continued imposition of the ADD in respect of the subject goods, originating in or exported from China PR, and to examine whether the expiry of the said duty is likely to lead to continuation or recurrence of dumping and injury to the Domestic Industry.
7. In exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act and in pursuance of Rule 23 of the Anti-dumping Rules, the Central Government vide Notification No. 42/2020-Customs (ADD) dated 1st December, 2020 extended the Anti- dumping duties till 31st January, 2021 on China PR.
8. The Applicants have not sought extension of anti-dumping duties on imports of subject goods from Russia stating that there are no current exports from Russia and there is no evidence of likelihood of dumping and injury from Russia.

B. PROCEDURE

9. The scope of the present review covers all aspects of the Final Findings Notification No. 14/33/2014-DGAD dated 30th March, 2016 which had recommended the imposition of ADD on imports of subject goods originating in or exported from the subject country.
10. The procedure described herein below has been followed with regard to the investigation:
 - i. The Authority vide Notification No. 7/19/2020-DGTR dated 31st August, 2020 published a public notice in the Gazette of India, extraordinary, initiating anti-dumping investigation against imports of the subject goods from the subject country.
 - ii. A copy of the Notification dated 31st August, 2020 was forwarded by the Authority to all known exporters of the subject goods, the Government of the subject country

- through its Embassy in India, and other interested parties about the initiation of the subject investigation in accordance with Rule 6(2) of the Rules.
- iii. The Authority provided a copy of the non-confidential version of the application to the known producers/exporters, and to the Government of the subject country, through its Embassy, and to other interested parties who made a request in writing in accordance with Rule 6(3) of the Rules supra. A copy of the non-confidential version of the application was also made available in the public file and provided to other interested parties, wherever requested.
 - iv. The Embassy of the subject Country in India was also requested to advise the exporters/producers from their Country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers/exporters was also sent to it along with the names and addresses of the known producers/exporters from the subject Country
 - v. The Authority forwarded a copy of the Notification dated 31st August, 2020 initiating anti-dumping investigation to the known producers/exporters in the subject country, and other interested parties and provided them an opportunity to file responses to questionnaires in the form and manner prescribed within time limit as mentioned in the initiation notification or extended time limit, and make their views known in writing in accordance with the Rule 6(4) of the Rules. Copies of the letter and the 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 within the prescribed time.
 - vi. The Authority, upon requests made by the interested parties, granted an extension of time to the interested parties to file their response as well as submissions. Vide communication dated 15th October, 2020, the time was extended up to 12th November, 2020.
 - vii. The Authority forwarded a copy of the Notification to the following known producer/exporter:
 - a. Arrow Chemical Group Corp;
 - b. Dalian Richfortune Chemical Company;
 - c. Dongying Jinhao International Trade Co., Ltd;
 - d. Gce Chem (Qingdao) Co., Ltd;
 - e. Golden Credit Industrial Limited;
 - f. Guangzhou Ji Yi Import & Export Limited;
 - g. Guangzhou Jinhao Chemical Co., Ltd.;
 - h. Hangzhou Shengtai Chemical Company;
 - i. Jiangsu Meilan Chemical Co., Ltd.;
 - j. Ningbo Juhua Chemicals & Science Co. Ltd.;
 - k. Polymet Commodities Ltd;
 - l. Qingdao Lasheng Co., Ltd;
 - m. Shandong Dongyue Flue-Silicon Material Co. Ltd.;
 - n. Shandong Jinhao Trading Co. Ltd.;
 - o. Shijiazhuang Saiya Chemical Co., Ltd;
 - p. Tianjin Yuanlong Chemical Industry Co., Ltd;
 - q. Zhejiang Juhua Co., Ltd;
 - r. Zhongtai Chemical Co Ltd;
 - s. Zibo Bnaisi Chemical Co., Ltd;
 - t. Zibo Nature International Trading Co., Ltd;
 - u. Zouping Changshan Zefeng Fertilizer Co., Ltd.

- viii. In response to the initiation of the subject investigation, the following exporters filed the exporter's questionnaire response:
- a. Shandong Dongyue Flue-Silicon Material Co. Ltd.;
 - b. Ningbo Juhua Chemicals & Science Co. Ltd.
- ix. The Authority forwarded a copy of the Notification to the following known importers/users of subject Goods in India calling for necessary information, in accordance with Rule 6(4) of the Rules:
- a. Aurobindo Pharma Ltd;
 - b. Covalent Laboratories Ltd;
 - c. Dr. Reddy's Laboratories Ltd;
 - d. Harsh Kumar & Company;
 - e. Hetero Labs Ltd;
 - f. Ranbaxy Laboratories Ltd;
 - g. Vardhaman Trading Corporation;
 - h. Alembic Ltd;
 - i. Hindustan Chemicals Industries;
 - j. Indsol Drugs Ltd;
 - k. KDL Biotech Ltd;
 - l. Meghmani Organics Ltd;
 - m. Morpean LABS;
 - n. Rails India Ltd;
 - o. Ralchem Limited;
 - p. Sun Pharmaceuticals Industries;
 - q. Surya Medicare Ltd;
 - r. United Phosphorus Ltd.
- x. In response to the above, the following importer and Association made legal submissions:
- a. Sandeep Organics Private Limited;
 - b. Association of Chloromethanes Manufacturers.
- xi. The following parties have registered as supporters in response to the initiation notification:
- a. Gujarat Alkalies and Chemicals Limited;
 - b. Meghmani Finochem Ltd;
 - c. SRF Limited.
- xii. The period of investigation (POI) for the purpose of the present investigation is April 2019 – March 2020 (12 months) and the injury investigation period is from 2016-17, 2017-18 and 2018-19 and POI.
- xiii. Transaction-wise imports data for the POI and the preceding three years were procured from the Directorate General of Commercial Intelligence and Statistics (DGCI&S) and Directorate General of Systems and Data Management (DGS). The Authority has, relied upon data of DGCI&S and DGS data for calculating the volume and value of imports of the subject goods in India.
- xiv. Further information was sought from the Applicants and other interested parties to the extent deemed necessary. Verification of the data provided by interested parties was conducted to the extent considered necessary for the purpose of present investigation.
- xv. The Authority made available the non-confidential version of the submissions made

by various interested parties in the form of a public file kept open for inspection by the interested parties.

- xvi. The Authority has examined the information furnished by the Domestic Industry to the extent possible on the basis of guidelines laid down in Annexure III of the Rules to work out the cost of production and the non-injurious price (NIP) of the subject goods in India so as to ascertain if ADD lower than the dumping margin would be sufficient to remove injury to the Domestic Industry.
- xvii. In accordance with Rule 6(6) of the Rules, the Authority provided opportunity to the interested parties to present their views orally in a public hearing held on 11th September, 2020. The parties, who presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- xviii. The submissions made by the interested parties, arguments raised and information provided by various interested parties during the course of investigation, to the extent the same are supported with evidence and considered relevant to the present investigation, have been appropriately considered by the Authority in this Final Findings.
- xix. The Authority, during the course of investigation, satisfied itself as to the accuracy of the information supplied by the interested parties, which forms the basis of this Final Findings, to the extent possible and verified the data/documents submitted by the Domestic Industry to the extent considered relevant, practicable and necessary.
- xx. In accordance with the Rules the Authority disclosed the essential facts of the case that would form the basis of its findings in the form of a disclosure statement on 11th January, 2021 and the interested parties were allowed time up to 18th January, 2021 to comment on the same. The comments of the interested parties, to the extent relevant, have been considered by the Authority and have been addressed in this finding.
- xxi. The information provided by interested parties on a 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.
- xxii. Exporters, foreign producers and other interested parties who have not responded to the Authority, or not supplied information relevant to this investigation, have been treated as non-cooperating interested parties. 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 recorded the Final Findings on the basis of available facts.
- xxiii. *** represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xxiv. The average exchange rate of US\$ 1 = Rs.71.65 prevailing during the POI has been adopted by the Authority.

C. SCOPE OF PRODUCT UNDER CONSIDERATION (PUC) AND LIKE ARTICLE

C.1 Submissions of the Domestic Industry

11. The following submissions have been made by the Domestic Industry with regard to the scope of the PUC and like article:
- i. The PUC in the present application is the same as in the original investigation, i.e. 'Methylene Chloride', also known as Dichloromethane or Methyl Dichloride. The PUC is classified under Chapter 29 of the Customs Tariff Act, 1975, under customs sub-heading 29031200.
 - ii. The present Application is for SSR investigation for continued imposition of ADD. The issue of like article has been examined by the Authority in the original investigation as well. Therefore, product imported from subject country is like article to product produced by the Domestic Industry.
 - iii. The subject goods are used for manufacturing of polycarbonate and phenolic resins; manufacturing of rayon yarn; general purpose solvent in chemical industries including pharmaceuticals, agro and fragrances; extractant for edible fats, cocoa, butter and essences; In aerosol propellant and refrigerant; fire frightening agent; chemical reaction media; paint and grease removing agent.

C.2. Submissions of other interested parties

12. The Submissions by the other interested parties is as follows:
- i. GFL manufactures 99.5%. SRF & GACL manufactures 99.9% whereas China manufactures 99.2, 99.5 & 99.9%. Usage & Price varies as per Purity. Lower purity goes in agriculture & fertilizers.
 - ii. MDC comes under Bulk & Drummed packing. Price varies as per packing. Imports in Drum packing are negligible.

C.3. Examination by the Authority

13. The product under consideration in this investigation is Methylene Chloride, also known as Dichloromethane or Methyl Dichloride. The product under consideration defined in the original investigation is as follows:
- “Methylene chloride is an organic compound with molecular formula CH₂Cl₂. It is a colorless liquid with sweetish ether-like odor, and is used as a solvent predominantly. It is essentially non-flammable under most conditions of use but can burn if strongly heated. Methylene Chloride may decompose at high temperatures forming toxic gases. It is completely miscible with a variety of solvents. MDC is a solvent and is used in the manufacturing of polycarbonate and phenolic resins, rayon yarn, pharmaceuticals, agro and fragrance. It is also used as an extractant for edible fats, cocoa, butter and essences.*
- There are two technologies for production of Methylene Chloride – Methane route and Methanol route. The product produced through the two routes has essentially similar technical specifications. Methylene Chloride is classified under Chapter 29 of the Customs Tariff Act under customs subheading 29031200. The Customs classification is, however, indicative only and in no way binding on the scope of the present investigation.”*

14. The present investigation being a sunset review investigation, the PUC remains the same as defined in the previously conducted investigation
15. The Applicants have submitted that there is no significant difference in the product produced by them and those exported from the subject country. Both products are comparable in terms of technical characteristics, their similar end uses, their technical and commercial substitutability and tariff classification.
16. The Authority in the original investigation had held that the products being manufactured by the Domestic Industry is like article to the product being imported into India from the subject country. The present Application is for review of the extension of original duty and since the PUC for the present and original investigation are the same, the Authority considers that the subject good produced by the Domestic Industry and the subject good imported from the subject country are “like article”.
17. Interested parties have argued that the applicants do not produce subject goods of purity 99.5%, It is seen from the information on record that the purity of the subject goods are produced and sold by the Domestic Industry with a purity of 99.9% and above. Moreover, the purity level does not make the products distinct. Further, the interested party has not provided any information to show that the price differs significantly in terms of purity of the product. There have been past investigations on subject goods and the Authority did not differentiate the products in terms of purity.

D. SCOPE OF THE DOMESTIC INDUSTRY & STANDING

D.1. Submissions of the Domestic Industry

18. The Domestic Industry has made the following submissions with regard to the scope of Domestic Industry and standing:
 - i. The Applicants hold a major proportion of the total domestic production of subject goods in India. The Applicants are neither related to an importer in India nor an exporter of the subject country. The Applicants have also not imported the PUC from the subject country. The Applicants, therefore, satisfy the requirement of standing and constitutes domestic industry within the meaning of the Rules.
 - ii. The production figures of other Indian producers are based on market intelligence. To the best of the knowledge of the Applicants, the production figures of the other producers are representative and any deviation with actual figures will, in fact, reveal that their actual production is lower as the Applicants have considered a conservative estimate.
 - iii. There are three other producers of the PUC in India, namely, Gujarat Alkalies and Chemicals Ltd, SRF Ltd. and Meghmani whose estimated production based on market intelligence during the POI is 1,05,314 MT (50.95% of total Indian production).
 - iv. There is no mathematical formula of above 50% applicable for determination of a major proportion of domestic production for ascertaining ‘domestic industry’ status. The domestic producers who have filed the application accounting for 49% constitute a major proportion of Indian production. The applicant companies have provided information relating to injury and its likelihood.

D.2 Submissions of other interested parties

19. The following submissions have been made by the exporters/other interested parties with regard to the scope of Domestic Industry and standing:
 - i. The majority of the domestic producers (51% share) have not provided any information of injury or its likelihood. Information has only been provided for domestic producers with 49% share. Not providing such information will prevent reasonable conclusion and should result in termination of the present investigation.

D.3. Examination by the Authority

20. Rule 2(b) of the Rules defines domestic industry as under:

“(b) “domestic industry” means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term ‘domestic industry’ may be construed as referring to the rest of the producers”.
21. The present sunset review application has been jointly filed by M/s Gujarat Fluorochemicals Ltd., TGV SRAAC Ltd (formerly known as Sree Rayalaseema Alkalies and Allied Chemicals Ltd) and M/s Chemplast Sanmar Ltd. The Applicants have stated that they neither imported the subject goods from the subject country nor are related to any exporter or producer of subject goods in the subject country or an importer of the product under consideration in India. M/s SRF Ltd., M/s Gujarat Alkalies and Chemicals Limited and M/s Meghmani Finechem Ltd. have separately filed letters supporting the application. The Authority had sought information from these companies as prescribed, however, such information has not been made available. It is seen from the information on record that the production by the applicants constitutes a major proportion of the total domestic production of subject goods in India.
22. In view of the above and after due examination, the Authority holds that the Applicants constitute eligible Domestic Industry in terms of Rule 2 (b), and the Application satisfies the criteria of standing in terms of Rule 5(3), of the Rules supra.

E. CONFIDENTIALITY

E.1. Submissions of the Domestic Industry

23. The Domestic Industry has made the following submissions with regard to confidentiality:
 - i. The responses filed by the interested parties are incomplete. Related companies involved in the production and sale of subject goods have not responded and the responses are liable to be rejected.
 - ii. The exporters have not answered most of the questions in Questionnaire response II.
 - iii. Third country information has not been provided stating that MET is not claimed and thus, such information is not relevant.

- iv. DGCI&S data is confidential data and therefore, cannot be circulated. The interested parties are free to collect transaction wise data from DGCI&S, if they so desire.
- v. Ningbo Juhua Chemical & Science Co., Ltd. has not filed a questionnaire response for the related party and other information that is relevant for determination of likelihood of dumping and injury.
- vi. Excessive confidentiality has been claimed in the response filed by Shandong Dongyue Fluo-Silicon Materials Co. The exporters have claimed the country's gross level of capacity, demand etc as confidential.
- vii. Ningbo Juhua Chemical & Science Co., Ltd. is a wholly owned subsidiary of Juhua Group Corporation, which is also a producer of MDC. The company has not responded.
- viii. Juhua Group's website shows that the company's methane chloride production capacity is 200,000 and the capacity of the Group reaches 440,000 metric tons/year.
- ix. The Applicants have disclosed all the relevant information in the Application. The information in terms of volume parameters, such as production, sales, etc. has not been disclosed as the same is not in public domain. Disclosure of such highly business sensitive information, would be of significant competitive advantage to competitors and consumers and would seriously impact the interest of Applicants. The Applicants have, however, provided indexed information wherever possible.
- x. The Applicants have provided sufficient information justifying initiation of the investigation and has provided all information as required under the application proforma. As regards failure of evaluation of certain parameters in the write up, the Applicants submits that it is not necessary for the Applicants to evaluate all the parameters in the application. The Applicants are obliged to provide all relevant information, which it has done.
- xi. The Applicants have provided the data in indexed form in the non-confidential version of the application in accordance with Rule 7 of the Rules and Trade Notice No. 10/2018 dated 7th September 2018. Indexed information has been provided wherever possible. The injury analysis is essentially an analysis of trend which can be easily seen through trends of various parameters provided in the application.
- xii. The responding parties have omitted to provide various requisite crucial information.
- xiii. Indexed information has been provided wherever possible. The injury analysis is essentially an analysis of trend which can be easily seen through trends of various parameters provided in the application.

E.2. Submissions of other interested parties

24. The other interested parties have made the following submissions with regard to confidentiality:
 - i. Domestic industry has claimed excessive confidentiality and various crucial information. The soft copy in excel file of transaction-wise and sorted import data, raw/original import data and list of excluded transactions from DGCI&S have been kept confidential by the Domestic industry.
 - ii. The Domestic Industry has not provided information to the questionnaire in Part VI of the application proforma.
 - iii. Company-wise production details of the Applicant and other domestic producers have been kept as confidential.

- iv. The Domestic Industry has not provided any evidence for the claimed adjustments from export price for ocean freight, marine insurance, port expenses, bank charges, inland transportation, commission and VAT adjustment.
- v. Profit / loss and ROCE in percentage terms have been kept as confidential by the Domestic Industry.
- vi. The Domestic Industry has made only generalised statements and no specific instances with regard to incomplete responses have been cited.
- vii. With regard to the Domestic Industry's submission in which it has mentioned that the parent company Juhua Group Corporation has not responded, it is submitted that the understanding of the Domestic Industry is flawed.
- viii. The contention of the Domestic Industry regarding capacity refers to Methane Chloride and Perchloroethylene of Juhua Group Corporation, and not for Methylene Chloride.
- ix. The answer for the declaration of imports by each of the domestic producers is given in a very camouflaged manner and none of them have specified the period for their declaration for imports.

E.3. Examination by the Authority

- 25. Various submissions made by the Applicant as well as other interested parties during the course of the investigation with regard to confidentiality, to the extent considered relevant by the Authority, have been examined.
- 26. The Authority made available non-confidential version of the information provided by various interested parties to all interested parties through the public file containing non-confidential version of evidences submitted by various interested parties for inspection as per Rule 6(7).
- 27. With regard to confidentiality of information, Rule 7 of the Rules provides as follows:
 - “Confidential information: (1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule (2) of rule 12, sub-rule (4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub-rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.*
 - (2) The designated authority may require the parties providing information on confidential basis to furnish non-confidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarization is not possible.*
 - (3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorise its disclosure in a generalized or summary form, it may disregard such information.”*
- 28. As regards the contentions with regard to confidentiality of information, it is noted that information provided by the interested parties on a 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 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. The Authority made available the non-confidential version of the evidence submitted by various interested parties in the form of public file. The information related to imports, performance parameters and injury parameters of Domestic Industry has been made available in the public file. Business sensitive information has been kept confidential as per practice. The Authority notes that any information which is available in the public domain cannot be treated as confidential.

29. The Authority has considered the claims of confidentiality made by the Applicants and the opposing interested parties and on being satisfied about the same, the Authority has allowed the claim on confidentiality. The Authority made available to all interested parties the public file containing non-confidential version of evidences submitted by various interested parties for inspection, upon request as per Rule 6(7).
30. As regards disclosure of DGCI&S data, the Authority's Trade Notice No. 7/2018 dated 15th March, 2018, prescribes the procedure for collecting DGCI&S data for Domestic Industry as well as for other interested parties. The interested parties, thus, had access to procure DGCI&S data by following the procedure prescribed as per the Trade Notice and defend their interests. The Authority thus notes that the procedure now being applied is consistent, uniform across parties and investigations, equitable and provides adequate opportunity to the interested parties to defend their interests.

F. MISCELLANEOUS SUBMISSIONS

F.1 Submissions of the Domestic Industry

31. The following miscellaneous submissions have been made by the Domestic Industry:
 - i. The Domestic Industry has used trade remedy actions to prevent dumping from various sources and not merely as a protective tool.
 - ii. Claims regarding lack of substantive evidence and insufficient factual and legal basis at this stage of investigation reflect nothing but an effort to derail completion of investigation within the stipulated timeline.
 - iii. The declaration of no imports of the subject goods by the applicant companies has been made along with the application.
 - iv. With regard to claims contrary to the published information, such wide claim can only be answered if specific claims along with conflicting published information is presented before the Authority and also shared with the Applicants.
 - v. It is a settled practice of the Authority by way of past cases that unless all companies involved in either production or sale of the PUC respond, individual dumping margin shall not be granted.
 - vi. The Applicants have supported the application with proper evidence. The application has evidence showing the vulnerable state of domestic industry. And parameters showing existence of likelihood of dumping and recurrence of injury of duties were to expire. Furthermore, Rule 5 of the Rules is not applicable at the stage of SSR. By the same principle, Article 5 of the WTO ADA is not applicable to SSR.

F.2 Submissions of the other interested parties

32. The following miscellaneous submissions have been made by the other interested parties:
- i. The Domestic Industry has misused the trade remedy mechanism since 2000 to avail an undue advantage by blocking imports into India. The Authority should not encourage it.
 - ii. The claims by the Domestic Industry are contrary to the published information. The application is devoid of substantive evidence, sufficient legal and factual basis, and injury.
 - iii. The Applicants have nowhere in their declarations specified the period for imports.
 - iv. The Ningbo Juhua Group has clearly disclosed in their response that M/s Zhejiang Juhua Co., Ltd. Organic Fluorine Branch is a related manufacture and trader engaged in domestic sales. However, it did not export the PUC to India. Therefore, no response was submitted for this company.
 - v. There is not sufficient evidence of dumping, material injury, likelihood thereof and causation. The Authority failed to properly examine these as per Rule 5(3) and Article 5.3 of Anti-dumping Agreement to justify the initiation. Initiation of the investigation is largely based on estimates and assumptions.
 - a. In the United States – Softwood Lumber from Canada (DS-264) dispute it was held that ‘sufficient evidence’ shall be more than mere allegations and conjecture.
 - b. In Guatemala – Cement II (DS-156) it was held that an application satisfied under Article 5.2 does not demonstrate sufficient evidence to justify initiation under Article 5.3.
 - c. In Mexico – Steel Pipes and Tubes (DS-331) it was held that even if evidence is sufficient in the application, it cannot be indicated that the Authority examined and determined it to be sufficient as per Article 5.3.

F.3 Examination by the Authority

33. The Authority has noted all the arguments and counter-arguments of the interested parties and has examined all aspects of the submissions made.
- i. With regard to the issue of various trade investigation conducted on subject goods raised by the interested parties, the Authority notes that each investigation is conducted independently and the recommendation for imposition and extension of ADD is made only when the requisite legal requirements are met and is based on its merits.
 - ii. With regard to the contention that the application by the Domestic Industry is devoid of substantive evidence, sufficient legal and factual basis, the Authority observes that the assertion so made is not substantiated. The Authority had initiated the investigations after being fully satisfied that the evidence presented by the Domestic Industry was sufficient to justify initiation of investigation. The Authority also satisfied itself about the accuracy and the adequacy of the data/information which was necessary to initiate investigations in terms of Rule 5. Therefore, the Authority does not find any merit in the submission made by the interested parties.
 - iii. As regards, the declaration of imports of the subject goods by the applicant companies, the Authority notes that the Application states that no imports were made by applicant companies during the entire injury period.

- iv. With regard to the contention about individual dumping margins, the Authority has arrived at individual dumping margins only after being satisfied about the completeness of the channel for the responding exporters.

G. NORMAL VALUE, EXPORT PRICE AND DETERMINATION OF DUMPING MARGIN

Normal Value

34. Under Section 9A(1)(c) of the Act, normal value in relation to an article means:
- (i) *the comparable price, in the ordinary course of trade, for the like article when destined for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*
 - (ii) *when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either –*
 - (a) *comparable representative price of the like article when exported from the exporting country or territory to an appropriate third country as determined in accordance with the rules made under sub-section (6); or*
 - (b) *the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*
Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transhipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

G.1. Submissions of the Domestic Industry

35. The Domestic Industry has made the following submissions with regard to normal value, export price and dumping margin are as follows:
- i. China should be treated as non-market economy and normal value should be determined in terms of para 7 of Annexure I to the Rules.
 - ii. Paragraph 1 to 6 Annexure I of the Rules do not apply for computation of normal value for imports from China PR, unless a producer/exporter shows with sufficient evidence that he is operating under market economy conditions. As a result, normal value for China PR has to be determined in terms of paragraph 7 of Annexure I of the Rules. Para 7 of Annexure I of the Rules provides that the calculation of the normal value in a non-market economy may be determined on the following basis:
 - a. The price in a market economy third country;
 - b. Constructed cost in a market economy third country;
 - c. The price from such a third country to other Country, including India;
 - d. The price actually paid in India, adjusted to include a reasonable amount of profit.
 - iii. The Applicants have determined normal value on the basis of the price from market economy third country to other countries, including India. The Applicants

have considered price from Taiwan to India. Taiwan is a major exporter of the product under consideration.

- iv. The Hon'ble CESTAT in the matter of Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India has held that level of development would be relevant only if the domestic sale price or cost of production of a market economy third country is adopted and not when exports from surrogate country to third country or India is considered as the price in international trade is a function of demand and supply in the international market and is not affected by the level of development of the supplier country.
- v. European Commission has considered Chinese Taipei as a surrogate country for China PR in investigations such as (i) Polyvinyl alcohol (PVA) originating in the People's Republic of China, (ii) certain stainless steel fasteners and parts thereof from China.

G.2. Submissions of other interested parties

36. The other interested parties has made the following submissions with regard to normal value, export price and dumping margin are as follows:
 - i. The claim of dumping made by the Domestic Industry on the basis of normal value determined based on third country exports by Taiwan is inappropriate and unreasonable.
 - ii. The determination of normal value for the subject country by the Domestic Industry in the current investigation is not in accordance with the legal provisions.
 - iii. The selection of Taiwan as market economy third country for the determination of normal value is inappropriate.
 - iv. The normal value can be determined only for exports to all countries.
 - v. The normal value for the companies from the subject country is required to be determined on the basis of their domestic sales and the cost of the subject goods from their records.
 - vi. The Domestic Industry is changing their claim for normal value every now and then, the current investigation may therefore be terminated.
 - vii. The Authority is requested to determine the normal value by following its consistent practice of constructing normal value on the basis of the cost of production of the efficient domestic producer.
 - viii. It is reiterated that the period of 15 years for disregarding the domestic prices or costs of Chinese producers not being on market economy conditions as provided in para 15(a)(ii) of the Protocol of Accession of the People's Republic of China to WTO, has expired on 11th December 2016 in terms of para 15(d) and has become non-operational. Therefore, the normal value for the companies from China PR in the current investigation is required to be determined on the basis of their domestic sales and the cost of the subject goods from their records. Thus, there is no merit in the submissions of the domestic industry for claiming and filing response for MET.

G.3. Examination by the Authority

Normal Value for China PR

Market Economy status for Chinese producers

37. Article 15 of China's Accession Protocol in WTO 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 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."

38. It is noted that while the provisions contained in Article 15(a)(ii) have expired on 11.12.2016, the provisions under Article 2.2.1.1 of the WTO read with obligation under 15 (a) (i) of the Accession protocol require criterion stipulated in para 8 of the Annexure I of the India's Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. It is noted that since none of the responding producer/exporter from China have submitted supplementary questionnaire response, normal value computation is required to be done as per provision of para 7 of Annexure I of the Rules.
39. Accordingly, the normal value and export price for all the producers/exporters from China PR have been determined as below.

G.4. Determination of Normal Value

40. The Authority notes that the M/s. Shandong Dongyue Flu-Silicon materials Co., Ltd. (producer) and M/s, Ningbo Juhua Chemical & Science Co., Ltd. (producer) from China PR have filed exporter questionnaire response but have not filed the supplementary questionnaire to claim Market Economy Status.
41. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other Country, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure 7.
42. The Applicants provided Chinese Taipei customs data which shows that Chinese Taipei has made significant exports of subject goods to Vietnam and India throughout the injury period. The domestic industry has proposed Chinese Taipei as a market economy third country for China. The Authority invited comments from interested parties in accordance with para 7 of Annexure I about appropriateness of considering price from Chinese Taipei to India for determination of normal value claimed for China.
43. The Authority also notes the existing jurisprudence on constructing the normal value in case of a non-market economy contained in the Supreme Court judgement in M/s Shenyang Mastsushita S. Battery Co. Ltd. vs M/s Exide Industries Ltd. (Civil Appeal No. 6371/2003 dated 23/2/2005), Guwahati High Court in M/s Century Plyboards (I) Ltd & Anr.-vs- Union of India & Anr. (W.P No. 6568/2017 dated 4/10/2018) and CESTAT, Principal Bench, New Delhi in M/s Apollo Tyres Ltd. vs Union of India (Appeal No. C/768, 600, 601, 773, 769/2005-AD-dated 9/9/2005), Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India (Appeal no. 52291 of 2019 dated 5th August 2020). These judgements provide directions regarding implementation of para 7 of annexure 1 to AD rules with respect to choice of an appropriate option, and associated obligations thereof. Further, as regard the argument raised by one of the exporter in its written submissions stating that Chinese Taipei is a developed country as compared to China PR, it is noted that the Hon'ble CESTAT in the matter of Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India has held that level of development would be relevant only if the domestic sale price or cost of production of a market economy third country is adopted

and not when exports from market economy third country to India is considered for determination of normal value. The Hon'ble Tribunal considered that the price in international trade is a function of demand and supply in the international market and is not affected by the level of development of the supplier country.

44. In view of the above, the Authority considers prices from Chinese Taipei to India as normal value for subject goods from China PR. Chinese Taipei being a non subject country with no investigation of Anti dumping underway or AD measure in force and with import volume from Chinese Taipei being quite significant, the Authority notes that this option of para 7 to construct the normal value of subject goods is appropriate and is representative of normal value of the subject goods. Separate normal value has been determined for loose and packed form of the product in view of significant difference in packing costs.

G.5. Determination of Export price

G.5.1 Export Price for Shandong Dongyue Fluo-Silicon Materials Co. Ltd., China (Producer)

45. Shandong Dongyue Fluo-Silicon Materials Co., Ltd. is a producer and exporter, a limited liability company incorporated under the Chinese law. Dongyue Fluo-Silicon is 100% owned by Dongyue Group Limited. Shandong Dongyue Fluo-Silicon Materials Co. Ltd., has reported export of the subject goods to India during the POI. The goods have been sold directly to customers in India. The sales to Indian customers are on CIF basis. The company has exported *** MT of subject goods to India during the POI. The producer has claimed adjustments on account of ocean freight, insurance, inland freight, port charges and handling expenses, credit cost, bank charges and non-refundable VAT. Accordingly, the net export price at ex-factory level so determined is as shown in the Dumping Margin Table below.

G.5.2 Export Price for Ningbo Juhua Chemical & Science Co. Ltd., China (Producer)

46. During the POI, M/s Ningbo Juhua Chemical & Science Co., Ltd., China has exported *** MT of the subject goods. All the exports made by the company are on CIF basis to unrelated customers in India. The exporter has claimed adjustments on account of ocean freight, overseas insurance, inland transportation, port handling expenses and bank charges for the determination of ex-factory export price. The adjustment for non-refundable portion of the VAT is also made. The weighted average ex-factory value of subject goods exported by M/s Ningbo Juhua Chemical & Science Co., Ltd., China has been determined after the aforesaid adjustments. The export price has been determined for packed form of the product. Accordingly, the average export price at ex-factory level so determined is as shown in the Dumping Margin Table below

G.5.3 Export price in case of non-cooperative producers and exporters from China PR

47. In view of the non-cooperation of other exporters in this investigation, the export price for other exporters has been determined considering the export price of the cooperating exporter from China, during the POI as per best facts available. Price adjustments have been considered towards overseas transportation, Inland transportation, bank charges, insurance, credit cost and VAT to arrive at ex-factory export price. Separate export price

has been determined for loose and packed form of the product in view of significant difference in packing costs. Accordingly, the average export price at ex-factory level so determined is as shown in the Dumping Margin Table below.

Dumping margin

48. Considering the normal value and export price determined as above, dumping margin has been determined, in accordance with Section 9 A(1)(a) of the Act.

Particulars	Unit	Shandong Dongyue Fluo-Silicon Materials Co., Ltd.	Ningbo Juhua Chemical & Science Co., Ltd.	Others
Normal Value	US\$/MT	***	***	***
Net Export Price	US\$/MT	***	***	***
Dumping Margin	US\$/MT	***	***	***
	%	***	***	***
	% Range	30-40	30-40	50-60

H. ASSESSMENT OF INJURY AND CAUSAL LINK

49. Rule 11 of the 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.
50. Rule 23 of the Rules provides that the provisions of Rule 6,7,8,9,10,11,16,18,19 and 20 shall apply mutatis mutandis in case of a sunset review. The Authority in its examination has evaluated the injury parameters which are required under Rule 11 and Annexure II of the Rules and has also examined as to whether the expiry of duty is likely to lead to continuation or recurrence of dumping and injury.
51. The Authority notes that the application for continuation of ADD has been jointly filed by M/s Gujarat Fluorochemicals Ltd., TGV SRAAC Ltd (formerly known as Sree Rayalaseema Alkalies and Allied Chemicals Ltd) and M/s Chemplast Sanmar Ltd. In terms of Rule 2(b) of the Rules, the Applicants have been treated as the Domestic Industry for the purpose of this investigation. Therefore, for the purpose of injury determination the cost and injury information of the Applicants have been examined.

H.1. Submissions of the Domestic Industry

52. The Domestic Industry has made the following submissions with regard to injury and causal link:

- i. The imports from China increased in 2017-18 then declined in 2018-19 and significantly increased again in the POI.
- ii. In contrast to the original investigation, there is no demand-supply gap in the country now and thus imports not necessary.
- iii. Import prices from China increased till 2018-19 and the volumes declined, whereas, import prices declined in the POI and the import volume increased.
- iv. The landed price of imports were below the selling price of the Domestic Industry and thus, likely to undercut the prices of the Domestic Industry if the duties were to expire.
- v. In the event of expiry of ADD, dumped imports are likely to intensify significantly leading to price suppression/depression.
- vi. The overall performance of the Domestic Industry has declined within the POI in terms of profits, return on investments and cash profit.
- vii. Current imports from China have positive dumping and injury margins.
- viii. The imports from other countries were not at dumped prices and were in fact at much higher prices than Chinese imports.
- ix. An improvement in the performance of the Domestic Industry itself indicates the positive impact of ADD. The relevant consideration in the present investigation is consequence of cessation of ADD on the subject imports from China PR. The Domestic Industry has not claimed continued injury.
- x. The likelihood of dumping and consequent recurrence of injury has been established in detail in the application and written submission filed by the Domestic Industry.
- xi. The difference between import price from China and cost of production of the Domestic Industry declined very significantly and steeply, to such an extent that the Domestic Industry was reduced to meagre profits in Q4. The selling price of the Domestic Industry also declined steeply.
- xii. There are a number of investigations wherein the Authority has extended ADD despite resultant financial growth of the industry. Most prominent is PVC suspension resin. The facts and circumstances of each investigation are not same. Moreover, the special situation arising for a particular industry may not be same for the other industry. In the present instance, the subject good has a history of dumping, as also admitted by the responding parties. The Domestic Industry is in vulnerable state. Further, the subject good is a price sensitive good and imports at dumped price has huge potential to take away market share of the Domestic Industry and cause injury in terms with various economic parameters.
- xiii. The continuation of ADD is very much required in light of increased imports in the POI and also in the quarters post-POI.
- xiv. The Applicants have not claimed continued injury.
- xv. The claims regarding likelihood and dumped imports from subject country are likely to significantly increase and cause injury thereafter are based on evidence put on record in Application for initiation as well in the written submission filed and shared with all the interested parties on 14th December, 2020. These are not mere allegations or conjectures.

H.2. Submissions of other interested parties

53. The other interested parties have made the following submissions with regard to injury and causal link:

- i. Imports from other countries increased significantly, which might have caused injury to the Domestic Industry.
- ii. Import Price does not impact price behaviour of the Domestic Industry as landed value of imports is far more than the net sales realization of the Domestic Industry.
- iii. All economic parameters during the entire injury period and the POI remained positive except for some, therefore, the purported injury to the Domestic Industry cannot be attributed to imports from China PR.
- iv. During the review period, revenue from operations grew by 33% due to healthy demand, the Company's EBITDA grew by 37%, Profit after Tax (PAT) grew by 162%, book value of one share reached Rs. 336.13 and market value reached Rs. 600 despite COVID-19.
- v. Rule 5 of the Rules is not applicable at the stage of SSR. By the same principle, Article 5 of the WTO ADA is not applicable to SSR.
- vi. In case of *Viscose Rayon Filament Yarn above 60 deniers* (Para 132) from China PR (Case No. : 6/26/2020-DGTR), the Authority in its Final Findings dated 20/04/2018, opined that even though Normal Value is less but financial growth and health of the Domestic Industry is sound enough, therefore, imposition of ADD is no more required.

H.3. Examination by the Authority

54. The Authority has taken note of the submissions made by the interested parties. Annexure- II of the Rules provides for objective examination of both (a) the volume of dumped imports and the effect of the dumped imports on prices in domestic market for the like articles; and (b) the consequent impact on domestic producers of such products.
55. According to Section 9(A)(5) of the Act, ADD imposed shall, unless revoked earlier, cease to have effect on the expiry of five years from the date of such imposition, provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time-to-time, extend the period of such imposition for a further period of five years and such further period shall commence from the date of the order of such extension.
56. With regard to various WTO judgements cited by the other interested parties, it is noted that the sunset review has been initiated only after duly substantiated application filed by the domestic industry, which demonstrated sufficient evidence to justify initiation.
57. In consideration of the various submissions made by the interested parties in this regard, the Authority proceeds to examine the current injury, if any, to the Domestic Industry before proceeding to examine the likelihood aspects of dumping and injury on account of imports from the subject country.
58. The Authority has examined the injury parameters objectively taking into account the facts and arguments submitted by the domestic industry and other interested parties.

H.3.1 Volume effect of dumped imports on Domestic Industry

a. Assessment of demand/ apparent consumption

59. The Authority has taken into consideration, for the purpose of the present investigation, demand or apparent consumption of the product in India as the sum of domestic sales if Indian Producers and imports from all sources:

Particular	Unit	2016-17	2017-18	2018-19	POI
Demand in India					
Sales of the Applicant	MT	89,591	97,738	1,00,805	99,988
Sales of Other Indian producers	MT	39,926	38,709	69,890	97,339
Subject Country	MT	40,847	41,454	37,051	47,581
Countries attracting ADD	MT	22,290	14,434	12,691	15,616
Import from Other Countries	MT	13,866	17,004	14,881	19,587
Total Demand	MT	2,06,520	2,09,339	2,35,318	2,80,111

60. It is seen that the demand for the subject goods has increased throughout the injury period.

b. Import Volumes and Share of Subject Country

61. With regard to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. In the present case, however, ADD has been in force.
62. For the purpose of injury analysis, the Authority has relied on the import data procured from DGCI&S. The volume of imports of the subject goods and share of the dumped imports during injury investigation period are as follows:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Imports from subject country	MT	40,847	41,454	37,051	47,581
Trend	Indexed	100	102	91	117
Imports from Country attracting ADD	MT	22,290	14,434	12,691	15,616
Trend	Indexed	100	65	57	70
Imports from other Country	MT	13,866	17,004	14,881	19,587
Trend	Indexed	100	123	127	141
Total Imports	MT	77,003	72,893	64,623	82,784
Trend	Indexed	100	95	84	108
Subject country imports in relation to total imports	%	53.05	56.87	57.33	57.48
Trend	Indexed	100	107	108	108
Total Indian Production	MT	1,33,572	1,39,290	1,77,897	2,06,684
Trend	Indexed	100	104	133	155
Imports from subject country relative to production	%	30.58	29.76	20.83	23.02
Trend	Indexed	100	97	68	75
Demand	MT	2,06,520	2,09,339	2,35,318	2,80,111
Trend	Indexed	100	101	114	136
Imports from subject country relative to demand in India	%	19.78	19.80	15.75	16.99
Trend	Indexed	100	100	80	86

63. It is noted that:
- i. Imports from China PR declined to 37,051 MT in 2018-19 from 40,847 MT in 2016-17. Imports have thereafter increased significantly to 47,581 MT during POI. Overall, there is an increase of imports from subject country during the investigation period.
 - ii. Imports from China PR in relation to consumption and production also declined in 2018-19 and increased thereafter in the POI.

I. PRICE EFFECT OF THE DUMPED IMPORTS

64. In term of Annexure II (ii) of the Rules, the Authority is required to consider the effect of the dumped imports on domestic prices in terms of price undercutting, price underselling, price suppression and price depression, if any.

i. Price undercutting

65. With regard to the effect of dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared to 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. In this regard, a comparison has been made between the landed value of the product from the subject country and the average selling price of the Domestic Industry, net of all rebates and taxes, at the same level of trade. The prices of the Domestic Industry were determined at ex-factory level.

Particular	Unit	2016-17	2017-18	2018-19	POI
Landed Price	Rs/MT	29,543	35,601	48,775	41,546
Net Sales Realisation	Rs/MT	***	***	***	***
Trend	Indexed	100	116	146	120
Price Undercutting	Rs/MT	***	***	***	***
	%	***	***	***	***
	% Range	15-25	10-20	5-15	0-10

66. It is seen that the landed price of the imports from the subject country is below the selling price of the Domestic Industry. The imports from the subject countries are likely to undercut the prices of the Domestic Industry in the event of cessation of ADD.

ii. Price suppression and depression

67. In order to determine whether the dumped imports are depressing or suppressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal course, the changes in the costs and prices over the injury period have been examined below.

Particular	Unit	2016-17	2017-18	2018-19	POI
Cost of sales	Rs./MT	***	***	***	***
Trend	Indexed	100	115	114	100
Net Selling price	Rs./MT	***	***	***	***
Trend	Indexed	100	116	146	120
Landed price	Rs./MT	29,543	35,601	48,775	41,546
Trend	Indexed	100	121	165	141

68. It is noted that during the injury period, the selling price of the domestic like product increased more than increase in cost of sales. However, it is seen that while the landed price of imports and selling price increased more than cost of sales till 2018-19, in the POI, it is seen that the decline in landed price of imports and selling price of the Domestic Industry during the POI was far more than the decline in its cost of sales. Therefore, the Authority notes that the imports from the subject country are suppressing the prices of the Domestic Industry in the POI.
69. The Authority further examined the trends in selling price and landed price of imports within the POI. It is seen that the import price declined continuously and steeply within the POI, leading to decline in the selling price of the domestic industry.

Parameters	Unit	Q1	Q2	Q3	Q4
Landed price of imports	Rs/MT	44,337	42,837	40,515	37,159
Trend	Indexed	100	97	91	84
Selling price	Rs/MT	***	***	***	***
Trend	Indexed	100	103	88	78

I.1 Economic Parameters of the Domestic Industry

70. Annexure II to the Rules provides that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. The various injury parameters relating to the Domestic Industry are discussed below.
71. The Authority has examined the injury parameters objectively taking into account various facts and arguments made by the interested parties.

i. Production, Capacity, Capacity Utilization and Sales Volume

72. The capacity, production, sales and capacity utilisation of the Domestic Industry over the injury period is given in the table below:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Capacity – Plant	MT	1,78,950	1,78,950	1,78,950	1,78,950
Trend	Indexed	100	100	100	100
Production - Plant	MT	1,60,765	1,67,954	1,68,299	1,72,390
Trend	Indexed	100	104	105	107
Capacity Utilization	%	90%	94%	94%	96%
Trend	Indexed	100	104	105	107
Production - PUC	MT	91,848	95,686	1,00,578	1,01,370
Trend	Indexed	100	104	110	110
Domestic sales volume	MT	89,591	97,738	1,00,805	99,988
Trend	Indexed	100	109	113	112

73. It is seen that:
- The installed capacity of the Domestic Industry has remained constant throughout the injury period.
 - The production and capacity utilization of the Domestic Industry increased throughout the injury period.

- iii. The domestic sales increased till 2018-19 and marginally declined in the POI. While the demand increased significantly in the POI, the sales of the Domestic Industry have shown decline and imports have increased significantly. Further, imports increased and Domestic Industry's sales volumes declined despite reducing gap between the price of the domestic and imported product.

ii. Market Share in Demand

74. The market share of the Domestic Industry is shown in the table below:

Market Share in Demand	Unit	2016-17	2017-18	2018-19	POI
Share of Applicant	%	43.38	46.69	42.84	35.70
Share of Other Producers	%	19.33	18.49	29.70	34.75
Subject Country	%	19.78	19.80	15.75	16.99
Countries attracting ADD	%	10.79	6.90	5.39	5.57
Import from Other Countries	%	6.71	8.12	6.32	6.99
Total	%	100	100	100	100

75. It is seen that the market share of the Domestic Industry declined over the injury period as a consequence of a new producer entering the domestic market. However, the market share of Indian producers as a whole increased till 2018-19 and declined thereafter in the POI. The market share of the subject country has declined till 2018-19 but increased again in the POI.

iii. Inventories

76. It is seen that the inventories with the Domestic Industry declined till 2018-19 and increased marginally in the POI.

Stock	Unit	2016-17	2017-18	2018-19	POI
Opening Stock	MT	***	***	***	***
Trend	Indexed	100	176	66	32
Closing Stock	MT	***	***	***	***
Trend	Indexed	100	38	19	39
Average Stock	MT	***	***	***	***
Trend	Indexed	100	88	36	36

iv. Profitability, Cash Profits and Return on Capital Employed

77. Profitability, cash profits and return on investment of the Domestic Industry over the injury period is given in the table below:

Particulars	Unit	2016-17	2017-18	2018-19	POI
Profit/ (Loss)	Rs./MT	***	***	***	***
Trend	Indexed	100	165	1,197	773
Profit/ (Loss)	Rs.Lacs	***	***	***	***
Trend	Indexed	100	180	1,347	863
PBIT	Rs./MT	***	***	***	***
Trend	Indexed	100	121	672	457
Cash Profit	Rs.Lacs	***	***	***	***
Trend	Indexed	100	127	587	396
ROCE	%	***	***	***	***
Trend	Indexed	100	125	707	491

78. It is seen that:

- i. The profitability of the Domestic Industry improved until 2018-19. However, the profitability declined significantly in the POI as compared to the previous year.
- ii. Cash profits, PBIT and Return on Capital Employed (ROCE) show the same trend as that of profitability.
- iii. The profitability was quite low upto 2017-18, leading to a low ROCE and cash profits upto 2017-18. Profitability improved in 2018-19.

Quarter-wise analysis of profitability within the POI

Particulars	UOM	POI – Q1	POI – Q2	POI – Q3	POI – Q4
Profit/Loss	Rs/MT	***	***	***	***
Trend	Indexed	100	148	89	25
Profit/Loss	Rs Lacs	***	***	***	***
Trend	Indexed	100	149	90	25
Cash Profit	Rs Lacs	***	***	***	***
Trend	Indexed	100	143	92	34
Return on Capital Employed	%	***	***	***	***
Trend	Indexed	100	144	91	33

- i. The overall performance of the Domestic Industry in terms of profit, cash flow ROI has shown deterioration within the POI.
- ii. The Authority further examined the trend of quarterly profitability of the Domestic Industry within the POI. On quarterly basis, it is seen that the profitability has declined significantly within the POI. The PBIT and cash profits have also declined on a quarterly basis. ROI has also been declined during the 4th quarter of POI substantially.

v. Employment, Wages and Productivity

79. Employment, wages and productivity of the Domestic Industry over the injury period is given in the table below:

Particulars	Unit	2016-17	2017-18	2018-19	POI
No. Of Employees	Nos.	***	***	***	***
Trend	Indexed	100	100	110	111
Productivity Per Day	MT	***	***	***	***
Trend	Indexed	100	104	110	110
Wages	Rs. Lacs	***	***	***	***
Trend	Indexed	100	133	143	128

80. It is seen that:

- i. The wages paid have increased upto 2018-19 and declined in the POI.
- ii. The number of employees remained almost the same during the injury period.
- iii. The productivity per day has increased throughout the injury period.

vi. Growth

81. The data relating to growth of the Domestic Industry is shown in the following table:

Particulars	Unit	2017-18	2018-19	POI
Production (PUC)	%	4	5	1
Domestic Sales (PUC)	%	9	3	(1)
Domestic Profit (Rs./MT)	%	65	625	(35)
Domestic profit (Rs Lacs)	%	80	648	(36)
Cash Profit (Rs Lacs)	%	27	362	(33)
PBIT (Rs Lacs)	%	21	455	(32)
ROCE	%	25	464	(31)

82. It is seen that the growth of the Domestic Industry was positive in respect of volume parameters (barring sales volumes). In respect of price parameters, growth was significantly positive upto 2018-19 and became negative in the POI.

vii. Magnitude of Dumping

83. The magnitude of dumping is an indicator of the extent to which the imports are being dumped in India. The investigation has shown that dumping margin is positive and significant in the POI.

viii. Ability to raise capital investment

84. It is seen that the profitability of the Domestic Industry has declined in the POI. It is noted that the ability to raise capital investments is likely to be affected in the event of cessation of the existing ADD.

ix. Factors Affecting Domestic Prices

85. It is noted that the landed value of the subject goods from subject country is below its net selling price during the POI. Further, the landed prices of subject imports have suppressed the prices of the Domestic Industry leading to a decline in profitability during the POI. Dumped imports from the subject country are impacting the prices of the product in the market in the POI.

x. Magnitude of price underselling/injury margin

86. The Authority has determined the NIP for the Domestic Industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The NIP of the PUC has been determined by adopting the information/data relating to the cost of production provided by the domestic industry and duly certified by the practising accountant for the POI. The NIP has been considered for comparing the landed price from the subject country for calculating injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e. average net fixed assets plus average working capital) for the PUC was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III of the Rules and being followed.

87. Based on the landed price and NIP determined as above, the injury margin for producers/exporters has been determined by the Authority and the same is provided in the table below:

Injury Margin Table

Particulars	Unit	Shandong Dongyue Fluo-Silicon Materials Co., Ltd.	Ningbo Juhua Chemical & Science Co., Ltd.	Others
Non Injurious Price	US\$/MT	***	***	***
Landed Price	US\$/MT	***	***	***
Injury Margin	US\$/MT	***	***	***
	%	***	***	***
	% Range	0-10	0-10	10-20

J. CAUSAL LINK AND NON-ATTRIBUTION ANALYSIS

88. The Authority examined any known factors other than the dumped imports which at the same time might have been injuring the Domestic Industry, so that the injury caused by these other factors, if any, is not attributed to the dumped imports. Factors which are relevant in this respect include, inter alia, the volume and prices of imports not sold at dumped prices, contraction in demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. The Authority examined whether factors other than dumped imports could have contributed to the injury to the Domestic Industry.

a) Volume and price of imports from third Country

89. It is seen that the imports from other countries are either attracting ADD or are at higher prices.

b) Contraction in demand

90. The Authority notes that demand of the PUC has increased throughout the injury period.

c) Change in pattern of consumption

91. There have been no material change in the pattern of consumption of the PUC. Hence, changes in pattern of consumption have not caused injury to the Domestic Industry.

d) Conditions of competition and trade restrictive practices

92. The Authority notes that the investigation has not shown that conditions of competition or trade restrictive practices are responsible for the claimed injury to the Domestic Industry.

e) Development in technology

93. No evidence has been brought by any interested parties about existence of significant changes in the technology that could have caused injury to the Domestic Industry.

f) Export Performance of the domestic industry

94. The Authority has considered data for the domestic operations only for the injury analysis. Therefore, export performances is not the cause for the injury to the Domestic Industry.

g) Performance of other products

95. The Domestic Industry has provided the injury data of PUC performance and the same has been adopted by the Authority for the purpose of injury analysis. Therefore, performance of other products produced and sold by the applicant is not a possible cause of the injury to the Domestic Industry.

Conclusion on continuation of injury and causal link

96. The examination of the imports of the subject goods, and the performance of the domestic industry with regard to domestic like product shows that the volume of dumped imports of subject goods from subject country has increased in absolute terms during the injury period. The volume of dumped imports has also increased in relation to Indian production, and demand in the POI as compared to the preceding year. The imports from the subject country are undercutting the prices of the domestic industry. It is also noted that the selling price of domestic like product increased more than increase in cost of sales till 2018-19. However, the selling price declined much beyond the decline in cost of sales in the POI, and landed price of subject imports was lower than the selling price of the domestic industry during the period of investigation. With regard to impact of price effect on the domestic industry, it is noted that the production and capacity utilization have increased throughout the injury period, however sales and market share of the domestic industry and industry as a whole increased till 2018-19 and then declined in the POI. Profits, cash profits and return on capital employed increased till 2018-19, and declined in the POI. It is also noted that that the profits, cash profits and ROI has shown significant deterioration within the POI.

K. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING AND INJURY

K.1 Submissions of the Domestic Industry

97. The following submissions have been made by the domestic industry with regard to likelihood of continuation or recurrence of dumping or injury:
- i. There is a clear likelihood of the continued dumping being further intensified by exporters from China PR leading to a situation of further intensified injury to the domestic industry, if the existing duty is withdrawn.
 - ii. Imports are coming are at dumped and injurious price. The prices of subject goods from subject country have further reduced by around 20% in the POI. Thus, cessation of duties is likely to lead to intensified dumping and consequent injury to the domestic industry. The dumping margin and injury margin is positive. Further injury margin has intensified on quarterly basis within the POI.
 - iii. The Chinese producers have excessive production capacities. In 2016, the production capacity was 1.83 million tons, which by 2019 increased to almost 2.06

million tons. The consumption has not increased with the same pace resulting in huge space capacity and decline in operation rates. Such increase will be diverted to Indian market if the duties were to expire.

- iv. The demand for the subject goods in China is 9,18,000 tons only, as against 20,60,000 MT capacity. The Chinese producers are faced with surplus capacity of 11,42,000 MT, i.e., around 55% of the Chinese capacity is in excess of domestic demand. The entire domestic demand in India is only around 295,286 MT.
- v. The environmental protection policies have resulted in Chinese industry facing low or even negative growth. Further, this situation is likely to worsen in light of COVID-19 pandemic.
- vi. The inventories in China has seen negative growth because the production of weak demand being faced by the Chinese producers. Thus, the Chinese producers are withholding production. Further, inventories in true sense does not reflect the excess capacities with the Chinese producers.
- vii. Chinese producers are heavily export oriented and some of the companies are set up only for the purpose of exports. India is one of their major targets for exports.
- viii. The Indian industry has been a sensitive industry and there has been dumping of the subject goods from various Country, India is one of an important export market for Chinese producers. Exports to India constitutes around 28% of gross Chinese exports in the proposed POI.

Particulars	2016-17	2017-18	2018-19	POI
China Exports to India	40,847	41,454	37,051	49,357
China Global exports	1,36,578	1,51,125	1,42,311	173,513
Share of India in global exports	36%	28%	27%	28%
India's ranking in export destination	1	1	1	1

Source: Trade map (Custom data)

- ix. Imports from China have increased significantly despite duty being in force, in view of excess capacity available with them. If the ADD ceases to exist, the Chinese exports are likely to surge.

Period	China-MT
2010-11	5,384
2011-12	16,084
2012-13	334
2013-14	4,794
2014-15	25,285
2015-16	69,038
2016-17	40,847
2017-18	41,454
2018-19	37,008
POI	47,581

- x. The Domestic Industry's profitability started declining from 2011-12 and was incurring losses till 2013-14. The industry's performance improved in 2014-15, however the same again declined and the Authority concluded continued injury in the SSR investigation conducted on imports from EU, USA and Korea which considered Jan 2017-Dec 2017 as the POI of the SSR Investigation.

- xi. It is only in 2018-19 that the Domestic Industry started making reasonable profits. Further, such improvement was short lived as the profitability and consequently ROI has once again declined in the POI from Rs 12,466 /MT in Q1 of 2019-20 to Rs 1,813/MT in Q4 of 2019-20.
- xii. China is exporting the subject goods at dumped and injurious prices, not only to India but to all over the world. Chinese exports to various Country globally have been analysed on quarterly basis for the POI on the basis of China customs data. It may be seen that total volume of exports from China to various countries globally other than India during the POI was 124,156 MT, and 121,851 MT (i.e. 98%) were made at dumped prices and total 31,962 MT were made at injurious prices, which is 26% of the total exports of China to third Country. Further, quarter-wise data shows that the share of injurious exports to third Country has increased significantly within the POI. It will be seen that share of injurious exports has increased from 19.43% in Q1 to 73.32% in the fourth quarter.

Exports other than to India	Volume (MT)	Volume having positive dumping margin	Volume having positive Injury margin	Percentage of injurious exports
	124,156	121,851	31,962	
Q1	34,070	33,882	6,619	19.43
Q2	36,512	34,510	4,264	11.68
Q3	36,415	36,300	8,498	23.34
Q4	17,159	17,159	12,582	73.32

- xiii. The product has a long history of continued and renewed dumping in the Country. First AD measures were imposed in 2003. AD duties were imposed on EU, Korea and USA led to decline in imports from these Country and increase in dumped imports from China. Thus, the subject goods is a price sensitive product and producers globally are faced with significant surpluses and have resorted to dumping the product in various market. The Chinese producers are waiting for an opportunity to divert their exports to price attractive destinations.
- xiv. The Indian market is highly price sensitive. The consumers decide their procurement, with the price being the foremost consideration. The landed price of imports were materially below the selling price of the domestic industry. Such being the case, availability of such low priced imports from China in the market will definitely lead to suppressing/ depressing effect on the prices in the market.
- xv. The Applicants have considered 'excess capacity' on the basis of production and capacity and its comparison with Chinese domestic demand. Difference between capacity and domestic demand is surplus capacity. Increased dumped imports in the POI and in post-POI period itself indicates likelihood of diversion of such excess capacity to India. Further Chinese exports behaviour to third countries also indicates likelihood of trade diversion to the Indian market. India has been their most favourite destination.

K.2 Submissions of other interested parties

98. The following submissions have been made by other interested parties with regard to likelihood of continuation or recurrence of dumping or injury:
- i. The Applicants have wrongly construed 'excess capacity' on the basis of capacity minus production and further it has no basis that such excess capacity shall be

diverted to India in case of withdrawal of duties. Such diversion can only be indicated on the basis of relevant information.

- ii. India is not a price attractive destination for Chinese imports as Chinese imports into India is cheaper than other countries.

K.3 Examination by the Authority

99. All the factors brought to the notice of the Authority have been examined to determine as to whether there is a likelihood of continuation or recurrence of dumping or injury in event of cessation of the duty. The Authority has considered various information, as made available by the domestic industry and other interested parties, in order to evaluate the likelihood of continuation or recurrence of dumping and or injury.
100. The Authority has examined the likelihood of continuation or recurrence of injury considering the requirement laid down under Section 9A(5), Rule 23 and parameters relating to the threat of material injury in terms of Annexure – II (vii) of the Rules, and other relevant factors brought on record by the interested parties. The present investigation is a sunset review of ADD earlier imposed on the imports of subject goods from China PR and Russia. Under the Rules, the Authority is required to determine whether continued imposition of ADD is warranted.

i. Continued and existing dumping and injury

101. The Authority notes that the imports of the PUC from the subject country have increased significantly in the POI. Imports are highest in the POI. Further, the dumping margin determined for the POI is positive, thus, there is a continuation of dumping of subject goods from subject country. It is also seen that without adding the ADD, these imports are undercutting the Domestic Industry's prices, thus a cessation of ADD is likely see positive undercutting.

ii. Imports over the present injury period

102. While imports from China declined in 2018-19 from earlier years, imports increased significantly in the POI, in absolute term, and also in relation to production and consumption in India. The present increase in imports is in a situation where the product is attracting ADD.

iii. Surplus capacities in Subject Country

103. On the basis of information on record, it is seen that the exporters in China have surplus capacities to the extent of 400%.

Particulars	Unit	2016	2019
Capacity	MT	18,30,000	20,60,000
Actual production	MT	9,74,000	10,92,000
Domestic demand	MT	8,39,000	9,18,000
Surplus capacity	MT	9,91,000	11,42,000
Indian demand	MT	2,06,520	2,80,111
Surplus capacity as % of Indian demand	%	480	408

Source: Market Research report for Methylene Chloride

iv. Declining present and potential growth in Chinese domestic demand

104. Information procured by the Domestic Industry shows that the environmental protection policies have resulted in Chinese industry facing low growth in demand whereas the growth in demand in India is positive and healthy. It is thus indicative that the producers in the subject country are going to face the issue of surplus capacity even in future and with positive demand in India, the producers would be aggressively looking forward to the Indian market.

Particulars	Unit	2016	2019	2023 (estimated)
China				
Consumption	MT	839,000	918,000	999,000
Growth	%	3.0%	2.7%	2.3%
India		2016-17	2019-20	
Consumption	MT	208,318	288,086	
Growth	%		38%	

Source: Market Research report for Methylene Chloride

v. High export orientation of exporters in China

105. On the basis of information on record, the Authority notes that the exporters are highly export oriented and surplus capacity can be diverted to India in the event of cessation of ADD.

Particulars	Unit	2016	2019
Actual production	MT	9,74,000	10,92,000
Domestic demand	MT	8,39,000	9,18,000
Global exports (Annualised)*	MT	1,36,578	2,64,332
Number of countries to whom China exports	Nos		87
Exports as % of Production	%	14	24
Exports as % of Domestic demand	%	16	29
Exports to India	MT	40,847	47,581
Exports to India as % of global exports	%	30%	18%

* Source: Trademap

vi. Price Undercutting and Attractiveness of India as a Market

106. It is noted that price undercutting is positive during the POI, and thus, cessation of ADD currently in place is likely to lead to intensified dumping and which are likely to lead to injury in the form of low volume of sales, reduced selling price and decline in profits to the Domestic Industry.

107. The Applicant has claimed that considering the price undercutting, if the Indian producers reduce the prices by the amount of undercutting (in the event of cessation of ADD), the Indian producers will suffer further decline in profits, cash flow and return on investment.

vii. India is a major market for China

108. Information relating to exports from China to various countries globally, as per China customs data, shows that India has been one of the major market for Chinese producers. Exports to India constitute around 28% of gross Chinese exports in the POI.

Particulars	2016-17	2017-18	2018-19	POI
Exports to India	40,847	41,454	37,051	49,357
Global exports	1,36,578	1,51,125	1,42,311	173,513
Share of India in global exports	36%	28%	27%	28.44%
India's ranking in export destination	1	1	1	1

Source: Trade map (Custom data)

Third country dumping

109. The Domestic Industry has provided information relating to Chinese exports to various countries globally. The Domestic Industry has compared the export volume with the normal value, on quarterly basis. Further, these figures have been compared with the computed NIP. It is seen that almost entirety of exports to third country are made at dumped price and 26% of exports are made at injurious price. Further, the share of injurious exports increased to 73% during the Q4. Thus, the exports from third country to India is likely to increase at dumped and injurious price causing injury to the Domestic Industry.

L. POST-DISCLOSURE COMMENTS

110. Post-disclosure submissions have been received from the interested parties. The Authority has examined the post-disclosure submissions made by the interested parties, including reiterations which have already been examined suitably and addressed adequately in the relevant paragraphs of these final findings. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.

L.1. Submissions of the Domestic Industry

111. The following submissions have been made by the Domestic Industry on the Disclosure Statement:
- Assuming that the major part of imports is made under advance license, it does not mean that (a) the same cannot cause injury to the Domestic Industry, (b) it is not relevant to the likelihood determination. When the exports are under Advance Authorisation Scheme, the export price may be higher than what it would be when there would be full customs duty, but no ADD. Dumping would increase in the event of cessation of ADD and when the Chinese compete in the duty paid market segment.
 - There is fair competition between the Indian producers in Indian market. ADD has provided a level playing field to the domestic producers and has made it possible for new producers, like Meghmani, to enter the market. There is no injury to the domestic industry due to inter se competition.
 - The product produced by the Domestic Industry is like article to the PUC. There can be different manufacturing process for the subject goods but that does not render the subject goods distinct.

- iv. The product produced by the Domestic Industry, NVR (Non-voltaile residue), Trans 1-2 Dichloroethylene & Stabilizer are all below 20-25 ppm (parts per million) and it does not impact the usage parameter in any way because the presence of these are very low/negligible. MDC is supplied to USFDA approved Pharma plants by the Domestic Industry all across the country and, thus, the quality of the product is well established.
- v. Drum packing is preferred in storage.
- vi. There is no co-relation or direct relation between Caustic soda prices and MDC prices as contended by interested party. Both the products are driven by market dynamics related to their respective product, market, customer segment and demand/supply situation.
- vii. The plant was closed only for a week in the end of the POI (March, 2020), however the capacity utilisation of the company was infact the highest in the POI.
- viii. All the parameters collectively and cumulatively establish that the Domestic Industry was able to improve its performance in view of ADD in force. The performance of the Domestic Industry deteriorated within the POI owing to a steep decline in import prices and an increase in import volume. In the event of cessation of ADD, there is likelihood of dumping and injury.
- ix. India continues to be number one destination of exports for China. There is significant increase in imports of the subject goods in India in absolute and relative terms. Imports continues to be made at dumped and injurious price. Chinese producers have excessive production capacities, which is way beyond their demand. Such increase in capacity will eventually be diverted to the Indian market once the duties ceases to exist. In addition to that Chinese producers are heavily export-oriented and some of the companies are set up only for the purpose of exports. China is not only exporting the subject goods at dumped and injurious prices in India, but are exporting to other countries at dumped and injurious prices.
- x. The present duties need to be extended and modification in the quantum is not warranted in the present circumstances.
- xi. ADD may be imposed only as fixed quantum of anti-dumping duty (fixed form of duty), expressed as duty in USS/MT.

L.2. Submissions of other interested parties

112. The submissions of other interested parties on the Disclosure Statement are as follows:
 - i. Imports from China under Non-Advance Authorization scheme are negligible. It may be seen that even if such imports are included for analysis of injury and likelihood of injury and ADD is recommended, the imports made under said duty free schemes would not be subject to any ADD and would continue to come to India.
 - ii. The effect of competition among Domestic Industry need to be considered.
 - iii. The effect of difference in Production Technology & Manufacturing Process needs to be considered.
 - iv. The Authority is requested for Exporter & Domestic Industry's verification.
 - v. There is difference in Specifications / Parameters with regard to residues after evaporation, Trans 1-2 Dichloroethylene & Stabilizer need to be investigated.
 - vi. Drum packing is preferred in storage. It is easy to store Drums.
 - vii. Chlorine is an important raw material. It is also used in manufacturing of Caustic Soda. When prices of Caustic Soda increase, prices of Methylene Chloride will decrease and vice versa.
 - viii. The effect of shut down of the Domestic Industry in the POI needs to be considered.
 - ix. An increase in supply by Domestic Industry needs to be investigated.

- x. With respect to the allegation of excessive confidentiality, Shandong explains that while filing Questionnaire Response they have followed all the guidelines with respect to the confidentiality as issued by the DGTR in the Trade Notice 10/2018.
- xi. The Applicant has kept the evidence available in the public domain as confidential. The Authority is requested not to use “surrogate country” methodology in calculating the normal value for this case, regardless of whether treating China as a market economy country in line with the report on the “Fastener case” initiated by China PR against the EU recently released by the WTO Appellate Body. The normal value determination on the basis of exports by Chinese Taipei to other countries is not in accordance with the provisions of para 7 of Annexure I of the Rules.
- xii. The production and capacity utilization of the Domestic Industry increased throughout the injury period, while the domestic sales increased in line with increased demand. Imports from other countries have also increased significantly during the POI as compared to the base year which might have caused injury to the Domestic Industry.
- xiii. The landed value of imports from China PR has increased far more than the increase in net sales realization of the Domestic Industry, which shows that import price is not having an impact on the price behaviour of the sales price of the Domestic Industry.
- xiv. Imports have not caused any price suppression and depression in the last four years.
- xv. The Applicant earned bumper profits during 2018-19 as compared to the POI. The overall performance of the Domestic Industry in terms of profitability, cash profits and return on investment deteriorated during the POI. The Authority further needs to examine the trend of quarterly profitability of the Domestic Industry within the POI.
- xvi. The performance of the Domestic Industry has improved over the injury period in respect of employment, wages and productivity.
- xvii. Before making an examination of likelihood of continuation or recurrence of dumping and injury, the Domestic Industry must provide sufficient positive evidences on which the likelihood determination is to be based.
- xviii. The existing ADD has served the intended purpose.
- xix. The NIP determined by the Authority is highly inflated and is not based on real situation.
- xx. When the supporting producers have refused to provide the relevant information to the Authority in the current investigation, it is a sufficient ground for the termination of the current investigation.
- xxi. The determination of normal value for China on the basis of Para 7 without accepting the details of the Chinese companies in the current investigation will eventually make provisions of the Article 15 (a) (ii) of China’s Accession Protocol to nullity i.e. as if the provisions of Article 15(a) (ii) have never existed.
- xxii. With regard to the decision of Hon’ble CESTAT in Kuitun Jinjiang Chemical Industry Co. Ltd. vs Union of India for determination of normal value on the basis of exports from Taiwan to India, the facts in that case and the current case are different and the decision of CESTAT laid down in that case cannot be squarely made applicable in this investigation as the decision rendered by the Hon’ble CESTAT in that case was a New Shipper Investigation and the current investigation is a sunset review investigation.
- xxiii. The cooperative exporters have provided the sufficient information in this investigation. Therefore, the dumping margin for them may please be determined on the basis of their information and it will indicate that there is no dumping margin and there is no likelihood of dumping in case the ADD is not extended in this case.

L.3 Examination by the Authority

113. The Authority has examined the post disclosure submissions made by the interested parties including reiterations which have already been examined suitably and addressed adequately in the relevant paras of these final findings. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
114. With reference to imports under Advance Authorisation Scheme, the Authority notes that the imports made under advance licenses have the effect of benchmarking the prices in the domestic market, while they may not have an adverse effect on the volumes sold by the Domestic Industry. In certain situations, the domestic industry may even be catering to requirement of this segment by undertaking deemed export sales. Further, these are clearly indicative of the prices at which the material is likely to be imported in the absence of measures. An Advance license/authorization holder has a choice either to import the inputs on a duty-free basis or procure the same from indigenous sources by using the mechanism of Advance Release Order. Further, imports under advance license is a benchmark for the price at which goods can be imported by a consumer after payment of taxes and duties. It would not be appropriate to consider that imports made under advance license do not impact the prices of the Domestic Industry.
115. As regards the argument of competition between the domestic producers causing injury is concerned, it is noted that in a healthy market situation competition among the domestic producers cannot be ruled out. As noted under the relevant paragraph, the market share of the Indian producers as a whole increased till 2018-19 and declined thereafter in the POI. The market share of the subject country has declined till 2018-19 but increased again in the POI.
116. Regarding the existence of significant changes in the technology, the Authority reiterates that no evidence has been brought by any interested parties about existence of significant changes in the technology that could have caused injury to the Domestic Industry. There is no claim of cost difference due to difference in the cost of production. As mentioned in the relevant paragraph above, the Authority considers that the subject good produced by the Domestic Industry are "like article" to the subject good imported from the subject country. Further, the Authority notes that the difference in production technology or manufacturing process does not render the domestic product dislike article.
117. Regarding verification of data, the Authority notes that desk verification of data submitted by the domestic industry and exporters has been conducted.
118. Considering significant difference in packing costs, the Authority has determined separate normal values for loose and packed form of the PUC.
119. Regarding the prices of caustic soda, the Authority notes that the interested party has not brought forth any evidence regarding the effect of the same on the present determination. In any case, Authority has considered relevant facts prevailing during the injury period, including the POI.

120. As regards alleged difference in specifications/parameters, the Authority notes that there is no quantified claim either from the foreign producers or from the Indian consumers. Nor impact of alleged difference has been quantified by any interested party.
121. Regarding the supply by the Domestic Industry, the Authority notes that as already stated above, during the POI the domestic sales of the Domestic Industry declined.
122. The contention regarding confidentiality has been addressed in the relevant paragraph above.
123. The Authority has considered the contention regarding the calculation of normal value and reiterates its observation regarding considering prices from Chinese Taipei to India as normal value for subject goods from China PR, as explained in the relevant paragraph above.
124. As regards the submission of the interested parties that 22% returns on capital employed is not acceptable, the Authority notes that such is the consistent practice of the Authority in all previous investigations conducted. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e. average net fixed assets plus average working capital) for the PUC was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III of the Rules and being followed.

M. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

125. The Authority notes that the purpose of anti-dumping duty, 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 Indian market, which is in the general interest of the country. The Interested parties have not established that imposition of duties is going to adversely impact the public interest.
126. It is recognized that the imposition of anti-dumping duty might affect the price levels of the product manufactured using the subject goods and consequently might have some influence on relative competitiveness of this product. However, fair competition in the Indian market will not be reduced by the anti-dumping measure, particularly if the levy of the anti-dumping duty is restricted to an amount necessary to redress the injury to the domestic industry. On the contrary, imposition of anti-dumping measure would remove the unfair advantages gained by dumping practices, prevent the decline in the performance of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.

N. CONCLUSION

127. Having regard to the contentions raised, information provided and submissions made and facts available before the Authority as recorded in the above findings and on the basis of the above analysis of the likelihood of continuation or recurrence of dumping and injury to the domestic industry, the Authority concludes that:
 - a. There is continued dumping of the subject goods from subject country and the imports are likely to enter the Indian market at dumped prices in the event of

expiry of duty.

- b. Though the performance of the domestic industry has improved till 2018-19 from the base year, its performance has suffered deterioration within the POI, and thus, the domestic industry remains vulnerable due to dumping of the subject goods from the subject countries.
- c. The information on record shows likelihood of continuation/ recurrence of dumping and injury in case the Anti-dumping duty in force is allowed to cease at this stage.

O. RECOMMENDATIONS

128. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers and other interested parties to provide information on the aspects of dumping, injury and the causal link. Having initiated and conducted the investigation into dumping, injury and causal link in terms of the provisions laid down under the Rules, the authority is of the view that imposition of Anti-Dumping is required to offset dumping and injury. Therefore, Authority recommends imposition of anti-dumping duty on imports of subject goods from the subject country.

129. Under these circumstances, it is considered appropriate to recommend continuation of definitive anti-dumping duty on the subject goods originating in or exported from the subject country as per the dumping and injury margins calculated for the current investigation period, for a further period of 5 years from the date of its imposition. Having regard to the lesser duty rule followed by the authority, the Authority recommends continuation of definitive anti-dumping duties equal to the lesser of margins of dumping and margins of injury so established, so as to remove the injury to the domestic industry, in the form and manner described in the table below. The Authority, thus, considers it necessary to recommend continuation of definitive antidumping duty as modified, on all imports of the subject goods from the subject country as per column 7 in the duty table below, for a further period of five years.

DUTY TABLE

S. No.	Heading	Description	Country of origin	Country of export	Producer	Amount	Unit	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	2903 12	Dichloromethane (Methylene Chloride)	China PR	Any country including China PR	Shandong Dongyue Fluosilicon Materials Co., Ltd.	15.20	MT	US\$
2	2903 12	Dichloromethane (Methylene Chloride)	China PR	Any country including China PR	Ningbo Juhua Chemical & Science Co., Ltd.	30.40	MT	US\$
3	2903 12	Dichloromethane (Methylene Chloride)	China PR	Any country including China PR	Any combination other than the combinations specified above	89.94	MT	US\$
4	2903 12	Dichloromethane (Methylene Chloride)	Any country except China PR	China PR	Any	89.94	MT	US\$

130. 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, 8B, 9 and 9A of the Customs Tariff Act, 1975, as amended from time to time.

P. FURTHER PROCEDURE

131. An appeal against these findings after its acceptance by the Central Government shall lie before the Customs, Excise and Service tax Appellate Tribunal in accordance with the Customs Tariff Act, 1975 as amended in 1995 and Customs Tariff Rules, 1995.



(B.B. Swain)

Special Secretary and Designated Authority