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**F. No. 6/33/2023-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4 Floor, Jeevan Tara Building
5, Parliament Street, New Delhi-110001**

Dated: 26.03.2024

**INITIATION NOTIFICATION
Case No. OI (30/2023)**

Subject: Initiation of anti-dumping investigation concerning imports of 'PVC Suspension Resins' originating in or exported from China PR, Indonesia, Japan, Korea RP, Taiwan, Thailand and the United States of America.

F. No. 6/33/2023 – An application has been filed by Chemplast Cuddalore Vinyls Limited, DCM Shriram Limited and DCW Limited (hereinafter referred to as the 'applicants'), before the Designated Authority, in accordance with the Customs Tariff Act, 1975 (hereinafter referred to as the 'Act') as amended in 1995 and thereafter, 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 referred to as the 'AD Rules, 1995'), for the initiation of an anti-dumping investigation and imposition of appropriate anti-dumping duty on imports of "PVC Suspension Resins" (hereinafter referred to as the 'subject goods' or the 'product under consideration') originating in or exported from China PR, Indonesia, Japan, Korea RP, Taiwan, Thailand and the United States of America. (hereinafter referred to as the 'subject countries')

2. The applicants have alleged that material injury is being caused to the domestic industry due to the alleged dumped imports, originating in or exported from the subject countries and have requested for imposition of anti-dumping duties on the imports of the subject goods from the subject countries.

A. PRODUCT UNDER CONSIDERATION

3. The product under consideration is Homopolymer of Vinyl Chloride Monomer (suspension grade) also known as PVC Suspension Resin. In case of the subject goods, various polymer chains are not linked to each other. The product under consideration is also known as "Poly Vinyl Chloride (PVC) Resin", "Suspension Grade" or "PVC Suspension Resin".

4. PVC Resins manufactured through bulk mass polymerization, emulsion polymerization and micro suspension polymerization process are excluded from the scope of the product under consideration. The following types of PVC resins are specifically excluded from the scope of the product under consideration:

- i. Cross-linked Poly Vinyl Chloride
- ii. Chlorinated Poly Vinyl Chloride (CPVC)
- iii. Vinyl Chloride Vinyl Acetate Copolymer (VC-Vac)
- iv. Poly Vinyl Chloride Paste Resin
- v. Mass Polymerisation PVC
- vi. Poly Vinyl Chloride Blending Resin

5. PVC Suspension Resins are produced using suspension polymerization technology. In order to produce the subject goods, Vinyl Chloride Monomer ("VCM") is converted into Vinyl Polymer through polymerization process. VCM is either produced using ethylene dichloride ("EDC") or by using Calcium Carbide ("Carbide"). PVC produced via ethylene route as well as carbide route is included within the scope of the product under consideration.

6. PVC Suspension Resins are commonly used in manufacturing various products like pipes and fittings, flexible hoses, films/sheets, bottles, profiles, wire and cables, footwears, etc.

7. The subject goods are classified under Chapter 39 of Schedule I to the Customs Tariff Act, 1975 under the Customs classification 3904 10 20. However, the product under consideration is also being imported under HS Codes 3904 10 90, 3904 21 00, 3904 10 10, 3904 22 00, 3904 90 10, 3904 90 90, 3904 30 00 and 3904 21 10. Accordingly, HS code at 4-digit level, that is, 3904 has been considered for the purpose of the present investigation. The Customs classification is only indicative and is not binding on the scope of the product under consideration.

8. The parties to the present investigation may provide their comments on the product under consideration and propose PCNs (with justification), if any, within 15 days of circulation of the receipt of intimation of initiation of the investigation.

B. SUBJECT COUNTRIES

9. The subject countries for the present anti-dumping investigation are China PR, Indonesia, Japan, Korea RP, Taiwan, Thailand and the United States of America.

C. LIKE ARTICLE

10. The applicants have stated that there are no significant differences in the product produced by the domestic industry and that exported from the subject countries. The product produced by the domestic industry and imported from the subject countries are comparable in terms of physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, pricing, distribution and marketing, and tariff classification. The applicants have claimed that the two are technically and commercially substitutable and the consumers are using both the products interchangeably. Thus, for the purposes of the present investigation, the product produced by the domestic industry has been considered as like article to the product being imported from the subject countries.

D. PERIOD OF INVESTIGATION (POI)

11. The applicants have proposed 1st October 2022 to 30th June 2023 (9 months) as the period of investigation. The applicants have claimed that the period of investigation of 9 months is appropriate for the present investigation as dumping of the product under consideration intensified in the third quarter of 2022-23 (Oct-Dec 2022). Accordingly, the application has been filed considering the period of investigation as time period from which dumping started in India till the latest period for which the data was available.

12. However, the Authority has considered 1st October 2022 – 30th September 2023 as the period of investigation. The injury investigation shall cover the period 2020-21, 2021-22, 2022-23 and the period of investigation.

E. DOMESTIC INDUSTRY

13. The application has been filed by Chemplast Cuddalore Vinyls Limited, DCM Shriram Limited and DCW Limited. The applicants have neither imported the subject goods from the subject countries during the period of investigation nor are they related to any other producer/exporter of subject goods in the subject countries or any importer in India.

14. There are two more producers of the subject goods in India that is, Finolex Industries Limited and Reliance Industries Limited. They have neither supported nor opposed the present application. Further, the applicants have claimed that the said producers are also involved in importing the product under consideration in India from the subject countries during the period of investigation. The applicants have claimed that such producers are should not be considered eligible to constitute domestic industry under Rule 2(b) of the Anti-Dumping Rules.

15. In any case, even if the two producers are considered eligible, as per the evidence available on record, the production of the applicants accounts for a major proportion in the domestic production of the like article in India. Therefore, the Authority has considered the applicants i.e. Chemplast Cuddalore Vinyls Limited, DCM Shriram Limited and DCW Limited as domestic industry within the meaning of the Rule 2(b) of the Rules and the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.

F. BASIS OF ALLEGED DUMPING

Normal Value for China PR

16. The applicants have submitted that China PR should be treated as a non-market economy and that producers from China PR should be directed to demonstrate that market economy conditions prevail in the industry with regard to the production and sales of the subject goods. Unless the producers from China PR show that such market economy conditions prevail, their normal value should be determined in accordance with Para 7 of Annexure-I to the Anti-Dumping Rules, 1995.

17. Therefore, for the purpose of initiation of the investigation, the normal value has been constructed based on the estimates of the cost of production of the applicant duly adjusted with selling, general and administrative expenses, along with a reasonable profit margin.

Normal Value for Indonesia, Japan, Korea RP, Taiwan, Thailand and the United States of America.

18. The applicants have claimed that they had made efforts to determine the normal value for subject countries on the basis of direct selling price in these countries, however, they were not able to find any evidence of the same. Further, the product under consideration is being dumped in India from all major sources and hence, imports into India cannot be considered. There is no dedicated codes for the product under consideration, hence, it was not possible to determine normal value based on exports from such countries to other countries. The applicants have, therefore, proposed to compute the normal value for the subject countries based on the cost of production of the applicants, duly adjusted and with reasonable margins.

19. The Authority, for the purpose of initiation, has *prima facie* determined the normal values for Indonesia, Japan, Korea RP, Taiwan, Thailand and the United States of America on the basis of cost of production of the applicants duly adjusted for selling, general and administrative expenses and reasonable profits.

Export Price

20. The export price of the subject goods from the subject countries has been estimated by considering CIF prices based on the DGCI&S data. Further, the following adjustments have been taken into account to arrive at the ex-factory level:

- a) Ocean freight;
- b) Marine insurance;
- c) Commission;
- d) Bank charges
- e) Port expenses; and
- f) Inland freight

Dumping Margin

21. The normal value and the export price have been compared at the ex-factory level, which *prima facie* establishes that the dumping margin is above the *de minimis* level and is significant with respect to the product under consideration imported from the subject countries. Thus, there is sufficient *prima facie* evidence that the product under consideration from the subject countries is being dumped in the domestic market by the exporters from the subject countries.

G. INJURY AND CAUSAL LINK

22. The applicants have provided *prima facie* evidence with respect to the injury suffered by the domestic industry. The information submitted by the applicants has been considered for assessment of injury to the domestic industry. The applicants have claimed that the volume of subject imports has increased significantly in absolute terms as well as in relation to production and consumption in India. The subject imports are undercutting the prices of the domestic industry. The cost of sales as well as the selling price of the domestic industry increased in

2021-22 as compared to the base year and declined thereafter in 2022-23 and the POI, the selling price has declined much more than the cost of sales of the domestic industry. Thus, the imports have suppressed and depressed the prices of the domestic industry. While the volume parameters of the domestic industry have shown an increase, the market share of the domestic industry and the Indian industry as a whole has declined since 2021-22. The profitability of the domestic industry has deteriorated, and it has incurred financial losses during the period of investigation. The cash profits and return on investment earned by the domestic industry have declined significantly. Further, the imports have adversely affected the ability of the domestic industry to raise capital investments and the dumping margin for the subject countries are positive and significant.

23. Therefore, there is sufficient *prima facie* evidence of injury being caused to the domestic industry by the dumped imports from the subject countries to justify the initiation of an anti-dumping investigation.

H. RETROSPECTIVE IMPOSITION OF DUTIES

24. The applicants have requested for retrospective imposition of the anti-dumping duty on imports of product under consideration from the subject countries. The applicants have claimed that retrospective imposition is necessary due to the following:

- a. There is clear history of dumping of the product in India from the subject countries. Imports from China PR, Indonesia, Japan, South Korea, Taiwan, Thailand and United States of America were subject to anti-dumping duty from a period from 23rd January 2008 till 9th February 2022
- b. The importers in India are aware of the fact that exporters practice dumping of the product into India. As soon as the anti-dumping duty on imports of the subject goods expired, the volume of imports has increased by 65% in 2022-23.
- c. The performance of domestic industry has steeply declined during the period of investigation as it has suffered financial losses as well as cash losses. The domestic industry has not been able to earn enough to service its financial obligations. The capital investment of the domestic industry is likely to be eroded in case anti-dumping duty is not imposed immediately.

25. The interested parties may offer their comments in this regard as per time limit given in this notification.

I. INITIATION OF ANTI-DUMPING INVESTIGATION

26. On the basis of the duly substantiated written application submitted by the applicants and having reached satisfaction based on the *prima facie* evidence submitted by the applicants concerning the dumping of the product under consideration originating in or exported from the subject countries, the consequential injury to the domestic industry as a result of the alleged dumping of the subject goods and the causal link between such injury and the dumped imports,

and in accordance with Section 9A of the Act read with Rule 5 of the AD Rules, the Authority, hereby, initiates an anti-dumping investigation to determine the existence, degree and effect of dumping with respect to the product under consideration originating in or exported from the subject countries and to recommend the appropriate amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

J. PROCEDURE

27. The provisions stipulated in Rule 6 of the AD Rules, 1995 shall be followed in the present investigation

K. SUBMISSION OF INFORMATION

28. All communication should be sent to the Designated Authority via email at email adv11-dgtr@gov.in, jd12-dgtr@gov.in and ad12-dgtr@gov.in. It must be ensured that the narrative part of the submission is in searchable PDF/MS-Word format and data files are in MS-Excel format.

29. The known producers/exporters in the subject countries, the Governments of the subject countries through their embassies in India, the importers and users in India who are known to be associated with the subject goods are being informed separately to enable them to file all the relevant information within the time limits mentioned in this initiation notification. All such information must be filed in the form and manner as prescribed by this initiation notification, the AD Rules, 1995 and the applicable trade notices issued by the Authority.

30. Any other interested party may also make submission relevant to the present investigation in the form and manner as prescribed by this initiation notification, the AD Rules, 1995 and the applicable trade notices issued by the Authority within the time limits mentioned in this initiation notification.

31. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other interested parties.

32. Interested parties are further directed to keep regularly visit the official website of the Directorate General of Trade Remedies (<https://www.dgtr.gov.in/>) to stay updated and apprised with the information as well further processes related to the investigation.

L. TIME LIMIT

33. Any information relating to the present investigation should be sent to the Designated Authority via email at email address adv11-dgtr@gov.in, jd12-dgtr@gov.in and ad12-dgtr@gov.in within 30 days from the date on which the non-confidential version of the application filed by the domestic industry would be circulated by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries as per Rule 6(4) of the AD Rules. If no information is received within the stipulated time limit or the

information received is incomplete, the Authority may record its findings based on the facts available on record and in accordance with the AD Rules, 1995.

34. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit as stipulated in this notification.

35. Where an interested party seeks additional time for filing of submissions, it must demonstrate sufficient cause for such extension in terms of Rule 6 (4) of the AD Rules, 1995 and such request must come within the time stipulated in this notification.

M. SUBMISSION OF INFORMATION ON CONFIDENTIAL BASIS

36. Where any party to the present investigation makes confidential submissions or provides information on a confidential basis before the Authority, such party is required to simultaneously submit a non-confidential version of such information in terms of Rule 7(2) of the AD Rules and in accordance with the relevant trade notices issued by the Authority in this regard.

37. Such submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission which has been made to the Authority without such markings shall be treated as "non-confidential" information by the Authority, and the Authority shall be at liberty to allow other interested parties to inspect such submissions.

38. The confidential version shall contain all information which is, by nature, confidential, and/or other information, which the supplier of such information claims as confidential. For the information which is claimed to be confidential by nature, or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.

39. The non-confidential version of the information filed by the interested parties should essentially be a replica of the confidential version with the confidential information preferably indexed or blanked-out (where indexation is not possible) and such information must be appropriately and adequately summarized depending upon the information on which confidentiality is claimed.

40. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons containing a sufficient and adequate explanation in terms of Rule 7 of the AD Rules, 1995 and appropriate trade notices issued by the Authority, as to why such summarization is not possible, must be provided to the satisfaction of the Authority.

41. The interested parties can offer their comments on the issues of confidentiality claimed by the other interested parties within 7 days of the receipt of the non-confidential version of the documents.

42. Any submission made without a meaningful non-confidential version thereof or without a sufficient and adequate cause statement in terms of Rule 7 of the AD Rules, 1995 and appropriate trade notices issued by the Authority, on the confidentiality claim shall not be taken on record by the Authority.

43. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

44. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

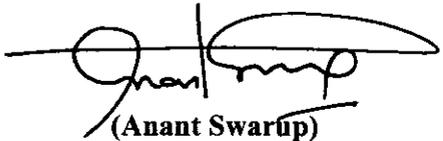
45. A list of the registered interested parties will be uploaded on the DGTR's website along with the request therein to all of them to email the non-confidential version of their submissions to other interested parties.

N. INSPECTION OF PUBLIC FILE

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

O. NON-COOPERATION

47. In case any interested party refuses access to and otherwise does not provide necessary information within a reasonable period or within the time stipulated by the Authority in this initiation notification, or significantly impedes the investigation, the Authority may declare such interested party as non-cooperative and record its findings based on the facts available and make such recommendations to the Central Government as deemed fit.


(Anant Swarup)
Designated Authority