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**F. No. 7/11/2020-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 11th May, 2020

INITIATION NOTIFICATION

Case No. ADD-SSR-07/2020

Subject: Sunset Review of anti-dumping investigation concerning imports of “Phthalic Anhydride” originating in or exported from Japan and Russia.

1. M/s. IG Petrochemicals Limited, M/s. Thirumalai Chemicals Ltd. and M/s. SI Group India Pvt. Ltd., (hereinafter also referred to as “Applicants”) have filed before the Designated Authority (hereinafter also referred to as the “Authority”) an application in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter also referred to as the Act) and Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (herein also referred to as the “Rules”), as amended from time to time for sunset review of anti-dumping duty imposed on imports of “Phthalic Anhydride (PAN)” (hereinafter also referred to as the subject goods or the product under consideration), originating in or exported from Japan and Russia (hereinafter also referred to as the subject countries).
2. The Applicants have alleged likelihood of continuance or recurrence of dumping of the subject goods, originating in or exported from the subject countries and consequent injury to the domestic industry and has requested for sunset review and continuation of the anti-dumping duties imposed on the import of the subject goods originating in or exported from the subject countries.

Background

3. The original anti-dumping investigation concerning imports of the subject goods from the subject countries was initiated by the Authority vide notification No. 14/6/2014-DGAD, dated 9th May 2014. On the basis of recommendation made by the Authority, vide Notification No. 14/6/2014-DGAD, dated 3rd November 2015 for definitive antidumping

duty on the imports of subject goods originating in or exported from Japan and Russia, the imposition of antidumping duty was notified vide Customs Notification No. 56/2015 Customs, dated 4th December 2015. The current anti-dumping duty imposed on the subject countries are in force till 3rd December 2020.

Product under consideration

4. The product under consideration in the present application is “Phthalic Anhydride” (PAN). Phthalic Anhydride (PAN) is an anhydride of Phthalic Acid and is commercially produced by catalytic oxidation of Ortho-xylene or Naphthalene. It is a colorless solid, variously referred as Phthalic Anhydride flakes, Phthalic Anhydride (98% min.), Phthalic Acid Anhydrous, Phthalic Anhydride (99.8% min), etc. Specifications of Phthalic Anhydride includes its physical appearance, color of solid flakes, color of molten product, solidification point, Phthalic Anhydride content by weight, other anhydrides & organic impurities’ content by weight and acidity index.
5. The product under consideration is classified under chapter 29 of Customs Tariff Act, 1975 and subheading 29173500. The custom classification is indicative only and not binding on the scope of the investigation.

Like Article

6. The Applicant has claimed that there is no known difference in the subject goods produced by the petitioning domestic producers and those exported from subject countries and that the two are like articles and are technically and commercially substitutable. Therefore, for the purpose of the present investigation, the subject goods produced by the petitioning domestic producers are being treated as ‘Like Article’ to the subject goods being imported from the subject countries.

Domestic industry & Standing

7. The application has been filed by M/s IG Petrochemicals Limited, M/s Thirumalai Chemicals Ltd. and M/s SI Group India Pvt. Ltd. (hereinafter also referred to as “Domestic Industry”). The Applicants have neither imported the subject goods from the subject countries nor are related to any exporter or producer of subject goods in the subject countries or any importer of the PUC in India. The Applicants’ production account for total share of the gross domestic production in India.
8. On the basis of information available, 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.

Likelihood of continuation or recurrence of dumping

i. Normal value for Russia

9. The Applicants have stated that normal value could not be determined based on domestic selling price for want of public information. The Applicants have further stated that even the imports in Russia are insignificant in volume and so they could not determine the normal value based on the consumption price in Russia. They have attempted to determine the normal value on the basis of export price from Russia to Poland as third country as the exports from Russia to Poland is claimed to have the highest share in the volume of exports of subject goods from Russia. However, detailed justification in regard to appropriateness of third country has not been furnished. Pending examination of the appropriateness of Poland as third country, normal value has been constructed based on the cost of production of the most efficient constituent of the domestic industry plus reasonable profit. The normal value so constructed is given in the dumping margin table.

ii. Determination of normal value for Japan

10. The Applicants have stated that normal value could not be determined based on domestic selling price for want of public information. The Applicants have proposed export price from Japan to Malaysia as third country for the purpose of determination of normal value. However, detailed justification in regard to appropriateness of third country has not been furnished. Pending examination of the appropriateness of Malaysia as third country, normal value has been constructed based on the cost of production of the most efficient constituent of the domestic industry plus reasonable profit. The normal value so determined is given under the dumping margin table.

iii. Export price

11. The applicants computed the export price on the basis of transaction wise import data procured from Directorate General of Commercial Intelligence & Statistic. Export prices have been adjusted for Ocean Freight, Marine Insurance, Commission, Bank Charges, Inland Transportation and port expenses.

iv. Dumping Margin

12. 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. The dumping margin is not only above *de minimis* but also substantial.

Initiation of Sunset Review of Anti-dumping investigation

13. On the basis of duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about the likelihood of continuation or recurrence of dumping and injury to the domestic industry, in accordance with Section 9 A (5) of the Act, read with Rule 23(1B) of the Rules, the Authority, hereby, initiates a sunset review investigation to review the need for continued imposition of the duties in force in respect of the subject goods, originating in or exported from the subject countries and to examine whether the expiry of existing duties are likely to lead to continuation or recurrence of dumping and consequent injury to the Domestic Industry.

Subject Countries

14. The subject countries in the present sunset investigation are Japan and Russia.

Period of Investigation (POI)

15. Explanation to Rule 22 of Rules states that:

For the purposes of these rules, the period of investigation shall,- (i) not be more than six months old as on the date of initiation of investigation. (ii) be for a period of twelve months and for the reasons to be recorded in writing the designated authority may consider a minimum of six months or maximum of eighteen months."

16. In view of the above provision in the Rules, the period of investigation (POI) adopted by the Authority for the present investigation is April, 2019 to March, 2020 (12 months) and the injury period will cover the periods April 2016- March 2017, April 2017-March 2018, April 2018- March 2019 and the POI.

Procedure

17. The review will cover all aspects of the final findings published vide Notification No. 14/6/2014-DGAD, dated 3rd November 2015, recommending imposition of anti-dumping duty on imports of "Phthalic Anhydride (PAN)" from Japan and Russia. The Authority would also undertake likelihood analysis of dumping and injury as required.
18. The provisions of Rules 6, 7, 8, 9, 10, 11, 16, 17, 18, 19 and 20 of the Rules supra shall be mutatis mutandis applicable in this review.

Submission of Information

19. In view of the special circumstances arising out of COVID-19 pandemic, all communication should be sent to the Designated Authority via email at the email addresses adg12-dgtr@gov.in and adv12-dgtr@gov.in.
20. The known producers/exporters in the subject countries, their governments through their embassies in India, the importers and users in India known to be concerned with the subject goods and the domestic industry are being informed separately to enable them to file all the relevant information in the form and manner prescribed within the time-limit set out below.
21. Any other interested party may also make its submissions relevant to the investigation in the prescribed form and manner within the time limit set out below.
22. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to other interested parties.

Time Limit

23. In view of the special circumstances arising out of COVID-19 pandemic, any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg12-dgtr@gov.in and adv12-dgtr@gov.in within 60 days of the issue of this initiation notification. If no information is received within the prescribed time limit or the information received is incomplete, the Authority may record its findings on the basis of the facts available on record in accordance with the Rules.
24. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

Submission of information on confidential basis

25. Any party making any confidential submission or providing information on confidential basis before the Authority, is required to simultaneously submit a non-confidential version of the same in terms of Rule 7(2) of the Rules and the Trade Notices issued in this regard. Failure to adhere to the above may lead to rejection of the response / submissions.
26. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file Confidential and Non-Confidential versions separately.

27. The "confidential" or "non-confidential" submissions must be clearly marked as "confidential" or "non-confidential" at the top of each page. Any submission made without such marking shall be treated as non-confidential by the Authority, and the Authority shall be at liberty to allow the other interested parties to inspect such submissions.
28. The confidential version shall contain all information which is by nature confidential and/or other information which the supplier of such information claims as confidential. For information which are claimed to be confidential by nature or the information on which confidentiality is claimed because of other reasons, the supplier of the information is required to provide a good cause statement along with the supplied information as to why such information cannot be disclosed.
29. The non-confidential version is required to be a replica of the confidential version with the confidential information preferably indexed or blanked out (in case indexation is not feasible) and summarized depending upon the information on which confidentiality is claimed. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on confidential basis. However, in exceptional circumstances, the party submitting the confidential information may indicate that such information is not susceptible to summary, and a statement of reasons why summarization is not possible must be provided to the satisfaction of the Authority.
30. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.
31. Any submission made without a meaningful non-confidential version thereof or without good cause statement on the confidentiality claim shall not be taken on record by the Authority.
32. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorization of the party providing such information.

Inspection of Public File

33. In terms of Rule 6(7) of the Rules, any interested party may inspect the public file containing non-confidential version of the evidence submitted by other interested parties. The modality of maintaining public file in electronic mode is being worked out.

Non-cooperation

34. In case where an interested party refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes the investigation, the Authority may record its findings on the basis of the facts available to it and make such recommendations to the Central Government as deemed fit.

 11/05/20

(Bhupinder S. Bhalla)
Additional Secretary & Designated Authority