

F. No. 6/17/2023-DGTR
Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building 5, Parliament Street, New Delhi – 110001

Dated: 30th September 2023

INITIATION NOTIFICATION

Case No. AD(OI) – 16/2023

Subject: Initiation of anti-dumping investigation concerning imports of “Poly Vinyl Chloride Paste Resin” originating in or exported from China PR, Korea RP, Malaysia, Norway, Taiwan & Thailand.

F. No. 6/17/2023-DGTR – M/s Chemplast Sanmar Limited (hereinafter referred to as the “applicant”) has filed an application before the Designated Authority (hereinafter referred to as the ‘Authority’), in accordance with the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred 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 referred to as the ‘Rules’), seeking initiation of an anti-dumping investigation on imports of ‘Poly Vinyl Chloride Paste Resin’ (hereinafter referred to as the ‘product under consideration’ or ‘subject goods’ or ‘PVC Paste Resin’), originating in or exported from China PR, Korea RP, Malaysia, Norway, Taiwan & Thailand (hereinafter referred to as the “subject countries”).

2. The applicant has 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 has requested for the 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 ‘Poly Vinyl Chloride Paste Resin’ also known as Emulsion PVC Resin.

4. PVC Paste Resin is produced using Vinyl Chloride Monomer and is usually sold in the form of white/off-white powder. The PUC is primarily used for manufacturing artificial leather and the

other uses of the product are in the manufacturing of rexene, coated fabrics, tarpaulins, conveyer beltings, toys, automotive sealant, adhesives, and gloves.

5. The following products are excluded from the scope of PUC:

- a. Product under consideration with K value below 60K
- b. PVC Blending Resin
- c. Co-polymers of the PVC paste resin
- d. Battery separator resins

6. The product under consideration is classified under Chapter 39 of the Customs Tariff Act, 1975 under subheading 390410 of the Tariff Classification and has a dedicated classification under ITC HS Code 39041010. The customs classification is indicative only and not binding on the scope of the product under consideration for the proposed investigation.

7. The parties to the present investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days of circulation of the non-confidential version of the documents filed before the Authority as indicated in paragraph 27 of this initiation notification.

B. Like Article

8. The applicant has submitted that there are no significant differences in the subject goods produced by the applicant and exported from the subject countries and both are like articles. The product produced by the applicant and imported from the subject countries are comparable in terms of essential product characteristics such as physical and chemical characteristics, manufacturing process & technology, functions & usage, product specifications, pricing, distribution & marketing and tariff classification of the goods. Consumers can use and have been using the two interchangeably. The two are technically and commercially substitutable, and hence, should be treated as 'like article' under the Rules. Thus, for the purposes of initiation of the present investigation, the article produced by the applicant has been *prima facie* considered as like article to the product being imported from the subject countries.

C. Domestic Industry & Standing

9. The application has been filed by M/s Chemplast Sanmar Ltd. Apart from the applicant, there is one other producer in India i.e., Finolex Industries Ltd., which has supported the instant application filed by the applicant. The applicant and Finolex Industries Ltd are the only two producers of the product under consideration in India. As submitted, their production together constitutes 100% of the total domestic production in India. The applicant has further stated that it

has not imported the PUC from the subject countries and is not related to any exporters in the subject countries nor to any importers in India.

10. In view of the above, the Authority notes that the applicant constitutes 'domestic industry' within the meaning of Rule 2(b) of the AD Rules and the application satisfies the criteria of standing in terms of Rule 5(3) of the AD Rules.

D. Subject Country

11. The subject countries in the present investigation are China PR, Korea RP, Malaysia, Norway, Taiwan & Thailand.

E. Period of Investigation

12. The period of investigation (POI) for the investigation is from April 2022 to March 2023 (12 months). The injury examination period is 1st April 2019 to 31st March 2020, 1st April 2020 to 31st March 2021, 1st April 2021 to 31st March 2022, and the POI.

F. Procedure

13. The provisions stipulated in of Rule 6 of the Anti-Dumping Rules shall be followed in this investigation.

G. Basis for alleged dumping

Normal Value for China PR

14. The applicant has 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.

15. 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 Korea RP, Malaysia, Norway, Taiwan & Thailand

16. The applicant proposed to compute the normal value for the subject countries based on the cost of production of the applicant, duly adjusted for the materials, utilities, and labor to reflect the costs in the subject countries.

17. The Authority, for the purpose of initiation, has *prima facie* determined the normal values for Korea RP, Malaysia, Norway, Taiwan & Thailand on the basis of cost of production of the applicant duly adjusted for selling, general and administrative expenses and reasonable profits.

Export Price

18. The export price of the subject goods from the subject countries has been estimated by considering transaction-wise import data provided by DGCI&S. The Authority has, thereafter, made necessary adjustments to arrive at the net export price.

Dumping Margin

19. 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 with respect to the subject goods 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 of India by the exporters from the subject countries.

H. Injury and Causal Link

20. The applicant has provided *prima facie* evidence with respect to the injury suffered by the domestic industry because of the dumped imports. The volume of the subject imports from the subject countries is significant in absolute as well as relative terms. The applicant contends that the subject imports have had an adverse impact on the profitability parameters of the domestic industry due to which the cash profits, PBIT, and ROCE have registered a very significant decline. The price undercutting from the subject countries as a whole is positive. The price suppression and depression caused by dumped imports have been preventing the domestic industry from increasing its prices to recover the full cost and achieve a reasonable rate of return. There has also been an increase in the inventory levels of the domestic industry during POI as compared to the previous year.

I. Initiation of Anti-Dumping Investigation

21. On the basis of the duly substantiated written application submitted by the applicant and having reached satisfaction based on the *prima facie* evidence submitted by the applicant 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 the 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. Submission of Information

22. All communication should be sent to the Designated Authority via email at email addresses dd11-dgtr@gov.in and dd16-dgtr@gov.in with a copy to adg14-dgtr@gov.in and adv13-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.

23. The known producers/exporters in the subject countries, the government of the subject countries through its Embassy in India, and 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 Rules, and the applicable trade notices issued by the Authority.

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

25. 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.

26. Interested parties are further directed to 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 as further processes related to the investigation.

K. Time Limit

27. Any information relating to the present investigation should be sent to the Designated Authority via email at email address dd11-dgtr@gov.in and dd16-dgtr@gov.in with a copy to adg14-dgtr@gov.in and adv13-dgtr@gov.in within 30 days from the date on which the non-confidential version of the documents 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 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 Rules.

28. 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.

29. 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.

L. Submission of Information on Confidential Basis

30. 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 Rules and in accordance with the relevant trade notices issued by the Authority in this regard.

31. Such submissions must be clearly marked as “confidential” or “non-confidential” at the top of each page. Any submission that 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.

32. 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.

33. The non-confidential version of the information filed by the interested parties should 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.

34. The non-confidential summary must be in sufficient detail to permit a reasonable understanding of the substance of the information furnished on a 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 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.

35. The interested parties can offer their comments on the issues of confidentiality claimed by the domestic industry within 7 days from the date of circulation of the non-confidential version of the documents as indicated in paragraph 27 of this initiation notification.

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

37. 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

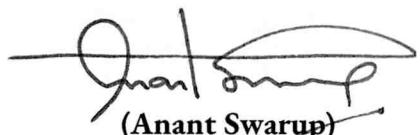
is not warranted or if the supplier of the information is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, it may disregard such information.

38. 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.

39. 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.

M. Non-Cooperation

40. 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 it deems fit.



(Anant Swarup)

Designated Authority