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**F. No. 06/04/2023-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: 12th May, 2023

INITIATION NOTIFICATION

(Case No. AD(OI)-04/2023)

Subject: Initiation of anti-dumping investigation concerning imports of “Pentaerythritol” originating in or exported from China PR, Saudi Arabia, and Taiwan.

1. M/s Kanoria Chemicals & Industries Limited (hereinafter referred to as the “applicant” or “domestic industry”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) in accordance with 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 for Determination of Injury) Rules, 1995, as amended from time to time (hereinafter also referred to as the “Rules”), for initiation of an anti-dumping investigation and imposition of anti-dumping duty on imports of “Pentaerythritol” (hereinafter referred to as “product under consideration” or “PUC” or “subject goods”), originating in or exported from China PR, Russia, Saudi Arabia, and Taiwan.
2. The applicant has claimed that injury to the domestic industry is being caused due to the dumped imports from China PR, Russia, Saudi Arabia, and Taiwan and has requested for imposition of anti-dumping duty on the imports of the subject goods originating in or exported from China PR, Russia, Saudi Arabia, and Taiwan.

A. Product Under Consideration (PUC)

3. The product under consideration in the present investigation is “Pentaerythritol”. Pentaerythritol is an organic compound produced using electrodialysis separation technology or fractional crystallization technology having molecular formula of $C_5H_{12}O_4$ and molecular weight of 136.15. There is no difference in product properties produced through the two technologies.

4. Pentaerythritol can be of either technical or nitration grade and both the grades are produced out of the same process. There is no material difference between technical or nitration grade while the latter tends to have a nominal higher price due to its higher purity compared to the former. The price difference between technical and nitration grade is insignificant and consistent with the past determination of the Authority in previous investigations conducted on the product under consideration, no differentiation is made between the two grades for the purpose of comparison.
5. Production process largely results in production of "technical Grade" (which is 98%) while the production of nitration grade is very minimal, (less than 2%). Further, imports are primarily of technical grade.
6. The applicant is also involved in the conversion of Pentaerythritol to Di-pentaerythritol. However, Di-pentaerythritol is beyond the scope of the product under consideration.
7. Pentaerythritol is used in the manufacturing of derivatives which are used as drying agent in paint, varnishes, and other surface coating industries. It is mostly used in the manufacture of alkyd resins, resins, resin esters, plasticizers, printing inks, synthetic rubber, stabilizers for plastics, modified drying oils, detonators, explosives, pharmaceuticals, and core oils and synthetic lubricants, etc.
8. The product under consideration is imported under Chapter 29 of the Customs Tariff Act, 1975, under customs sub-heading 2905.42.90. The customs classification is only indicative and is not binding on the scope of the product under consideration.
9. The parties to the investigation may provide their comments on the PUC and propose PCNs, if any, within 15 days of circulation of non-confidential version of the anti-dumping application.

B. Like Article

10. The applicant has stated that there is no known difference in the product produced by the domestic industry and the one exported from the subject countries. The article produced by the applicant 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 of the subject goods. The subject goods and the article manufactured by the applicant are technically and commercially substitutable. The applicant has claimed that consumers of the subject goods are using the subject goods and the article manufactured by the applicant interchangeably. Thus, for the purposes of the present investigation, the article produced by the applicant has been considered as like article to the product being imported from the subject countries.

C. Subject Countries

11. The applicant has proposed China, Russia, Saudi Arabia, and Taiwan as the subject countries. The DGCI&S published data shows that the import volume from Russia during the period of investigation is negligible by the way of volume. Hence, the Authority has considered China, Saudi Arabia, and Taiwan as the subject countries for the purpose of this investigation.

D. Period of Investigation

12. The petitioner has proposed POI (a) excluding the period during which duties on China were in force, and the period for which data/information is not available, (b) considering urgency in undertaking investigations, having regard to irreparable loss and damage that is occurring to the domestic industry. The applicant proposed 01st July 2022 to 31st December 2022 (6 months) as the period of investigation after excluding the period during which anti-dumping duties were in force on China (which expired in June 2022).
13. However, the explanation to amended Rule 22(3) with regard to the period of investigation states as follows:

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."

14. In view of the above provision in the Rules, and after examining the submission of the applicant, the Authority has considered the period of investigation (POI) for the present investigation from 01st July 2022 to 31st March 2023 (a period of 9 months). Interested parties may provide comments, if any, within 15 days from date of circulation of non-confidential version of application with regard to appropriateness of period of investigation (POI). The injury period will cover 2019-20, 2020-21, April '21 to June '22, and the period of investigation (POI).

E. Domestic Industry and Standing

15. The application has been filed by M/s Kanoria Chemicals and Industries Limited (Kanoria). The applicant has certified that it has neither imported the subject goods from the subject countries nor is related to any exporter or producer from the subject countries or importers in India. There is only one other Indian producer of the subject goods namely M/s Asian Paints (India) Limited (Asian). The applicant has claimed that Asian Paint produces the subject goods for captive consumption and thus its production should not be included in the eligible domestic production as it does not compete with the dumped imports from the subject countries, nor with the sales made by the applicant.

16. On the basis of information available, and after due examination, the Authority notes that the production by the applicant constitutes “a major proportion” of total Indian production even after including the production by other Indian producers. Thus, the applicant constitutes eligible domestic industry within the meaning of Rule 2(b), and the application satisfies the requirements of Rule 5(3) of the anti-dumping Rules.

F. Basis of alleged dumping

a. Normal Value

Normal Value for China PR

17. The applicant has cited and relied upon Article 15(a) (i) of China's Accession Protocol. The applicant has claimed that the producers in China PR must be asked to demonstrate that market economy conditions prevail in the industry producing the subject goods in terms of Para 8(3) of Annexure I of the Rules with regard to the manufacture, production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market driven, the normal value should be calculated in terms of provisions of para 7 and 8 of Annexure I to the Rules.
18. The applicant has also claimed that the data relating to cost or price in a market economy third country or recourse to other alternative methods is not available at this stage. The normal value has been constructed based on the best estimates of cost of production in India as per the best information available with reasonable addition for selling, general & administrative expenses, and profits.

Normal Value for Saudi Arabia, and Taiwan

19. The applicant has claimed that efforts were made to collect the data relating to price of the product in the domestic market of Saudi Arabia and Taiwan, however, the same was not available. Further, no reasonable, authentic, and accurate information could be obtained from published sources about the actual transaction-selling price of the product in the domestic markets of Saudi Arabia and Taiwan. Therefore, for purpose of initiation, the normal value has been calculated based on the cost of production of the applicant duly adjusted with selling, general and administrative expenses, along with a reasonable profit margin. The Authority will further examine the evidence provided by the interested parties and the applicant for the determination of normal value during the investigation.

b. Export Price

20. The CIF price reported for imports into India, as per DGCI&S published data has been considered for the determination of export price. Adjustments have been claimed for ocean freight, marine insurance, handling charges, port expenses, and bank charges. There is sufficient *prima facie* evidence with regard to the net export prices claimed by the applicant.

c. Dumping Margin

21. The normal value and export price have been compared at ex-factory level, which *prima facie* shows that dumping margin is not only above the *de-minimis* level but also significant. Further, the quarterly analysis of the period of investigation also shows decline in dumping margin between the first and last quarters. There is sufficient *prima facie* evidence that the subject goods from the subject countries are being dumped into the Indian market by the exporters from the subject countries.

G. Evidence of Injury and Causal link

22. The applicant has furnished *prima facie* evidence regarding the injury resulting from the alleged dumping of subject imports. It has been claimed that the subject goods were previously subjected to anti-dumping measures from various countries, however, no extension was sought on subject countries as the applicant's performance improved and the industry considered that imports are no longer likely to enter the market at dumped prices. The imports from the subject countries have however increased in absolute and relative terms. The price depression caused by the dumped imports have led to losses, cash losses, and negative return on capital employed. The market share of subject countries has increased whereas that of the domestic industry and other countries have declined. There is sufficient *prima facie* evidence of material injury being caused to the domestic industry by dumped imports of the subject goods from the subject countries.

H. Initiation of anti-dumping investigation

23. On the basis of the duly substantiated application by the applicant, and having satisfied itself, on the basis of *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.

I. Procedure

24. The principles as given in Rule 6 of the Rules will be followed for the present investigation.

J. Submission of Information

25. 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 adg13-dgtr@gov.in and adv11-dgtr@gov.in with copy to jd12-dgtr@gov.in and ad12-dgtr@gov.in. It should be ensured that the narrative part of the submission is in searchable PDF/MS Word format and data files are in MS Excel format.
26. The known exporters in the subject countries, the Governments of the subject countries 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.
27. 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 on the email addresses mentioned in Para 25 above.
28. 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.
29. Interested parties are further advised to keep a regular watch on the official website of the DGTR, i.e., <https://www.dgtr.gov.in/> for any updated information with respect to this investigation.

K. Time Limit

30. Any information relating to the present investigation should be sent to the Designated Authority via email at the email addresses adg13-dgtr@gov.in, adv11-dgtr@gov.in, jd12-dgtr@gov.in and ad12-dgtr@gov.in within thirty (30) days from the date of receipt of the notice as per Rule 6(4) of the Rules. It may, however, be noted that in terms of explanation of the said Rule, the notice calling for information and other documents shall be deemed to have been received within one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting countries. 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.
31. 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.

L. Submission of information on confidential basis

32. 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.

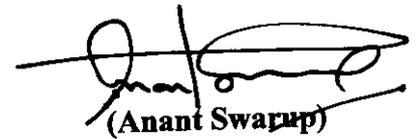
33. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file confidential and non-Confidential versions separately.
34. The "confidential" or "non-confidential" submissions must be clearly marked as "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.
35. 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.
36. 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. The other interested parties can offer their comments on the confidentiality claimed within 7 days of receiving the non-confidential version of the document.
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 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. 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.
39. 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.

M. Inspection of Public File

40. 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.

N. Non-cooperation

41. 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.

A handwritten signature in black ink, appearing to read 'Anant Swarup', is written over a horizontal line. The signature is stylized and cursive.

Designated Authority