MINISTRY OF COMMERCE
(Directorate General of Anti-Dumping and Allied Duties)

NOTIFICATION

New Delhi, the 9th June, 1999

Subject:-Anti-Dumping investigations concerning imports of Polytetrafluoroethylene (PTFE) from Russia-Preliminary Findings.

24/1/98/DGAD.- Having regard to the Customs Tariff Act 1975 and the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped Articles and for Determination of Injury), Rules 1995, thereof-

A. PROCEDURE:

1. The procedure given below has been followed with regard to the investigations:

i. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written petition from M/s. Hindustan Fluorocarbons Ltd., Hyderabad, alleging dumping of Polytetrafluoroethylene (PTFE) originating in or exported from Russia.

ii. The preliminary scrutiny of the application revealed certain deficiencies, which were subsequently rectified by the petitioner. The petition was thereafter considered as properly documented.

iii. The Authority on the basis of sufficient evidence submitted by the petitioner decided to initiate investigations against alleged dumped imports of PTFE originating in or exported from Russia. The Authority notified the Embassy of the subject country about the receipt of dumping allegation before proceeding to initiate investigations in accordance with sub-rule 5(5) of the Rules.

iv. The Authority issued a Public Notice dated 22"d January, 1999, published in the Gazette of India Extraordinary initiating antidumping investigations concerning imports of PTFE classified under heading no. 3904.61, Chapter 39 of the Customs Tariff Act, 1975, originating in or exported from Russia.

v. The Authority forwarded a copy of the Public Notice to the known exporter,(whose details were made available by the petitioner and by the Embassy of India in Russia) and industry associations and gave then an opportunity to- make their views known in writing within forty days from the date of the letter.

vi. The Authority forwarded a copy of the Public Notice to the known importers (whose details were made available by the petitioner) of PTFE and advised them to make their views known in writing within forty days from the date of the letter.

vii. Request was made to the Central Board of Excise and Customs (CBEC) to arrange details of imports of PTFE.

viii. The Authority provided copies of the Petition to the known **exporters and** the Embassy of the subject country in accordance with Rule 6(3) supra.

ix. **The Authority** sent a questionnaire, to elicit relevant information to the following known exporter in Russia, in accordance with Rule 6(4);

- M/s Halogen Joint Stock Company.
  UI, Lasvinskaya; 98 Perm Russian Federation 614113.

The exporter did not respond to the questionnaire in the pres ibed format. However they have addressed a letter to the Authority dated 1St April, 1999, in which they have expressed their unwillingness to participate in the present investigation.

x. The Embassy of the Russian Federation was informed about the initiation of the investigation in accordance with Rule . 6(2) with a request to advise the exporters/producers frpm their country to respond to the, questionnaire within the prescribed time. A copy of the letter, petition and questionnaire sent to the exporter was also sent to them, ahongwith the name and address of the exporter.

xi. A questionnaire was sent to the following known importers of PTFE in calling for necessary information in accordance with Rule 6(4);

- Mls. U.Goenka & Sons Ltd.,
  Mumbai
- M/s. Pragati International
  New-Delhi
- M/s. Venus Insulations
  New-Delhi
- M/s Mechanical Packing Industries Ltd.,.
  Mumbai
- M/s Mach Polymers
  Pune
- M/s. TFE Coating Industries
  Ahmedabad
- M/s Pragati Plastics Pvt Ltd.,
  New-Delhi

- Automat Industries
  Ahmedabad
- M/s. Dip-Flon Engineering Co.
  Ahmedabad
- Plastics Proddcts Engineering Co
  Narol
- M/s Corrosion Engineers
  Ahmedabad

Responses were filed by the following:

- Automat Industries
- Mach Polymers
- Dip-Flon Engineering & Co.
- Plastic Products Engineering Company
- A response dated 31 St March, 1999, was received from Garg Associates Pvt. Ltd., who claim to be pioneer manufacturers of PTFE insulated wires and cables (PIVVC) in India since 1966.
- Mechanical Packing Industries Ltd.

xii. The Authority made available a the non-confidential version of the evidence presented by various interested parties in the form of a public file kept open for inspection by the interested parties.

xiii. Cost investigations were conducted to work out optimum cost of production and cost to make and sell the subject goods in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the petitioner so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry.

xiv. * * * In this notification represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.

xv. The Authority conducted spot verification at the premises of the petitioner.

xvi. Investigations were carried out for the period starting from 1 St April 1997 to 30th June 1998 (15 months).

B. PETITIONERS VIEWS

2. The petitioner has raised the following major issues in their petition and in their subsequent submissions:

i. PTFE is an engineering polymer with unique properties and there is no substitute to this material. It is broadly classified as granular powder. (granular

grade or suspension grade) and aqueous dispersion (or emulsion grade). The main raw materials required for manufacture of PTFE are AHF and chloroform. No part of the inputs required for the manufacture of PTFE is imported.

ii. PTFE is **produced commercially** via the same -,)ute, world over, namely :- It is stated that there is no process other than the above through which PTFE can be produced.

iii. M/s HFL, is the manufacturer of various grades of PTFE. These are as specified below:

a. Suspension grades- H51A, H71, H81G, H5PS.
b. Emulsion grades- H620, H630, H603/1, H603/2, H603/3
c. Filled grades- are combinations of Carbon, Glass, Bronze, Graphite and Molybdenum disulphite.

iv. Russian F4 material can be compared with the petitioners grades of H51 A and H71 A (both under the category of suspension grade). F4, H51 A and H71 A are used for the same applications and follow the same process of manufacture. However, the elongation range and tensile strength value of the Russian material is inferior to that of the product manufactured by the petitioner. Pollution levels are higher in the Russian grade than that in HFL grades.

v. The production of suspension and emulsion PTFE (granular and aqueous solution grades) by HFL is in the ration of 80:20, which meets the total quantitative requirement of the country.

vi. The technology adopted by HFL has been acquired from one of the world leaders in the field, namely, M/s Atochem, France. This is a guarded technology and available only to 6 multinationals in the world.

vii. The polymerisation technology followed by world leaders is "free radical polymerisation" This technology adopted by M/s HFL, provides best results derived out of years of research and **development.**The technology followed by the Russians is believed to be simple addition polymerisation which does not make the ultimate product comparable to free radical polymerisation product in terms of quality on account of insufficient technology used in Russia.

viii. The quality of the material is extremely important for producing high quality performance components, wires, cables, coatings etc. If the raw material is of inferior grade, the corresponding components will fail in their respective applications. Alternative materials would then be developed leaving the real ~ advantages of PTFE aside.

ix. The quality of Russian material, is far inferior. Hence the markets which were developed by the petitioner are steadily being lost to alternative materials.

x. HFL started commercial production in 1988 when the demand of PTFE was only 150 MT as against a plant capacity of 500 TPA.' HFL has invested considerably to increase application usage of PTFE in India. While these efforts were showing results, dumping of Russian material in the country during the last three years adversely affected the performance of HFL.

xi. Russia, through trade channels or direct, supplies only granular powder grades and not emulsion/aqueous solution grades.

xii. The quality of Russian material is inferior to the grades of PTFE manufactured by HFL due to inadequate technology followed by them as well as inefficiency in their specific consumption of raw materials. Hence their processing inefficiencies are reflected in their higher cost of production. However, they continuously sell at desperate prices, which completely upsets the stability of the market.

xiii. There has been drastic increase in imports of PTFE. HFL has been losing its market share at a fast pace and has been compelled to sell its material comparable to landed price of imported resin. By offering competitive prices, HFL has had to sell its resin at considerable loss.

xiv. The capacity utilization of HFL has been dropping on account of drop in sales.

xv. The terms of supplies to HFL customers is on ex-works basis. All the handling costs (technical services are borne by the customer:

xvi. The packing of HFL material is in Fibre drums with LDP double lined liners. .

xvii. M/s. HFL,Hyderabad, is the only manufacturer of this resin in India. HFL has the smallest plant capacity in'the world having to compete with giants like Dupont, UAS/Japan, and VAO Techmashexport, Moscow, whose individual plant capacities are 10,000 MT per annum.

xviii. The quantum of investment made by the petitioner in application development and customer service is Rs 10 crores. It is to the credit of the petitioner that a PTFE market of 300MT/annum in 1991 has been enlarged by their marketing and application development efforts to the present market demand of 800MT.This has been the main reason for suppliers outside India to supply their material on Indian soil and take away the market from the petitioner.

xix. New areas of application of PTFE developed by the petitioner include the following:

a. indigenisation of PTFE nozzle heads for high voltage circuit brakes;
b. development of green PTFE strips for irrigation purposes;
c. development of PTFE cladded rubber diaphragms for pumping of corrosive liquids;
d. components for missiles;
e. development of PTFE pump;
f. development of PTFE insulation for batteries;

g. development of PTFE etched tapes.

xx. Due to the price pressure exerted through the dumping of PTFE by Russian suppliers, the petitioner was compelled to match the landed price of imported PTFE and was therefore unable to generate surplus funds for purposes of further investment in R&D and, application development after the period of investigation.

C. VIEWS OF IMPORTERS, EXPORTERS AND OTHER INTERESTED PARTIES

3. **Importers views**

(a) Automat Industries

i. As manufacturers of PTFE teflon items, supplies are made to buyers such as ISRO, HAL, BARC, NTPC, ONGC, BHEL and defence organisations who take delivery of quality products only. In order to ensure the quality of the product, the raw material has to be pure. The raw material, viz., PTFE was purchased from the petitioner and this continued for 12 years. However, due to the inferior quality of their product, they turned to imports from Russia, which was not only satisfactory in terms of quality but also priced cheaper.
ii. Quality problems with buyers did not recur since the usage of imported raw material which have timely delivery schedules.
iii. The petitioner who is the only manufacturer of PTFE, .supplies inferior quality material at higher price. If anti-dumping duty is imposed, the companies that supply quality finished products using imported PTFE, would suffer.

(b) M/s. Mach Polymers

They have not imported PTFE originating in or exported from Russia during the period of investigation or at any other time.

(c) Garg Associates Pvt. Ltd.

i. Two of the group companies, Garg Associates Pvt. Ltd., and Dhruv Electronics Pvt. Ltd., are involved in the design and manufacture of PIWC (PTFE insulated wires and cables) and PTFE sleeves/tubing's, and procure large quantities of fine-powder PTFE resin mostly from Japan.
ii. Garg Associates Pvt. Ltd., is perhaps the only exporter from India of PIWC to the developed markets of West Europe, UK, Canada, and New-Zealand at high

value-addition. Dhruv Electronics Pvt. Ltd., -is serving the domestic market, mainly in the area of defence electronics and aero-space besides professional industrial requirements in India.

iii. PTFE is a versatile plastic with varied uses, the most common being in the area of moulding and lining, from the point of view of bulk. PTFE is used by forming the fine powder resin into very thin tape, wrapping the tape around silver or nickel-plated-copper conductors and fusing it at high temperature to make a wire. A similar process is used for making sleeves or tubing's.

iv. Since the kinds of PTFE used for different applications vary widely in price, investigation for dumping should also take into consideration the different grades.

v. The.motives of the petitioner are suspect. The pricing of their products have never been based on. professional considerations related to cost of production. Nor is .the quality of PTFE or its consistency of any major concern to them. The prices have often been arbitrarily increased by HFL, in the past, based on the landed cost of imported PTFE by taking into account the prevailing import duty structure and the dollar exchange rate.

vi. This respondent had to raise a demand for compensation for poor quality of PTFE supplied by the petitioner. When their efforts to upgrade HFL quality did not produce satisfactory results, further purchases from the petitioner were stopped from July 1995.

vii. The respondent is now dependent exclusively on imported material.

viii. The Russian manufacturer need not be penalised for low production costs, even while M/s. HFL do not have any incentive to reduce cost of operations.

(d) Dip-Flon Engineering & CO.

i. This respondent has stated that they have not imported PTFE originating from Russia during the period of investigation.

ii. As a processor of PTFE they would like free play of competition between imported PTFE resin and that manufactured by HFL.

iii. They had to resort to imports as the quality of resin supplied by HFL was unsuitable for various processes and the petitioner was unable to meet their requirements on time.

iv. It is felt that in view of globalisation and resultant competitive pricing and the availability of a wide variety of options for consumers, it would be counter productive to impose anti dumping duties or restrict the imports of the product under investigation.

(e) Plastic Products Engineering Company

i. This respondent has not imported PTFE from M/s Halogen Joint Stock Company during the period investigated
ii. From the point of view of the consumer, M/s HFL being the sole manufacturer of PTFE should not be allowed to attain the status of a monopoly through the acceptance of their contention and by imposition of anti-dumping duties.
iii. The petitioner does not produce all grades of PTFE and hence any measure to restrict imports would be counterproductive.

(f) Mechanical Packing Industries Ltd.

i. Free import of PTFE has been allowed by the Government in the interest ,of indigenous consumers giving due weightage to various aspects like quality, availability and fitness for end-use. The petitioner is not in a position to offer the various grades of PTFE resin available in the international market to meet specific application areas/end-users requirements. Although most of the requirements are sourced from M/s HFL, it is often found that there is a lack of consistency in the quality of resin supplied by them.
ii. This respondent caters to the requirements of the domestic industry as well as to the -export market. For the purpose of exports, consistency in quality is essential, leading thereby to imports of PTFE resin.
iii. The landed cost of imports of PTFE resin from different sources has generally been more expensive than the cost of purchase from M/s HFL Ltd. It is reiterated that such expensive imports are essential, keeping in view the quality factor for the export market as well as the end-use application.
iv. There is no large scale dumping of Russian PTFE into the Indian market and therefore there is no case for the levy of anti dumping duty on PTFE resin. Levy of anti-dumping duty may lead to an adverse impact on the foreign exchange inflow by reducing exports due to non-competitive price and unacceptable quality.

4. **Exporters Views**

Halogen Joint Stock Company

This exporter has not responded to the - Authority's request for information as per the prescribed questionnaire and within the time limit allowed. However, vide their letter to the Authority dated 1/4/99 they have raised the following points:

i. The arguments of the petitioner are incorrect and groundless.
ii. The petitioner has erroneously concluded that normal value of PTFE in Russia is much higher than the export price to India.

iii. The statement of the petitioner that Russian producers charge salaries, wages and commercial interest to the "state" is absolutely groundless as is their statement that the number of personnel in Russian enterprises is"less than half' as compared with that of India:

iv. That JSC Halogen is a major manufacturer of PTFE in Russia is not factually correct. They have made irregular and insignificant quantities of deliveries to India.

v. It is unnecessary for HFL to compete with VAO Techmashexport (Moscow) as the latter is a trading organization, which has never manufactured PTFE.

vi. For comparison of prices, the petitioner has chosen the biggest producers of PTFE such as Dupont (USA) and Daikin (Japan) but these producers additionally include the cost of technical service (handling costs) to the price of PTFE resin.

vii. The prices- of PTFE. may differ significantly depending on the technology used for production and on post-treatment or further processing. For comparison of prices, references made to moulding PTFE powder of Dupont (USA) and Fluoroplast-4PN (Russia) are not in order because these grades of PTFE differ on account of particle size. They have different applications on further processing and consequently have different prices.

viii. The price-of PTFE depends also on the type of packaging used. The moulding powder of Dupont is packed in metal cardboard or polystyrene drums, while Flouroplast-4PN (JSC Halogen) is packed in paper sacks.

ix. In view of the reasons cited above and on getting acquainted with the documents presented, this exporter did not find it necessary to participate in the present investigation.

D. EXAMINATION OF THE ISSUES RAISED

5. The submissions made by the petitioner and importers have been examined and dealt with at appropriate places hereunder.

E. PRODUCT UNDER INVESTIGATION

6. The product under consideration in the present investigation is Poly tetra fluoro ethylene (PTFE) in suspension and emulsion grades:

PTFE is an engineering thermoplastic with, outstanding properties such as chemical inertness, low co-efficient of friction, heat resistance, excellent electrical insulation properties, non-toxic, non -inflammable and weathering resistance. Due to these characteristics PTFE finds many applications in chemical, mechanical, electrical and electronics industries. .

PTFE has varied uses the most common being in the areas of moulding and lining. In the mechanical industry, PTFE is used in the manufacture of bearings, compression rings, -Aide-blocks (to take up expansion in large metallic constructions, e.g., b~°idgPs, pipelines, heat exchangers, horizontal reservoirs, etc.), stuffing boxes on rotating or alternating shafts of pumps, compressors, autoclaves valves, etc. PTFE is also used in the manufacture of unsintered tape and in the printing and textile trade for coating of rollers to make the surfaces anti-stick.

In the electrical industry, wire PTFE sleeved by extrusion and tape wound cables are being used in precision industries. More general use is being made of PTFE in aviation, electronic computers radar etc. It is very generally used in making connection components coaxial plugs, supports for electronic tubes and aerials, cross-bars for high tension conductors, insulation components etc.

Seals and joints are now one of the most popular fields of application of PTFE in the chemical industry. Apart from this PTFE is equally effective for pipe-lines, valves, pumps etc.

PTFE is classified under Chapter 39 of the Customs Tariff Act, 1975, under tariff classification H.S. Code No. 3904.61. The classification is however indicative only and in no way binding upon the scope of the present investigations.

F. LIKE ARTICLES

7. PTFE is produced and sold in different grades. There is however no significant difference in terms of process, equipment or technology for the production of different grades of PTFE which is manufactured via the same chemical route the world over. For obtaining different grades of PTFE, different kinds of finishing operations are employed which are mostly in batches. Therefore, PTFE manufactured by the domestic industry and in the country subject to this investigation are alike in their essential physical and technical characteristics. .

In order to establish that PTFE produced by the domestic industry is a like article to .that exported from Russia, characteristics such as technical specifications,' manufacturing process, functions arid uses and tariff classification have been considered. Some interested parties have stressed on the quality differences between the imported PTFE and that manufactured by the petitioner. However, the basic manufacturing process, applications and. overall use of the product are similar. There is a high degree of interchangeability and consequently of competition between the imported product and that manufactured by the petitioner being the subject matter of this investigation.

There is no argument disputing that PTFE produced by the domestic industry in various grades has characteristics closely resembling the imported material and is substitutable by PTFE imported from the subject country both commercially and technically. PTFE produced by the domestic industry has been treated as like article to the product exported from Russia, within the meaning of Rule 2(d).

G. DOMESTIC INDUSTRY

8. The petition has been filed by M/s. Hindustan Fluorocarbons Ltd., Hyderabad, who is the only manufacturer of this product in India. The Ministry of Chemicals and Fertilisers has also confirmed the singleproducer status of the petitioner. The petitioner therefore constitutes domestic industry and has the required standing to file the present petition under the Rules.

H. DUMPING

9. Under Section 9A(1), normal value in relation to an article means:

The comparable price in the ordinary course of trade, for the like article when meant for consumption in the exporting . country or territory as determined in accordance-with the rules made under sub-section (6); or

i. 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 froth the exporting country or territory or 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 alongwith. 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 transshipped 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.

10. The Authority sent a questionnaire to the known exporter from the subject country in terms of the section cited above. However, the exporter did not respond to the request for information as per the questionnaire but raised some issues in a letter addressed to the Authority dated 1 /4/99. They also expressed their unwillingness to participate in this investigation. Therefore there are no claims made by the exporter with regard to normal value and export price. The Authority has therefore been constrained to rely upon constructed price and best available information with regard to normal value and export price respectively, as provided by the petitioner and as available in official statistics.

I. EXAMINATION OF' NORMAL VALUE AND EXPORT PRICE. BASED , ON CONSTRUCTED VALUE AND AVAILABLE INFORMATION BY TIE AUTHORITY

11. The Authority observes that the various grades of PTFE do not display any significant difference in terms of costs and are in the same range. It is stated by the petitioner that since the granular grade involves drying and energy required for drying, the cost of this additional energy is more or less equal to the additional additives cost for the aqueous solution emulsion grades. Hence the differential cost of production between granular and emulsion grades is marginal and can be treated as similar. The Authority has therefore grouped all grades described as product under consideration', for this investigation.

(i) **NORMAL VALUE**

12. The Authority observes that the exporter from Russia has not responded to the questionnaire in the prescribed format and has not furnished information relating to normal value, export price, and dumping margin. In a letter to the Authority received beyond the specified time-limit, they have raised some general issues and termed the petitioners views on normal value in Russia as groundless and incorrect. It is observed by the Authority that they have not attempted to substantiate their own arguments by responding to the questionnaire. Instead, they have expressed their unwillingness to participate in this investigation. The Authority therefore considers the exporter to be noncooperative and has proceeded on best available information.

The petitioner has claimed the constructed cost of production in Russia based on data collection and interaction with industries in the US and other international manufacturers. While the exporter has contested this data, stating that it is only an approximation, they have not given any evidence of their normal value. In the circumstances the Authority has been constrained to determine the constructed cost based on the available information.

The normal value .in Russia is therefore considered to be USD * * */kg or Rs * * */kg at an average exchange rate of 1 USD=Rs 39.42/. ,

(ii) **Export Price**

13. The export price has been determined from DGCIS data after taking 1% as ocean freight, 0.29% as insurance charges and 0.5% as packing costs. After adjustments on these accounts the fob export price is Rs * * */kg or USD * * */kg.

(iii) **Dumping margin**

14. Considering the normal value at USD * * */kg and the ex-works export price at USD ***/kg, the dumping margin determined by the Authority comes to USD * * */kg (which is 4.82% of export price).

J. INJURY

15. Under Rule 11 supra, Annexure-II, when a fnding of injury is arrived at, such finding shall involve determination of the 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 article..." 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 increase, which otherwise would have occurred; to a significant degree.

Annexure II(iii) under Rule 11 supra **further-provides** that in case where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the Designated Authority will cumulatively assess the effect of such imports, only when it determines that the margin of dumping established in relation to the imports from each country is more than two per cent expressed as a percentage of export price and the volume of the imports from each country is three per cent of the imports of the like article or where the export of the individual countries is less than three per cent , the imports cumulatively account for more than seven per cent of the imports of the like article , and cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic article.

The Authority notes that the margin of dumping and quantum of imports from the subject country are more than the limits prescribed above.

For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry as production; capacity utilisation, quantum of sales, stock, profitability, net sales realisation, the magnitude and margin of dumping etc. in accordance wire Annexure 11 (iv) of the rules supra.

(a) **Quantum of Imports**

16. The total imports of PTFE were 3,34,920 KG, 3,44;,184 KG, and 4,75,528 KG during 1995-96, 1996-97 and 1997-98 (till June,1998).Thus the increase was 2.76% in 1996-97 over 1995-96 and 38% in 1997-98 (till June, 1998) over 1996-97. The increase was 41.9% in 1997-98 over 1995-96. Thus the quantum of imports have gone up significantly during the period of investigation:

The quantum of imports from Russia was 24,130 KG; 7,000 Kg and 40,665 KG during 1995-96, 1996-97 and 1997-98 (till Jun e, l 998).The quantum of imports have gone up by 68% in 1997-98 over 1995-96 and by 480% in 19917-98 over 1996-97. There was however a derpline in imports in 1996-97 over that of 1995-96.

The quantum of imports from other countries was 3,1'.0,790 KG, 3,37,184KG and 4,34,863 KG during 1995-96, 1996-97 and 1 997-98 (till June, 1998) respectively. The share of Russia in total imports was 7.76%, 2.07% and 9.35% in 1995-96, 1996-97 and! 1997-98, respectively.

(b) **Production and Capacity Utilisation -**

17. production capacity, actual production and capacity utilisation of the petitioner was as follows: -

Year	Capacity (MT)	Production (MT)	Capacity Utilisation
1995-96	500	385	77
1996-97	500	392	78
1997-98	500	259	52
POI	625	333	53.28

The. capacity utilisation of M/s HFL was 77%, 78% and 52% in 199596, 1996-97 and 1997-98 respectively and 53.28 in the period investigated. Thus the capacity

utilisation declined steeply during the period of investigation from a level of 78% in the previous year. Decline in capacity utilisation has been attributed to drop in sales: There has been no change in installed capacity, which remains at the same level.

(c) **Sales send Market Share**

18. It is observed that the demand for PTFE was 746 MT, 705 MT and 797 MT in 95-96, 96-97 and 97-98 respectively. The share of imports in total derriand was 44:7%, 48.7% and 59.5% in 95-96, 96-97 and 97-98 respectively. The share of the petitioner was 55.2%, 51.2% and 40% in 95-96, 9 6-97 and 97-98 respectively. Thus the share of imports have been risiing in total demand whereas the share of Indian industry has been do.lining. The quantum of sales made by the petitioner declined from 412Mt in 1995-96, to 361 Mt in 1996-97 to 321.88 during the period of investigation (April'97 to June'98). The selling prices in Rs per kg were * * *, * * * and * * * in 95-96, 96-97 and 97-98. The sale of PTFE lbelow cost of production during the period of investigation resulteci in heavy loss of profit to the petitioner.

(d) **Clasing Stocks**

19. It is observed that the closing stocks of the petitioner were 54 MT, 851 MI' and 69 MT during 95-96, 96-97 and 97-98. Closing stocks went vip by 36% in 96-97 over 95-96 and by 21 % in 97-98 over that of 95-96. 'The quantum of closing stocks declined in the period investigated over that of the previous year but nevertheless remained high.

(e) **Price undercutting and price depression**

20. The petitioner has stated that imports from the subject country have been undercutting , the prices of the like article being sold by the domestic producer. It is seen from official statistics that Russian PTFE was priced at Rs * * */kg (fob) or USD * * * after adjustments on account of freight, insurance and packing charges. This is less than the constructed cost of production in Russia, which is estimated at Rs * * */kg or USD * * */kg. This price is below the unit cost of production of the petitioner during 1995-96; 1996-97 and for the period of investigation which was at Rs * * */kg, Rs * **/kg and Rs * * */kg respectively. The petitioners unit selling prices/kg during 1995-96, 1996-97 and 1997-98(till June' 98) were Rs. * * *, Rs * * */kg and Rs * * */kg. It is seen that at these price levels, while the petitioner had earned profits of Rs 55.59 lacs and Rs 17.56 lacs during 1995-96 and 1996-97 respectively, it incurred losses amounting to Rs (* * *)/kg during the period of investigation. Losses suffered by the petitioner were on account of low capacity utilisation, poor sales and high closing stocks. The net profit/(loss) for 1997-98 in Rs in lacs was Rs. (1226.11). It is seen that at a price of Rs * * */kg during the period of investigation, the petitioner was

unable to recover its fair selling price. It is stated that in order to maintain its market share, the petitioner has been compelled to sell its material comparable with the landed price of the imported product. By offering competitive prices, the petitioner had to sell its product at considerable loss.

(f) **Insufficient funds for investment in R&D**

21. Due to the price pressure exerted through the dumping of PTFE by Russian suppliers, the petitioner was compelled to match the landed price of imported PTFE and was therefore unable to generate surplus funds. This was the main reason behind insufficient funds for purposes of further investment in R&D and application development after the period of investigation.

K. CONCLUSION ON INJURY

22. view of the foregoing it is observed that:-

a. the quantum of imports from the subject country have increased in absolute terms and in relation to production and consumption in India;
b. the 'Market share of the petitioner has gone down while that of imports has increased;
c. the capacity utilisation of the petitioner has gone down ;
d. the petitioner has been forced to sell at prices below its fair selling price resulting in losses; -
e. imports are undercutting the prices of the domestic industry;
f. the domestic industry is left with substantial closing stocks.

L. CAUSAL LINK

23. The Authority holds that the material injury to the domestic industry has been caused. by imports from the subject country. The increase in the market share of imports from Russia resulted in the decline in the market share of the petitioner and undercut the prices of the domestic product forcing the domestic industry to sell below its fair price which resultantly, the domestic industry was unable to recover. The material injury to the domestic industry was therefore caused by the dumped imports from the subject. country.

M. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES

24. The purpose of anti-dumping duties, in general, is to eliminate dumping which is causing injury to the domestic industry and to reestablish a situation of open and fair competition in the Indian market, which is in the general interest of the country.

25. It is recognised that the imposition of anti-dumping duties might affect the price levels of the products manufactured using the subject goods and consequently might have some influence on relative competitiveness of these products. However, fair competition in the Indian market will not be reduced by the anti-dumping measures, 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 measures would remove the unfair advantages gained by dumping practices, would prevent the decline of the domestic industry and help maintain availability of wider choice to the consumers of acrylic fibre. Imposition of anti-dumping measures would not restrict imports from the subject country in any way, and therefore would not affect the availability of the product to the consumers.

26. To ascertain the extent of anti-dumping duty necessary to remove the injury to the domestic industry, the Authority relied upon reasonable selling price of PTFE in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.

N . LANDED VALUE

27. The landed value of imports is determined on the basis of export **price** of PTFE, determined as detailed above in the para relating to dumping, after adding the prevailing level of customs duties and one per cent landing and two per cent handling charges.

O. CONCLUSIONS

28. It is seen after considering the foregoing that:

a. PTFE described under para 6 originating in or exported from Russia has been exported to India below normal value, resulting in dumping;
b. the domestic industry has suffered injury;
c. injury has been caused by imports from the subject country.

29. It is considered whether a duty lower than the dumping margin would be sufficient to remove injury. Landed price of the imports for the purpose, was compared with the fair , selling price of the domestic industry, determined for the period of investigation. Wherever the difference was less than the dumping margin, a duty lower than the

dumping margin is recommended. Accordingly, it is proposed that provisional anti-dumping duties be imposed, from the date of notification to be issued in this regard by the Central Government, on all grades of PTFE originating in or exported from Russia falling under customs sub-heading 3904.61 of the Customs Tariff Act, pending final determination.

Country	Name of the Producer	Amount
1.	2.	3. (Rs)/MT
Russia	JSC Halogen &	
	all other producers/exporters	Rs 299O

30. Landed value of imports for the purpose shall be the assessable value as determined by Customs under the Customs Act, 1962 and all duties of customs except duties levied under Sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975.

P. FURTHER PROCEDURE

31. The following procedure would be followed subsequent to notifying the preliminary findings:

a. The Authority invites comments on these findings from all interested parties and the same would be considered in the final findings;
b. Exporters, importers, petitioner and other interested parties known to be concerned are being addressed separately by the Authority, who may make known their views, within forty days of the despatch of this notification. Any other interested party may also make known its views within forty days from the date of publication of these findings.
c. The Authority would provide opportunity to all interested parties for oral submissions.
d. The Authority would disclose essential facts before announcing the final findings.

RATHI VINAY JHA,
Designated Authority