

MINISTRY OF COMMERCE

NOTIFICATION

New Delhi. the 31st March. 1997

Subject: Anti dumping investigation concerning imports of acrylic fibres from USA, Thailand and Korea RP - Preliminary Findings

47/ADD/IW- Having regard to the Customs Tariff Act 1975 as amended in 1995 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

2. The procedure described below has been followed with regard to the investigation:
 - a. The Designated Authority (hereinafter referred to as Authority), under the above Rules, received a written application from M/s. Indian Acrylics Ltd and Pasupati Acrylon Ltd. on behalf of the domestic industry, alleging dumping of Acrylic Fibres originating in or exported from the USA, Thailand and Korea RP;-
 - b. The preliminary scrutiny of the application revealed certain deficiencies, which were pointed out to the petitioners.
 - c. The Authority, on the basis of sufficient evidence submitted by the petitioners, decided to initiate investigations against USA, Thailand and Korea RP. The Authority notified the Embassy of these countries about the receipt of dumping allegation before proceeding to initiate the investigation in accordance with sub-Rule 5(5) of the Rules.
 - d. The Authority issued a public notice dated 13th Sept., 1996 published in the Gazette of India, Extraordinary, initiating anti-dumping investigation concerning imports of Acrylic Fibre, classified under custom heading 550330 of Schedule I of the Customs Tariff Act, 1975 originating in or exported from the USA, Thailand and Korea RP;
 - e. The Authority forwarded copy of the public notice to the known exporters (whose details were made available by the petitioners) and industry associations and gave them an opportunity to make their views known in writing in accordance with the rule 6(2);
 - f. The Authority forwarded copies of the public notice to the known importers of acrylic fibres in India and advised them to make their views known in writing within forty days from the date of the letter;
 - g. Request was also made to the Central Board of Excise & Customs (CBEC) to arrange copies of all the relevant Bills of Entries for the period of investigation. No information was, however, received from CBEC;
 - h. The Authority provided copies of the petition to all the known exporters also and the Embassies of USA, Thailand and Korea in accordance with rule 6(3) supra.
 - i. The Authority sent questionnaires, to the following known exporters to elicit relevant information: i) Cytec Industries Inc., USA; ii) Monsanto Fibres, USA; iii) Hanil Synthetic Fibre Company Ltd., Korea RP; iv) Taekwang Industrial Company Ltd., Korea RP; v) Thai Acrylic Fibre Company Ltd., Thailand;

M/s. Cytec Industries Inc., Monsanto Inc., (through Monsanto Chemicals of India Ltd.) and Thai Acrylic Fibre requested for extension of time, which was allowed by two weeks. Response to the questionnaires was filed by the following:

- i. Cytec Industries Inc., USA;
 - ii. Thai Acrylic Fibre Company Ltd., Thailand;
- j. The Embassies of USA, Thailand and Korea in New Delhi were informed about the initiation of investigation, in accordance with rule 6(2) with a request to advise the exporters/producers from their respective countries to respond to the questionnaire within the prescribed time. Copies of the petition and questionnaire sent to the exporters were also sent to the Embassies.
 - k. The questionnaire was sent to the following importers of Acrylic Fibre in India calling for necessary information in accordance with rule 6(4): i) Vardhman Spinning & General Mills, Ludhiana; ii) Nahar Spinning Mills Ltd., Ludhiana; iii) Malwa Cotton Spinning Mills Ltd., Ludhiana; iv) Rajasthan Spinning & Weaving Mills Ltd., New Delhi; v) Winsome Textile Industries Ltd., Chandigarh; vi) Siddartha Super Spinning Mills Ltd., New Delhi; vii) Bhiwani Textile Mills, Bhiwani; viii) Adhinath Textiles Ltd., Ludhiana; ix) Shruti Textiles Mills, Udaipur; x) Vardhman Spinning & General Mills, Ludhiana;
 - l. Information regarding the Domestic Industry was sought from M/s. Indian Acrylics Ltd. and Pasupati Acrylon Ltd.. M/s. Consolidated Fibres and Chemicals Ltd. (hereinafter referred to as Indian Acrylics, Pasupati and Consolidated Fibres respectively) voluntarily furnished information required by the Authority.
 - m. The Authority deputed a team of officials to conduct on-the-spot investigation at the premises of Pasupati;
 - n. Cost investigation was also conducted to work out optimum cost of production and cost to make and sell acrylic fibre in India on the basis of Generally Accepted Accounting Principles (GAAP) and the information furnished by the petitioner to ascertain if anti-dumping duties lower than the dumping margins would be sufficient to remove injury to the domestic industry;
 - o. Investigation was carried out for the period starting from 1st April, 1995 to 30th Sept., 1995;

B. PETITIONERS' VIEWS

- 3. The petitioners have raised the following major issues in their petition and subsequent submissions:
 - a. **On normal value**
 - i. Normal value of acrylic fibre in the USA and Thailand can be considered on the basis of prices prevailing in their home markets on the basis of evidence furnished by the petitioners. It was submitted that in case of USA, reliance can be placed on the statistics published by a leading international journal namely, PCI -Fibres & Raw Materials on acrylic fibre.
 - ii. Normal value in case of Thailand can also be established on the basis of the prices prevailing in the home market, as evidenced by a copy of quotation raised by a company in the local market in Thailand.
 - iii. The petitioners claimed their inability to get authentic evidence of Normal value in case of Korea RP in accordance with Section 9A(1)c(i) of the Act supra. They, however, pleaded that dumping by K -)rep RP is established by the fact that the exporters have not increased their prices commensurate with increase in the prices of major raw material, Acrylonitrile. The petitioner

pleaded consideration of normal value in case of Korea RP on the basis of constructed value. The petitioners claimed that they have furnished sufficient prime facie evidence of normal value in case of all the three countries.

b. On export price

- i. The export price of acrylic fibre from these countries can be considered as per the statistics released by DGCI&S. .
- ii. The CIF export price as per the statistics released by DGCI&S should be adjusted for the following for the following expenses incurred exclusively by the exporters on exports to India: -Ocean Freight and Insurance; -Customs Clearance and Port Handling at the port of shipment in the exporting country; -Local transportation in the country of export; -Special packaging for exports;

c. On Injury

1. Imports from USA, Korea RP and Thailand increased in absolute terms;
2. Imports from these countries were undercutting the prices of acrylic fibre in India;
3. The Indian acrylic fibre industry has been prevented from increasing the selling prices of the fibre in spite of sharp increase in the prices of Acrylonitrile;
4. Indian industry was forced to keep very high level of stock;
5. The Indian industry has been forced to sell acrylic fibre below cost of production, resulting in losses;

C. VIEWS OF EXPORTERS, IMPORTERS AND OTHER

INTERESTED PARTIES

4. The views expressed by the exporters, importers and the user industry association, Indian Spinners Association, are as under:

a. Thai Acrylic:

- i. The petitioners have furnished wrong estimates of normal value and the same are higher than the prevailing normal value in Thailand
- ii. Abnormal increase in the prices of acrylonitrile was a major reason for the difference between -the normal value and the export price during the investigation period;
- iii. The investigation period chosen by the Authority is inappropriate. The prices of acrylonitrile during the period were abnormally higher. The Authority should have considered one year period for the investigation; On injury:
- iv. The petitioner have not given sufficient information on injury in the petition;
- v. The domestic industry suffered losses during 1994-95 when there was no import from Thailand;

- vi. Sales realisation of the domestic industry have shown considerable improvement in 1995-96 which includes the investigation period; vii) The petitioner has achieved a capacity utilisation of over 100%; On causal link:
- vii. There is no evidence of causal link in the petition;
- viii. Manufacturers of acrylic fibres can not be in a position to pass on the increase in the prices of acrylonitrile, and the same have to be absorbed by the producers of acrylic fibres;
- ix. The landed value of imports from USA and Korea RP was much lower than landed value of imports from Thailand. which is the reasons for lower selling prices of the domestic industry.

b. Indian Spinners Association:

- i. Prices of Polyester Staple Fibre and Acrylic Staple Fibre have declined internationally on account of drop in prices of their raw materials and the decline is proportionate to the decline in the prices of raw materials;
- ii. Imposition of Anti Dumping Duties on imports would affect exports of cotton and blended yarns.

D. EXAMINATION AND ANALYSIS

- 5. The submissions made by the exporters, importers, petitioners and other interested parties have been examined and considered and have been dealt at appropriate places in these findings.

E. PRODUCT UNDER CONSIDERATION

- 6. The product considered in the report for the purpose of the present investigation is acrylic fibre. Acrylic fibre is a long chain of synthetic polymer composed of at least 85% by weight of Acrylonitrile, which is the major raw material for production of acrylic fibre. Acrylic fibre is broadly described in terms of the followings:
 - colourness of the fibre (bright/semi-dull/coloured)
 - length of the fibre
 - denier of the fibre
- 7. Acrylic fibre has application in a number of apparels, household items in addition to some industrial uses.
- 8. Acrylic Fibre is classified under custom code 550330 of Schedule 1 of the Customs Tariff Act, 1975 and No. 55033000 under Indian Trade Classification (based on harmonised commodity description). The description is, however, indicative only and is in no way binding on the scope of the present investigation.

F. LIKE ARTICLES

- 9. Acrylic fibre is produced and sold in various specifications, as detailed above. The various specifications, however, merely depict the properties of the fibre and may result in varying end-uses. However, there are no significant differences in terms of

process, equipment or technology to produce different varieties of acrylic fibre. It is also observed that the marketing pattern of different varieties is also similar. It is therefore, considered that acrylic fibres produced and sold by the domestic industry has characteristics closely resembling the acrylic fibres imported from USA, Thailand and Korea RP, and may be treated as like articles within the meaning of the rules supra.

G DOMESTIC INDUSTRY

10. The petition has been filed by M/s 'Indian Acrylics Ltd., S.C.O. No. 49-50, Sector 26, Madhya Marg, Chandidlarh and M/s. Pasupati Acrylon Ltd., M-14, Cannought Circus (Middle Circle), New Delhi. M/s. Indian Petrochemicals Ltd., M/s. J K Synthetics Ltd., and M/s. Consolidated Fibres & Chemicals Ltd. also produce acrylic fibre. The petitioners controlled more than twenty five percent of the total Indian production during the period of investigation. The petition is supported by the Forum of Acrylic Fibre Manufacturers. Since all producers of acrylic fibre in India are members of the Forum, the petition can therefore, be considered as having standing, and the petition can therefore, be considered as having been made on behalf of the domestic industry.
11. M/s. Indian Acrylics Ltd., Pasupati Acrylon Ltd., and consolidated Fibres & Chemicals Ltd. account for major proportion of the total domestic production in India and, therefore, constitute domestic industry in accordance with Rule 2(b) supra.

H. NORMAL VALUE

12. M/s. Cytec Industries Inc. (hereinafter referred to as Cytec) and M/s. Thai Acrylic Fibres Company. Ltd. (hereinafter referred to as Thai Acrylic) responded to the questionnaire. Both the exporters offered themselves for spot investigation. The Governments of both the countries were notified in advance who did not object to such investigation. The Authority accordingly conducted on-the-spot investigations at the premises of both the exporters in accordance with Rule 10 supra.
13. Since no information has been filed by the exporters from Korea RP the Authority has proceeded with Preliminary Findings on the basis of the best available information. The normal values have been worked out as under:

Normal value of Cytec

14. 14. Cytec has furnished sufficient details of selling prices in its domestic market., Normal value has, therefore, been arrived at in accordance with Section 9A(1)c(i).
15. 15. The company adduced evidence to establish the above, which were scrutinised and verified by the Authority, through a team of officers. Transaction-wise details were also provided to the Authority which were verified on the basis of documentary evidence produced by Cytec.
16. 16. It was found that the specific variety of acrylic fibre exported to India, i.e., 1.7 Denier coloured acrylic fibre has not been sold by Cytec in its home market. Since there were no sales of the exact fibre in the home market, it was considered appropriate to consider selling prices of similar fibre i.e., 1.7 Denier LDC as it has characteristics closely resembling to the fibre exported to India, in the absence of sales of exactly similar fibre in the home market. This 1.7 Denier 'fibre sold by Cytec

in the domestic market has been considered as like article to the, 1.7 Denier exported to India.

17. Adjustments in normal value claimed by Cytec

The company has claimed adjustments on account of the following:

- a. rebates allowed on end-use basis;
- b. transportation allowance;
- c. commercial expenses and corporate expenses (except for administrative expenses) -
- d. discounts

The adjustments claimed by Cytec have been discussed below:

a. Rebate allowed on end-use basis:

- i. It has been claimed by Cytec that since they have allowed rebates to their customers in accordance with their end-use based marketing policy, their normal values should be calculated on the basis of their net realisations i.e., after deducting the element of rebate.
- ii. One of the possible alternatives is to take the actual realisation in all the cases and take a weighted average of the same. Normally, this should give a good indication of the average realisation or the average price. However, in this case the Authority observes that different normal values exist for the very same product depending upon the specific market it is catering to. The important point to be seen is whether the same kind of market differentiation is applicable in the export market also. If the producer or the exporter has the same marketing strategy and the same terms and conditions for the domestic as well as the export market, price comparisons on the basis of specific market segments may be appropriate. The position is different when rebates or special discounts are allowed on the basis of end-use only to the domestic markets and not to the Indian importers. In the present case, Cytec has sold fibre to Customer 1 with rebate based on its end-use. However, no evidence was produced by the exporter before the Authority to establish that the price at which goods were transacted with the Indian importers also took into consideration the end-use the Indian importers are catering to. Even the Indian importers have not indicated that the prices offered to them have any relation to the end-use their finished products would be put to. Moreover, in this particular case the articles have also been sold to another domestic customer, namely Customer 2 without any element of rebate. In view of the above, it would be more appropriate if the normal value is worked out as a weighted average of non-rebated price to all the customers. The Authority further observes that the rebate to Customer 1 is not admissible as an adjustment not due to the fact that non-rebated price to Customer 2 is available but on the rationale that the end-use based discount or rebate is not available on exports also, as indicated by the facts on record.
- iii. Normal value in case of 1.7)Denier teas been arrived at on the basis of the price of like article in the home market.

b. (i) Commercial Expenses: These include:.

1. advertisement
2. selling expenses
3. doubtful accounts
4. technical services
5. warehousing
6. customer service;

Adjustments on account of the above -expenses, except for selling expenses have been allowed. As regard selling expenses, Cytec has not furnished any evidence to show that the same were incurred exclusively on sales in the domestic market. It is considered appropriate to disallow the claim of selling expenses.

ii. Corporate Expenses: These include

1. administrative expenses
2. research expenses
3. corporate technical centre costs
4. patent expenses
5. amortisation.

Cytec has claimed that these expenses were incurred exclusively on domestic sales. Neither the exporter has adduced any evidence in support of the claim, nor the company's accounts reflect that the above expenses were incurred by the company only on domestic sales. The claim of the company, therefore, is not accepted.

Subject to above, the Authority considered it appropriate to allow other adjustments claimed by Cytec.

18. The ex-works selling prices as worked out on the above basis has been considered as Normal Value for the products in question.

19. Normal value of Thai Acrylic

The Authority *through the Indian Embassy in Thailand* carried out verification of the data furnished by Thai Acrylic. The normal value of the exporter has been worked out as detailed below.

- i. Thai Acrylic has claimed normal value on the basis of prices prevailing in their domestic market. However, it is found that the claim of the company is based on four orders received by it. The Authority notes that the exporter was requested to furnish details of all the sales made in its home market. Further, the exporter was required, to furnish details of unit sales realisation from sales in its home market and claim adjustment on account of expenses incurred by it exclusively on sales in its home market. Though the exporter has not furnished details of average sales realisation, the Authority has adopted the selling price claimed by the company.
- ii. The exporter claimed the following adjustments in the selling prices:
 - a. No proper verification could be offered by Thai Acrylic in respect of adjustment of 7.1 % claimed on account of difference in its production from production line-2. The claim on account of difference in production from production Line-2 is rejected, for the purpose of these preliminary findings.

- b. Adjustments in respect of interest, discounts & commissions, guarantee commission to cover risks have been claimed by the exporter on the basis of the four orders received. It is appreciated that the exporter might have incurred different expenditure on sales made in its home market on these accounts. However, the amounts claimed by the exporter are not on the basis of actual expenses incurred by the exporter during the investigation period. These are on the basis of expenses which the exporter might have to exclusively incur on the four orders received by it. The amounts claimed, not being on the basis of actual expenses incurred, are inadmissible as claimed. Nevertheless, it is appreciated that the exporter might have incurred some expenditure on these accounts.

The Authority has therefore, allowed adjustments on these accounts on the following basis, for the purpose of preliminary determination.:

- i. **Interest:** The exporter has claimed that it had sold in home market at credits of 0 day, 30 days, 60 days and 180 days. Adjustment on account of extra interest cost is allowed for credit of 30 days.
 - ii. **Discounts & Commissions:** The exporter has given discounts ranging between 0 % to 5 % and commission ranging between 0 to 2 % on the four orders received by it. The Authority has allowed adjustment on these accounts @ 2.4 % and 0.71 % respectively. iii) The guarantee commission to cover the credit risk is allowed.
- c. The exporter has claimed adjustments on account of storage cost. The claim is without any evidence, and therefore, is not accepted.

H. EXPORT PRICE

20. The export price has been worked out exporter wise, as follows

- i. Cytec: Cytec furnished details of exports of acrylic fibres to India during the period of investigation. The Authority found that the company has exported only the following material to India:
 - a. 1.5 Denier bright acrylic fibre; b. 1.7 Denier colour acrylic fibre;

The company adduced evidence to establish the above Export Price, which were scrutinised and verified by the Authority.

The company has maintained separate details of product and market segment wise selling prices. It was found that the selling prices greatly vary depending upon the specific market segment and the product. It was, therefore, considered more appropriate to do product- wise comparison of Normal Value and Export Price.

Cytec has given a range of ex-works export price in view of sales made at different prices to the two parties. The Authority has however, worked out weighted average export prices.

- ii. Thai Acrylic

21. The exporter has furnished details of all the exports made to India during investigation period The exporter has claimed the following adjustments in the export price:

- a. Duty drawback on exports: Thai Acrylic is entitled to drawback of duty paid by it on raw materials in case it exports the goods. Whereas the claim of the exporter with regard to duty drawback is in order, it is noted the amount of duty drawback claimed is inappropriate. The exporter has not claimed the amount of duty drawback on the basis of actual amount of drawback received by it during the investigation period. It has instead derived the same. The amount of duty drawback claimed by the exporter is, therefore, not allowed for the purpose of preliminary findings. The amount of drawback has been reworked out on the basis of lowest rate of duty paid by the company in the investigation period, for the purpose of preliminary determination.
- b. Ocean freight and insurance: It is seen that the claims of the exporter on account of ocean freight and insurance are based on simple average of expenditure incurred by the company on some exports made to India. The Authority notes that the exporter should have claimed the adjustment on the basis of actual total ocean freight and insurance paid by it on all exports to India. It is seen from the details of transaction wise exports furnished by the exporter that in a number of cases the volumes of exports are significantly lower compared to the volumes considered by the exporter in its claim. Ocean freight in such shipments could be significantly different than the freights paid on these larger volumes. The Authority has therefore, allowed adjustment on these accounts on the basis of the highest rates paid by the exporter, for the purpose of this preliminary findings, in view of insufficient and inaccurate information furnished by the exporter. The exporter may claim adjustment with sufficient and satisfactory evidence after preliminary findings.

iii. Other Exporters

22. (i) The export price for other exporters from USA has been worked out on the basis of best available information (including those made available by petitioner from M/s. James Intrade Services, Mumbai).

(ii) For, the residual exporters from Thailand, the same level of export price has been adopted as has been considered for Thai Acrylic since the petitioner has reported that there is only one producer in Thailand (Thai Acrylic). Since none of the exporters from Korea RP has submitted any information to the Authority, the export price has been worked out on the basis of DGCI&S data (the data relied upon at the time of initiation)

23. The export price has been adjusted for the differences claimed by the exporters and verified by the Authority in case of Thai Acrylic and Cytec, as detailed above. In case of other exporters from USA and Korea RP (non-co-operative exporters), adjustments have been allowed on the basis of claims made by the petitioner in view of non-co-operation from these exporters.

I. COMPARISON

24. For the purpose of fair comparison between the normal value and the export price, the Authority took into account the best information available including the information furnished by the exporters.
25. The rules relating to comparison provide as follows:

“While arriving at margin of dumping, the designated authority shall make a fair comparison between the export price and the normal value. The comparison shall be made at the same level of trade, normally at ex-works level, and in respect of sales made at as nearly possible the same time. Due allowance shall be made in each case, on its merits, for differences which affect price comparability, including differences in conditions and terms of sale, taxation, levels of trade, quantities, physical characteristics, and any other differences which are demonstrated to affect price comparability.

In the cases where export price is a constructed price, the comparison shall be made only after establishing the normal value at equivalent level of trade.”

26. The Authority has compared weighted average normal value with weighted average export price for individual exporter. The comparison in case of Cytec has been done on the basis of grade/type of the fibre exported by it.
27. The comparison shows the following dumping margins:

Dumping Margin

- Cytec- 1.5 Denier 9.30
 - 1.7 Denier nil.
 - residuals 9.30
- Thai Acrylic 18.47
- Other exporters from USA 64.29.
- Other exporters from Thailand 18.47
- Exports from Korea RP 40.69

*as percentage of ex-works export price.

28. The petitioner has complained that Cytec has exported to India even cLD US \$ 1.375 per kg. It is however, found that the evidence furnished by the petitioner (invoice raised by Cytec) pertains to post- investigation period. The Authority notes that the normal value and export price during the investigation period only are relevant for deciding dumping, and the current export price to India or international prices are not relevant for the purpose.

J. INJURY

29. Under Rule 11 supra, Annexure-II, when a finding 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 articles” 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 product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

30. 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 investigation, the designated authority will: cumulatively assess the effect of such imports, only when it determines that
 - a. the margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the imports of the like article or where the export of the individual countries less than three percent, the imports cumulatively accounts for more than seven percent of the imports of like article, and
 - b. cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.
31. The Authority notes that the margin of dumping and quantum of imports from USA, Thailand and Korea RP are more than the limits prescribed above. Cumulative assessment of the effect of imports is appropriate since the imports from USA, Thailand and Korea RP and supplies from the petitioner and other Indian producers are directly competing in the Indian market.
32. 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, sales quantum, stock, profitability, net sales realisation, the magnitude and margin of dumping etc. in accordance with Annexure II (iv) of the rules supra.
 - a. Volume and Market Share of Dumped Imports:
33. Imports of acrylic fibre as per details compiled by DGCI&S for the investigation period were compared with the detail\$ of exports furnished by those exporters who responded to the Authority. The Authority found that the volume of imports reported by DGCI&S are significantly lower than volume of exports reported by Thai Acrylic (Thai Acrylic has reported exports of 5496 MT acrylic fibre during the period, whereas the DGCI&S has shown imports of 2338 MT only). Since the DGCI&S published statistics does not cover full volume of imports of the fibre in India, the same can not be relied upon for assessment of injury in terms of increase in imports in absolute terms. The Authority however, notes that the same can still be relied upon in so far the assessment of injury is concerned in terms of trends of imports.

Imports from Thailand increased from 86 MT (1994) to 5496 MT (Six months of investigation period), as per information furnished by Thai Acrylic, establishing that the import from Thailand increased in absolute quantum during the investigation period as compared to previous year in so far as imports from other subject countries are concerned, the volume of actual imports is not available and no inference can be drawn.

As per the available statistics, share of the three countries in the total demand of the country increased by 30% during the period of, investigation as compared to 1994-95. There is sufficient evidence to indicate that the trend of market share of imports from the subject

countries in total demand of the country was on the increase during the investigation period as compared to the previous year.

- b. **Factors affecting domestic industry:** i) Production and Capacity Utilisation: 34. Production of acrylic fibres of the Domestic Industry declined by 10 percent during the investigation period as compared to the previous year (1994-95). The petitioner reported that M/s. J. K. Acrylics Ltd. stopped its production. It is; however, found that the company stopped production in the post investigation period.

ii. Sales in Absolute Quantity:

35. Sales of the Domestic Industry declined by 18 percent during the investigation period as compared to the previous year (1994-95). The petitioner submitted that the sales would have been still lower had the domestic industry not tried to increase sales by reducing the prices.

iii. Selling Price Trend:

36. Average realisation of the domestic industry increased by 31 percent during the investigation period as compared to the previous year (1994-95). The petitioners however, claimed that the increases in the selling prices were a consequence of sharp increase in the prices of the major raw material, i.e., Acrylonitrile. The petitioner further claimed that the increase in the selling prices were in fact lower than the increase in the cost of production as a result of increase in the prices of Acrylonitrile during the period.

iv. Stocks:

37. Stocks of acrylic fibre with the domestic industry increased from 1189 MT at the end of 1994-95 to 2159 MT at the end of the investigation period. The petitioner submitted that tie stock was significantly higher not only at the end of the period but also during the whole of the investigation period v Profit/Loss
38. The petitioner claimed that not only the domestic industry but also the whole Indian industry producing acrylic fibre suffered financial losses from sale of acrylic fibre at prices lower than the cost of production. The losses to the domestic industry increased by about 30 percent in the investigation period as compared to the previous year (1994-95).

iv. Conclusion on Injury

39. The Authority observes that:

- a. The circumstances warrant consideration of injury on cumulative basis for imports from both T[^]- Countries;
- b. The imports of acrylic fibres increased in absolute terms from Thailand during the period of investigation as compared to the previous year (1994-95);
- c. The trend of imports from USA, Thailand and Korea RP in comparison to the total demand in the country was on the increase during the investigation period;
- d. Exports from USA, Thailand and Korea RP forced the domestic industry to keep its prices to unremunerative levels. The exports prevented the domestic industry from

recovering its full cost of production, resulting in losses to the Domestic Industry. Further, the exports prevented the domestic industry from increasing its prices commensurate with increase in cost of production:

- e. Various indicators relating to domestic industry such as production, capacity utilisation, sales quantities, average sales realisation, stock, losses collectively and cumulatively establish that the domestic industry has suffered material injury

40. The Authority thus observes that the domestic industry has suffered material injury.

K. INDIAN INDUSIRY'S INTEREST & OTHER ISSUES

41. 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.
42. It is recognised that the imposition of anti dumping duties might affect the price levels of the products manufactured using acrylic fibres and consequently might have some influence on relative competitiveness of these products. However, fair competition on the Indian market will not be reduced by the anti dumping measures,, particularly if the levy of the anti dumping duty is limited to the amount necessary to red; ess 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 arid help maintain availability of wider choice to the consumers of acrylic fibres. The Authority notes that the imposition of anti -,dumping measures would not restrict imports from USA, Thailand and Korea in any way, and therefore would not affect the availability of the product to the consumers. The consumers could still maintain multiple sources of supply.
43. To ascertain the extent of Anti-dumping duty necessary to remove the injury to the domestic industry, the Authority has relied upon reasonable selling price of acrylic fibres in India for the domestic industry, by considering the optimum cost of production at optimum level of capacity utilisation for the domestic industry.
44. Injury caused to the domestic industry from factors other than dumping, if any, have not been considered while recommending the amount of Anti- Dumping Duty necessary to remove the injury to the domestic industry caused by dumped imports.
45. The reduction in custom duties in no way affect the dum)ing per se. In so far as the injury is concerned, the Authority has calculated the level of injury being faced by the domestic industry after considering the custom duties prevailing during the period of investigation.
46. Landed Value: Since Cytec and Thai Acrylic furnished CIF export price, the Authority has considered the weighted average landed value on the basis of the same, after charging the prevailing levels of customs duties and landing charges tLD 1 % and handling charges @ 2%.
47. In case of other exporters from USA and Korea RP, the exporters have not furnished any information. The Authority has therefore, worked out landed value on the basis of CIF prices after charging the prevailing levels of customs duties and landing charges @ 1 % and handling charges @ 2%.

L. CONCLUSIONS

48. **The Authority concludes , after considering the foregoing, that:**

- a. Acrylic fibres originating in or exported from USA, Thailand and Korea RP (except for 1.7 Denier acrylic fibre exported by Cytec) has been exported to India below its normal value, resulting in dumping by these exporters;
 - b. the Indian industry has suffered material injury;
 - c. the injury has been caused cumulatively by the imports from USA, Thailand and Korea.
49. It is considered necessary to impose anti dumping duty provisionally, pending final determination, on all imports of acrylic fibres originating in or exported from USA, Thailand and Korea RP in order to remove material injury to the domestic industry, pending investigation, except 1.7 Denier exported by Cytec.
50. It was considered whether a duty lower than the dumping margin would be sufficient to remove the injury. The weighted average landed price of the imports for each exporter, 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 as set out below be imposed, from the date of notification to be issued in this regard by the Central Government, on all imports of acrylic fibres, falling under Chapter 55 of the Customs Tariff, originating in or exported from USA, Thailand and Korea RP, pending final determination.

Products originating in or exported from	Name of the exporter	Amount of Duty (Rs. per Kg.)
1. USA	Cytec Industries Inc., USA - in case of exports of 1.7 denier colour acrylic fibre - all acrylic fibres of specification other than above Exporters other than above	nil 6.30 42.93
2. Thailand	Thai Acrylic Fibre Co. Ltd. Exporters other than above	10.40 10.40
3. Korea RP	an exporter	20.67

51. The known exporters, importers, petitioners and other interested parties are being addressed separately by the Authority, who may make known their views, within forty days from the date 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.

DIPAK CHATTERJEE.
Designated Authority