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Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi – 110001

File No. 6/32/2019-DGTR

Dated 23rd December, 2019

INITIATION NOTIFICATION

Case No. OI - 24/2019

Initiation of Anti-Dumping Original Investigation concerning imports of 1-Phenyl-3- Methyl-5-Pyrazolone originating in or exported from China PR.

1. Whereas M/s Prima Chemicals (hereinafter also referred to as “applicant”) has filed an application before the Designated Authority (hereinafter also referred to as the “Authority”) on behalf of the domestic industry, 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 and for Determination of injury) Rules, 1995 as amended from time to time (hereinafter also referred to as the “Rules”) for Original Investigation of Anti-dumping Duty concerning imports of of “1-Phenyl-3- Methyl-5-Pyrazolone” (hereinafter also referred to as “subject goods” or “product under consideration” or “PUC” or “Pyrazolone”), originating in or exported from China PR (hereinafter also referred to as the “subject country”).

2. The applicant has alleged that material injury to the Domestic Industry is being caused due to dumped imports from the subject country and has requested for imposition of anti-dumping duty on the imports of the subject goods, originating in or exported from the subject country.

Background

3. An original investigation concerning imports of the subject goods from the subject country was initiated by the Authority vide initiation notification No.14/11/2004-DGAD dated 01st December, 2004. The Authority vide its final findings No. 14/11/2004-DGAD dated 16th November, 2005 recommended imposition of anti-dumping duty against the imports of the subject goods originating in or exported from the subject country. Consequently, the definitive anti- dumping duty was imposed by the Central Government vide Customs Notification No.01/2006- Customs (ADD) dated 10th January, 2006.

4. A Sunset Review (SSR) investigation was initiated by the Authority vide initiation notification No.15/5/2010-DGAD dated 01st July, 2010. Thereafter, Final Findings Notification was issued by the Authority vide notification No.15/5/2010-DGAD dated 29th June, 2011 recommending the extension of definitive anti-dumping duties on the imports of the subject goods, originating in or exported from the subject country. Consequently, the definitive anti- dumping duties were extended by the Central Government vide Notification No. 80/2011- Customs (ADD) dated 24th August, 2011.

5. A second Sunset Review (SSR) investigation was initiated by the Authority vide initiation notification No.15/3/2016-DGAD dated 11th August, 2016. Thereafter, Final Findings Notification was issued by the Authority vide notification No.15/3/2016-DGAD dated 09th August, 2017 recommending discontinuation of anti-dumping duty, on the imports of the subject goods, originating in or exported from the subject country. The anti-dumping duty accordingly expired on 23rd August, 2017.

Like Article

6. The Applicant has claimed that the subject goods, which are being dumped into India, are identical to the goods produced by the domestic industry. There are no known differences either in the technical specifications, quality, functions or end-uses of the dumped imports and the domestically produced subject goods and the product under consideration manufactured by the applicant. The two are technically and commercially substitutable and, hence, should be treated as 'like article' under the AD Rules. Therefore, the subject goods produced by the applicant in India are being treated as 'Like Article' to the subject goods being imported from the subject country.

Domestic Industry

7. The Application has been filed by M/s Prima Chemicals. The Applicant has neither imported the subject goods from the subject country nor is related to any exporter or producer of subject goods in the subject country or any importer of the PUC in India. On the basis of information available, the Authority is satisfied that the Application has been made 'by or on behalf of the domestic industry' in terms of the provisions contained in Rule 2 (b) and Rule 5 (3) of the Rules.

Basis of Alleged Dumping

8. The Applicant has claimed that China PR should be treated as a non-market economy and has requested to determine normal value in accordance with Para 7 and 8 of Annexure I of the Rules. The Authority, after evaluating the options under Para 7 of Annexure I of the Rules, has *prima facie* concluded that the options other than Constructed Normal Value are not feasible for determination of Normal Value in this case since entire imports are from China. Accordingly, the Authority has determined Normal Value on the basis of cost of production in

India, duly adjusted, and after additions for selling, general and administrative expenses and reasonable profits.

9. The Authority has computed the export price from subject country as per DGCI&S transaction wise data. Adjustments have been made for ocean freight, insurance, port expenses, bank charges and VAT.

10. The normal value and export price have been compared at ex-factory level, which *prima facie* show significant dumping margin in respect of the subject goods from the subject country, thereby, indicating that the subject goods are being dumped into the Indian market by the exporters from the subject country.

Injury and Causal link

11. Information furnished by the applicant has been considered for assessment of injury to the domestic industry. The Applicant has furnished evidence regarding the injury having taken place as a result of the alleged dumping in the form of increased volume of dumped imports in absolute terms and in relation to production and consumption in India, price undercutting, and price suppressing effect on the domestic industry. The Applicant has claimed that its performance has been adversely impacted in respect of production, sales and consequent decline in profits, return on capital employed, and cash flow, as a result of increase in imports of subject goods at a price below selling price and non-injurious price for the domestic industry. There is sufficient *prima facie* evidence of the injury being caused to the domestic industry by dumped imports from subject country to justify initiation of an antidumping investigation.

Initiation of Anti-Dumping Investigation

12. And therefore, on the basis of the duly substantiated written application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the *prima facie* evidence submitted by the domestic industry, about dumping of the subject goods originating in or exported from the subject country, injury to the domestic industry and causal link between such alleged dumping and injury, and in accordance with Section 9A of the Act read with Rule 5 of the Rules, the Authority, hereby, initiates an investigation to determine the existence, degree and effect of any alleged dumping in respect of the subject goods originating in or exported from the subject country and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry.

Product under consideration

13. The product under consideration in the present investigation is 1-Phenyl-3-Methyl-Pyrazolone and has also been referred as Pyrazolone.

14. The subject goods are used as a dye intermediate. It is also used in pharmaceuticals for production of Analgin.

15. The subject goods are classifiable under Chapter 29 of the Customs Tariff Act, 1975 under sub-heading 2933. However, the custom classification is indicative only and in no way binding on the scope of this investigation.

Subject Country

16. The subject country in the present investigation is China PR.

Period of Investigation

17. The Period of Investigation (hereinafter also referred to as “POI”) in the present investigation is 01st April, 2018 to 30th June, 2019 (15 months). The injury investigation period will cover the periods April 2015-March 2016, April 2016-March 2017, April 2017-March 2018 and the POI.

Procedure

18. Principles as given in Rule 6 of the Rules will be followed for the present investigation.

Submission of information

19. The known exporters in the subject country and their government through their Embassy in India, 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.

20. Any other interested party may also make its submissions relevant to the investigation in the form and manner prescribed within the time-limit set out below. The information/ submission may be submitted to:

The Designated Authority
Directorate General of Trade Remedies
Ministry of Commerce & Industry
Department of Commerce
Government of India
4th Floor, Jeevan Tara Building, 5, Parliament Street
New Delhi-110001

21. Any party making any confidential submission before the Authority is required to make a non-confidential version of the same available to the other parties.

Time-Limit

22. Any information relating to the present investigation should be sent in writing so as to reach the Authority at the address mentioned above within thirty days from the date of receipt of the notice as per Rule 6(4) of the Anti-Dumping 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 one week from the date on which it was sent by the Designated Authority or transmitted to the appropriate diplomatic representative of the exporting Country. 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 Anti-Dumping Rules.

23. All the interested parties are hereby advised to intimate their interest (including the nature of interest) in the instant matter and file their questionnaire responses within the above time limit.

Submission of information on confidential basis

24. The parties making any submission (including Appendices/Annexures attached thereto), before the Authority including questionnaire response, are required to file the same in two separate sets, in case "confidentiality" is claimed on any part thereof:

- i. one set marked as Confidential (with title, number of pages, index, etc.), and
- ii. the other set marked as Non-Confidential (with title, number of pages, index, etc.).

25. 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. Soft copies of both the versions will also be required to be submitted, along with the hard copies in four (4) sets of each.

26. 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.

27. 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 summarised 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 summarisation is not possible must be provided to the satisfaction of the Authority.

28. The Authority may accept or reject the request for confidentiality on examination of the nature of the information submitted. If the Authority is satisfied that the request for confidentiality is not warranted or if the supplier of the information is either unwilling to make the information public or to authorise its disclosure in generalised or summary form, it may disregard such information.

29. 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.

30. The Authority on being satisfied and accepting the need for confidentiality of the information provided, shall not disclose it to any party without specific authorisation of the party providing such information.

Inspection of Public File

31. 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.

Non-cooperation

32. 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.

(Bhupinder S. Bhalla)
Additional Secretary & Designated Authority